

DIGERATI TECHNOLOGIES, INC.

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 31, 2023.

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-15687

DIGERATI TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

74-2849995

(I.R.S. Employer
Identification No.)

**8023 Vantage Dr, Suite
660 San Antonio, Texas**

(Address of Principal Executive Offices)

78230

(Zip Code)

(210) 614-7240

(Registrant's Telephone Number, Including Area Code)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting Company	<input checked="" type="checkbox"/>
Emerging growth Company	<input type="checkbox"/>		

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 Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Number of Shares	Class:	As of:
152,888,301	Common Stock \$0.001 par value	March 17, 2023

DIGERATI TECHNOLOGIES, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JANUARY 31, 2023

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, unaudited)

	January 31, 2023	July 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,203	\$ 1,509
Accounts receivable, net	828	622
Prepaid and other current assets	422	383
Total current assets	<u>3,453</u>	<u>2,514</u>
LONG-TERM ASSETS:		
Intangible assets, net	13,678	15,188
Goodwill	19,380	19,380
Property and equipment, net	1,502	1,647
Other assets	448	273
Investment in Itellum	185	185
Right-of-use assets - financing	373	62
Right-of-use assets - operating	1,944	2,436
Total assets	<u>\$ 40,963</u>	<u>\$ 41,685</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,645	\$ 3,222
Accrued liabilities	9,406	9,627
Equipment financing	127	21
Convertible note payable, current, net of discount of \$2,504 and \$120, respectively	6,009	3,948
Note payable, current, related party, net of discount of \$20 and \$40, respectively	604	833
Note payable, current, net of discount of \$277 and \$181, respectively	11,714	870
Acquisition payable	1,000	1,000
Deferred income	1,210	931
Derivative liability	9,879	10,588
Operating lease liability, current	624	797
Total current liabilities	<u>44,218</u>	<u>31,837</u>
LONG-TERM LIABILITIES:		
Note payable, net of discount \$0 and \$313, respectively	23,206	33,335
Convertible note payable	-	500
Equipment financing	248	43
Operating lease liability, net of current portion	1,529	1,788
Total long-term liabilities	<u>24,983</u>	<u>35,666</u>
Total liabilities	<u>69,201</u>	<u>67,503</u>
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, 25,000 and 225,000 issued and outstanding, respectively	-	-
Convertible Series B Preferred stock, \$0.001, 1,000,000 shares designated, 425,442 and 425,442 issued and outstanding, respectively	-	-
Convertible Series C Preferred stock, \$0.001, 1,000,000 shares designated, 55,400 and 55,400 issued and outstanding, respectively	-	-
Series F Super Voting Preferred stock, \$0.001, 100 shares designated, 100 and 100 issued and outstanding, respectively	-	-
Common stock, \$0.001, 500,000,000 shares authorized, 152,488,301 and 142,088,039 issued and outstanding (80,000,000 and 45,000,000, respectively, reserved in Treasury)	152	142
Additional paid in capital	92,306	89,487
Accumulated deficit	(118,153)	(113,393)

Other comprehensive income	<u>1</u>	<u>1</u>
Total Digerati’s stockholders’ deficit	<u>(25,694)</u>	<u>(23,763)</u>
Noncontrolling interest	<u>(2,544)</u>	<u>(2,055)</u>
Total stockholders’ deficit	<u>(28,238)</u>	<u>(25,818)</u>
Total liabilities and stockholders’ deficit	<u>\$ 40,963</u>	<u>\$ 41,685</u>

See accompanying notes to unaudited consolidated financial statements

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

	Three Months Ended January 31,		Six Months Ended January 31,	
	2023	2022	2023	2022
OPERATING REVENUES:				
Cloud software and service revenue	\$ 7,941	\$ 4,019	\$ 16,071	\$ 7,796
Total operating revenues	7,941	4,019	16,071	7,796
OPERATING EXPENSES:				
Cost of services (exclusive of depreciation and amortization)	2,968	1,553	5,819	3,042
Selling, general and administrative expense	4,458	2,127	8,599	3,915
Legal and professional fees	1,074	1,175	1,630	1,749
Bad debt expense	40	2	69	15
Depreciation and amortization expense	966	481	1,919	974
Total operating expenses	9,506	5,338	18,036	9,695
OPERATING LOSS	(1,565)	(1,319)	(1,965)	(1,899)
OTHER INCOME (EXPENSE):				
Gain (loss) on derivative instruments	3,849	(3,425)	773	1,009
Loss on extinguishment of debt	-	(5,480)	-	(5,480)
Other income (expense)	10	1	456	(2)
Interest expense	(2,371)	(1,380)	(4,436)	(2,887)
Income tax expense	(27)	(41)	(77)	(119)
Total other income (expense)	1,461	(10,325)	(3,284)	(7,479)
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	(104)	(11,644)	(5,249)	(9,378)
Less: Net loss attributable to the noncontrolling interests	328	602	489	760
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	224	(11,042)	(4,760)	(8,618)
Deemed dividend on Series A Convertible preferred stock	(4)	(5)	(8)	(10)
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	\$ 220	\$ (11,047)	\$ (4,768)	\$ (8,628)
INCOME (LOSS) PER COMMON SHARE - BASIC	\$ 0.00	\$ (0.08)	\$ (0.03)	\$ (0.06)
LOSS PER COMMON SHARE - DILUTED	\$ (0.01)	\$ (0.08)	\$ (0.03)	\$ (0.06)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	148,702,169	139,203,973	145,880,177	138,963,449
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	262,728,841	139,203,973	145,880,177	138,963,449

See accompanying notes to unaudited consolidated financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Six Months Ended January 31, 2023
(In thousands, except for share amounts, unaudited)

	Equity Digerati's Shareholders															
	Preferred															
	Convertible										Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Stockholders Equity	Noncontrolling Interest	Totals
	Series A Shares	Par	Series B Shares	Par	Series C Shares	Par	Series F Shares	Par	Common Shares	Par						
BALANCE, July 31, 2022	225,000	-	425,442	-	55,400	-	100	-	142,088,039	\$ 142	\$ 89,487	\$ (113,393)	\$ 1	\$ (23,763)	\$ (2,055)	\$(25,818)
Amortization of employee stock options	-	-	-	-	-	-	-	-	-	-	23	-	-	23	-	23
Common stock issued for conversion of Convertible Series A Preferred stock	(25,000)	-	-	-	-	-	-	-	105,723	-	7	-	-	7	-	7
Common stock issued for exercise of warrants	-	-	-	-	-	-	-	-	160,628	-	21	-	-	21	-	21
Common stock issued for debt extension	-	-	-	-	-	-	-	-	2,060,000	2	247	-	-	249	-	249
Common stock issued concurrent with convertible debt	-	-	-	-	-	-	-	-	650,000	1	94	-	-	95	-	95
Dividends accrued	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(4)	-	(4)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(4,984)	-	(4,984)	(161)	(5,145)
BALANCE, October 31, 2022	200,000	-	425,442	-	55,400	-	100	-	145,064,390	145	\$ 89,875	\$ (118,377)	\$ 1	\$ (28,356)	\$ (2,216)	\$(30,572)
Amortization of employee stock options	-	-	-	-	-	-	-	-	-	-	23	-	-	23	-	23
Common stock issued for conversion of Convertible Series A Preferred stock	(175,000)	-	-	-	-	-	-	-	749,327	1	49	-	-	50	-	50
Common stock issued for exercise of warrants	-	-	-	-	-	-	-	-	9,677	-	1	-	-	1	-	1
Common stock issued for debt extension	-	-	-	-	-	-	-	-	1,000,000	1	90	-	-	91	-	91
Common stock issued for debt conversion and settlement	-	-	-	-	-	-	-	-	1,500,000	1	74	-	-	75	-	75
Common stock issued concurrent with convertible debt	-	-	-	-	-	-	-	-	4,164,907	4	256	-	-	260	-	260
Dividends accrued	-	-	-	-	-	-	-	-	-	-	(4)	-	-	(4)	-	(4)
Warrant issued with debt - debt discount	-	-	-	-	-	-	-	-	-	-	667	-	-	667	-	667
Beneficial conversion feature on convertible debt - debt discount	-	-	-	-	-	-	-	-	-	-	1,275	-	-	1,275	-	1,275
Net income (loss)	-	-	-	-	-	-	-	-	-	-	-	224	-	224	(328)	(104)
BALANCE, January 31, 2023	25,000	-	425,442	-	55,400	-	100	-	152,488,301	\$ 152	\$ 92,306	\$ (118,153)	\$ 1	\$ (25,694)	\$ (2,544)	\$(28,238)

See accompanying notes to unaudited consolidated financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Six Months Ended January 31, 2022
(In thousands, except for share amounts, unaudited)

	Equity Digerati's Shareholders															
	Preferred															
	Convertible										Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income	Stockholders Deficit	Noncontrolling Interest	Totals
	Series A Shares	Par	Series B Shares	Par	Series C Shares	Par	Series F Shares	Par	Common Shares	Par						
BALANCE, July 31, 2021	225,000	-	425,442	-	55,400	-	100	-	138,538,039	\$ 139	\$ 89,100	\$ (105,380)	\$ 1	\$ (16,140)	\$ (714)	\$(16,854)
Amortization of employee stock options	-	-	-	-	-	-	-	-	-	-	24	-	-	24	-	24
Common stock issued concurrent with convertible debt	-	-	-	-	-	-	-	-	600,000	-	38	-	-	38	-	38
Dividends accrued	-	-	-	-	-	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Net loss	-	-	-	-	-	-	-	-	-	-	-	2,424	-	2,424	(158)	2,266
BALANCE, October 31, 2021	225,000	-	425,442	-	55,400	-	100	-	139,138,039	\$ 139	\$ 89,157	\$ (102,956)	\$ 1	\$ (13,659)	\$ (872)	\$(14,531)
Amortization of employee stock options	-	-	-	-	-	-	-	-	-	-	23	-	-	23	-	23
Common stock issued concurrent with convertible debt	-	-	-	-	-	-	-	-	600,000	-	-	-	-	-	-	-
Dividends accrued	-	-	-	-	-	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Net loss	-	-	-	-	-	-	-	-	-	-	-	(11,042)	-	(11,042)	(602)	(11,644)
BALANCE, January 31, 2022	225,000	-	425,442	-	55,400	-	100	-	139,738,039	\$ 139	\$ 89,175	\$ (113,998)	\$ 1	\$ (24,683)	\$ (1,474)	\$(26,157)

See accompanying notes to unaudited consolidated financial statements

DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Six Months Ended January 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (5,249)	\$ (9,378)
Adjustments to reconcile net loss to cash (used in)/provided by operating activities:		
Depreciation and amortization expense	1,919	974
Stock compensation and warrant expense	46	47
Bad debt expense	69	15
Amortization of Right-of-Use Assets	546	92
Amortization of debt discount	850	1,605
(Gain) loss on derivative liabilities	(773)	(1,009)
Loss on extinguishment of debt	-	5,480
(Gain) on settlement of conversion premium on Notes	(466)	-
Accrued interest added to principal	-	40
Debt extension fee charged to interest expense	418	-
Common stock issued for debt extension charged to interest expense	340	-
Changes in operating assets and liabilities:		
Accounts receivable	(275)	110
Prepaid expenses and other current assets	(57)	(12)
Inventory	18	27
Other Assets	(175)	-
Right of use operating lease liability	(446)	(92)
Accounts payable	404	484
Accrued expenses	550	631
Deferred income	279	(17)
Net cash used in operating activities	<u>(2,002)</u>	<u>(1,003)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid in acquisition of equipment	(264)	(65)
Proceeds from Nexogy	-	162
Acquisition of VoIP assets, net of cash received	-	(4,100)
Net cash used in investing activities	<u>(264)</u>	<u>(4,003)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from convertible debt, net of original issuance cost and discounts	3,990	707
Borrowings from debt, net of original issuance cost and discounts	-	6,000
Proceeds from the exercise of warrants	22	-
Borrowings from related party notes, net of original issuance cost and discounts	250	-
Principal payments on debt, net	(250)	-
Principal payments on convertible debt, net	(500)	-
Principal payments on related party notes, net	(499)	(328)
Principal payment on equipment financing	(53)	(18)
Net cash provided by financing activities	<u>2,960</u>	<u>6,361</u>
INCREASE IN CASH AND CASH EQUIVALENTS	694	1,355
CASH AND CASH EQUIVALENTS, beginning of period	<u>1,509</u>	<u>1,489</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,203</u>	<u>\$ 2,844</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 1,945</u>	<u>\$ 861</u>
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued interest rolled into principal	<u>\$ 723</u>	<u>\$ 319</u>
Incentive earnout adjustment on Active PBX acquisition	<u>\$ -</u>	<u>\$ 121</u>
Debt discount from common stock issued with debt	<u>\$ 355</u>	<u>\$ 38</u>
Debt discount from derivative liabilities	<u>\$ 64</u>	<u>\$ 60</u>

Debt discount from warrant issuances	\$ 667	\$ -
Beneficial conversion feature on convertible note	\$ 1,275	\$ -
Common stock issued for debt conversion and settlement	\$ 75	\$ -
Common Stock issued for the conversion of Preferred Stock Series A	\$ 57	\$ -
Dividends accrued	\$ 8	\$ 10
Day 1 (one) recognition of Right-of-use Assets	\$ 365	\$ -

See accompanying notes to unaudited consolidated financial statements

DIGERATI TECHNOLOGIES, INC., AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

Description of Business

Unless otherwise indicated or the context otherwise requires, references in this subsection to “we,” “us,” “our,” “the Company,” and other similar terms refer to Digerati and its subsidiaries prior to the Business Combination and to New Digerati and its consolidated subsidiaries after giving effect to the Business Combination.

Digerati Technologies, Inc., a Nevada corporation, through its operating subsidiaries in Texas, Florida and California that includes Shift8 Networks, Inc., dba, T3 Communications, T3 Communications, Inc. (both referred to herein as “T3”), Nexogy Inc., and NextLevel Internet, Inc., provides cloud services specializing in Unified Communications as a Service (“UCaaS”) and broadband connectivity solutions for the business market. Digerati’s product line includes a portfolio of Internet-based telephony products and services delivered through its cloud application platform and session-based communication network and network services including Internet broadband, fiber, mobile broadband, and cloud WAN solutions (SD WAN). Digerati provides enterprise-class, carrier-grade services to the small-to-medium-sized business (“SMB”) at cost-effective monthly rates. Digerati’s UCaaS or cloud communication services include fully hosted IP/PBX, video conferencing, mobile applications, Voice over Internet Protocol (“VoIP”) transport, SIP trunking, and customized VoIP services all delivered Only in the Cloud™. Digerati’s broadband connectivity solutions for the delivery of digital oxygen are designed for reliability, business continuity and to optimize bandwidth for businesses using Digerati’s cloud communication services and other cloud-based applications.

Recently, the Company announced its plan to consolidate the Company’s operating subsidiaries - T3 Communications, Inc., Nexogy, Inc., and NextLevel Internet, Inc. – into a single operating company under the new name of Verve Cloud, Inc. It is expected that the new name and brand will be fully implemented across the Company’s products and services before the end of Digerati’s fiscal year-end on July 31, 2023.

Basis of presentation and consolidation

The accompanying unaudited interim consolidated financial statements of Digerati Technologies, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission. In the opinion of management, these interim financial statements contain 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. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements, which would substantially duplicate the disclosure contained in the audited consolidated financial statements for the year ended July 31, 2022, contained in the Company’s Form 10-K filed on October 31, 2022, have been omitted.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations or net assets of the Company.

Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed by dividing loss attributable to common stockholders by the weighted average number of shares of Common Stock outstanding during the period. Basic earnings (loss) per share is computed by dividing the net income (loss) available to common stockholders by the weighted-average number of shares of Common Stock outstanding during the respective period presented in the Company’s accompanying condensed consolidated financial statements. Fully-diluted earnings (loss) per share is computed similarly to basic income (loss) per share except that the denominator is increased to include the number of dilutive Common Stock equivalents using the treasury stock method for options and warrants and the if-converted method for convertible debt.

(in thousands, except per share data)	Three months ended January 31,		Six months ended January 31,	
	2023	2022	2023	2022
NUMERATOR:				
NET INCOME (LOSS)	220	(11,047)	(4,768)	(8,628)
DENOMINATOR:				
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	148,702,169	139,203,973	145,880,177	138,963,449
	<u>\$ 0.00</u>	<u>\$ (0.08)</u>	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>

(in thousands, except per share data)	Three months ended January 31,		Six months ended January 31,	
	2023	2022	2023	2022
NUMERATOR:				
NET INCOME (LOSS)	\$ 220	\$ (11,047)	\$ (4,768)	\$ (8,628)
Less: adjustments to net income	(3,482)	-	-	-
NET INCOME (LOSS) - DILUTED SHARES OUTSTANDING CALCULATION	\$ (3,262)	\$ (11,047)	\$ (4,768)	\$ (8,628)
DENOMINATOR:				
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	148,702,169	139,203,973	145,880,177	138,963,449
Warrants and Options to purchase common stock	114,026,672	-	-	-
Convertible Debt	-	-	-	-
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	262,728,841	139,203,973	145,880,177	138,963,449
LOSS PER COMMON SHARE - DILUTED	\$ (0.01)	\$ (0.08)	\$ (0.03)	\$ (0.06)

The Company excluded the following securities from the calculation of basic and diluted net loss per share as the effect would have been antidilutive

	Three months ended January 31,		Six months ended January 31,	
	2023	2022	2023	2022
Convertible Preferred Shares	61,078,654	56,645,216	61,078,654	56,645,216
Convertible Debt	77,735,744	26,653,354	77,735,744	26,653,354
Total	138,814,398	83,298,570	138,814,398	83,298,570

Treasury Shares

As a result of entering into various convertible debt instruments which contained a variable conversion feature with no floor, warrants with fixed exercise price, and convertible notes with fixed conversion price or with a conversion price floor, we reserved 80,000,000 treasury shares for consideration for future conversions and exercise of warrants, for convertible notes with fixed conversion price, notes with variable conversion feature with a floor and warrants with a conversion price floor. The Company will evaluate the reserved treasury shares on a quarterly basis, and if necessary, reserve additional treasury shares. As of January 31, 2023, we believe that the treasury shares reserved are sufficient for any future conversions of these instruments. As a result, these debt instruments and warrants are excluded from derivative consideration.

Customers and Suppliers

We rely on various suppliers to provide services in connection with our VOIP and UCaaS offerings. Our customers include businesses in various industries including Healthcare, Banking, Financial Services, Legal, Real Estate, and Construction. We are not dependent upon any single supplier or customer.

During the six months ended January 31, 2023, and 2022, the Company did not derive revenues of 10% or more from any single customer.

As of January 31, 2023 and July 31, 2022, the Company did not have outstanding accounts receivable of 10% or more from any single customer.

Sources of revenue:

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: (i) identifying the contract with a customer, (ii) identifying the performance obligations in the contract, (iii) determining the transaction price, (iv) allocating the transaction price to the performance obligations in the contract and (v) recognizing revenue when the performance obligation is satisfied. Substantially all of the Company's revenue is recognized at the time control of the products transfers to the customer.

Service Revenue

Service revenue from subscriptions to the Company's cloud-based technology platform is recognized over time on a rateable 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 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 data.

Disaggregation of Cloud-based hosted revenues.

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

	For the Three Months Ended January 31,		For the Six Months Ended January 31,	
	2023	2022	2023	2022
Cloud software and service revenue	\$ 7,840	\$ 3,966	\$ 15,917	\$ 7,669
Product revenue	101	53	154	127
Total operating revenues	<u>\$ 7,941</u>	<u>\$ 4,019</u>	<u>\$ 16,071</u>	<u>\$ 7,796</u>

Contract Assets

Contract assets are recorded for those parts of the contract consideration not yet invoiced but for which the performance obligations are completed. The revenue is recognized when the customer receives services or equipment for a reduced consideration at the onset of an arrangement; for example, when the initial month's services or equipment are discounted. Contract assets are included in prepaid and other current assets in the consolidated balance sheets, depending on if their reduction is recognized during the succeeding 12-month period or beyond. Contract assets as of January 31, 2023 and July 31, 2022 was \$5,189 and \$6,701, respectively.

Deferred Income

Deferred income represents billings or payment received in advance of revenue recognition and is recognized upon transfer of control. Balances consist primarily of annual plan subscription services, for services not yet provided as of the balance sheet date. Deferred revenues that will be recognized during the succeeding 12-month period are recorded as current deferred revenues in the consolidated balance sheets, with the remainder recorded as other noncurrent liabilities in the consolidated balance sheets. Deferred income as of January 31, 2023 and July 31, 2022 was \$347,177 and \$66,167, respectively.

Customer deposits

The Company in some instances requires customers to make deposits for last month of services, equipment, installation charges and training. As equipment is installed and training takes places the deposits are then applied to revenue. The deposit for the last month of services is applied to any outstanding balances if services are cancelled. If the customer's account is paid in full, the Company will refund the full deposit in the month following service termination. As of January 31, 2023 and July 31, 2022, Digerati's customer deposits balance was \$859,733 and \$864,345, respectively. The customer deposit balance is included as part of deferred income on the consolidated balance sheets.

Costs to Obtain a Customer Contract

Direct incremental costs of obtaining a contract, consisting of sales commissions are deferred and amortized over the estimated life of the customer, which currently averages 36 months. The Company calculates the estimated life of the customer on an annual basis. The Company classifies deferred commissions as prepaid expenses or other noncurrent assets based on the timing of when it expects to recognize the expense. As of January 31, 2023, the Company has \$490,858 in deferred commissions/contract costs. Sales commissions expensed for the six months ended January 31, 2023 and 2022 were \$1,327,284 and \$654,070, respectively. The cost to obtain customer contract balance is included as part of prepaid expenses and other assets on the consolidated balance sheets.

Direct Costs - Cloud software and service

We incur bandwidth and colocation charges in connection with our UCaaS or cloud communication services. The bandwidth charges are incurred as part of the connectivity between our customers to allow them access to our various services. We also incur costs from underlying providers for fiber, internet broadband, and telecommunication circuits in connection with our data and connectivity solutions.

Derivative financial instruments.

Digerati does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. However, Digerati evaluates its convertible instruments and free-standing instruments such as warrants for derivative liability accounting.

For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date. Any changes in fair value are recorded as non-operating, non-cash income or expense for each reporting period. For derivative notes payable conversion options and warrants Digerati uses the Black-Scholes option-pricing model to value the derivative instruments.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is probable within the next 12 months from the balance sheet date.

Fair Value of Financial Instruments.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy is used which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy based on the three levels of inputs that may be used to measure fair value are as follows:

- Level 1* – Quoted prices in active markets for identical assets or liabilities.
- Level 2* – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3* – Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

For certain of our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the short maturity of these instruments. The carrying value of our long-term debt approximates its fair value based on the quoted market prices for the same or similar issues or the current rates offered to us for debt of the same remaining maturities.

Our derivative liabilities as of January 31, 2023 and July 31, 2022 were approximately \$9,879,046 and \$10,587,717, respectively.

The following table provides the fair value of the derivative financial instruments measured at fair value using significant unobservable inputs:

Description	Fair Value	Fair value measurements at reporting date using.		
		Quoted prices in active markets for identical liabilities (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative liability at July 31, 2022	\$ 10,587,717	-	-	\$ 10,587,717
Derivative liability at January 31, 2023	\$ 9,879,046	-	-	\$ 9,879,046

The fair market value of all derivatives during the year ended July 31, 2022 was determined using the Black-Scholes option pricing model which used the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	63.32% - 250.19%
Risk-free interest rate	0.03% - 2.98%
Expected term	0.05 - 9.50 years

The fair market value of all derivatives during the six months ended January 31, 2023 was determined using the Black-Scholes option pricing model which used the following assumptions:

Expected dividend yield	0.00%
Expected stock price volatility	66.27% - 200.44%
Risk-free interest rate	3.52% - 4.70%
Expected term	0.08 - 7.80 years

The following table provides a summary of the changes in fair value of the derivative financial instruments measured at fair value on a recurring basis using significant unobservable inputs:

Balance at July 31, 2022	\$ 10,587,717
Derivative from new convertible promissory notes recorded as debt discount	63,805
Derivative gain	(772,476)
Balance at January 31, 2023	\$ 9,879,046

Noncontrolling interest

The Company follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*, which governs the accounting for and reporting of non-controlling interests (“NCIs”) in partially owned consolidated subsidiaries and the loss of control of subsidiaries. Certain provisions of this standard indicate, among other things, that NCIs be treated as a separate component of equity, not as a liability, that increases and decreases in the parent’s ownership interest that leave control intact be treated as equity transactions rather than as step acquisitions or dilution gains or losses, and that losses of a partially owned consolidated subsidiary be allocated to the NCI even when such allocation might result in a deficit balance. The net income (loss) attributed to the NCI is separately designated in the accompanying consolidated statements of operations.

On May 1, 2018, T3 Communications, Inc. (“T3”), a Nevada Corporation, entered into a Stock Purchase Agreement (“SPA”), whereby in an exchange for \$250,000, T3 agreed to sell to the buyers 199,900 shares of common stock equivalent to 19.99% of the issued and outstanding common shares of T3. The \$250,000 of the cash received under this transaction was recognized as an adjustment to the carrying amount of the noncontrolling interest and as an increase in additional paid-in capital in T3. At the option of the Company, and for a period of five years following the date of the SPA, the 199,900 shares of common stock in T3 may be converted into Common Stock of Digerati at a ratio of 3.4 shares of DTGI Common stock for everyone (1) share of T3 at any time after the DTGI Common Stock has a current market price of \$1.50 or more per share for 20 consecutive trading days.

For the six months ended January 31, 2023 and 2022, the Company accounted for a noncontrolling interest of approximately \$489,000 and \$760,000, respectively. Additionally, one of the buyers serves as a Board Member of T3 Communications, Inc., a Florida Corporation, one of our operating subsidiaries.

Recently issued accounting pronouncements.

Recent accounting pronouncements, other than below, issued by the 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 August 2020, the FASB issued “ASU 2020-06, Debt with Conversion and Other Options (Subtopic 47020) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40)” which simplifies the accounting for convertible instruments. The guidance removes certain accounting models which separate the embedded conversion features from the host contract for convertible instruments. Either a modified retrospective method of transition or a fully retrospective method of transition is permissible for the adoption of this standard. Update No. 2020-06 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company is currently evaluating the potential impact of this ASU on its financial statements.

NOTE 2 – GOING CONCERN

Financial Condition

The Company's consolidated financial statements for the six months ending January 31, 2023, 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 1993, the Company has incurred net losses and accumulated a deficit of approximately \$118,153,000 and a working capital deficit of approximately \$40,765,000 which raise substantial doubt about Digerati's ability to continue as a going concern.

Management Plans to Continue as a Going Concern

Management believes that available resources as of January 31, 2023 will not be sufficient to fund the Company's operations and corporate 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, issuing stock-based compensation to certain members of the executive management team in lieu of cash, 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 equity or debt financing, sales of assets, or collaborative arrangements. If the Company raises additional capital through the issuance of equity securities or securities convertible into equity, stockholders will experience dilution, and such securities may have rights, preferences, or privileges senior to those of the holders of common stock or convertible senior notes. 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 are currently taking initiatives to reduce our overall cash deficiencies on a monthly basis. During fiscal 2023 certain members of our management team will continue to receive a portion of their compensation in common stock to reduce the depletion of our available cash. To strengthen our business, we intend to adopt best practices from or recent acquisitions and invest in a marketing and sales strategy to grow our monthly recurring revenue; we anticipate utilizing our value-added resellers and channel partners to tap into new sources of revenue streams; and we have also secured numerous agent agreements through our recent acquisitions that we anticipate will accelerate revenue growth. In addition, we will continue to focus on selling a greater number of comprehensive services to our existing customer base. Further, in an effort to increase our revenues, we will continue to evaluate the acquisition of various assets with emphasis in VoIP Services and Cloud Communication Services. As a result, during the due diligence process we anticipate incurring significant legal and professional fees.

We require cash to meet our interest payments to Post Road (as defined below), capital expenditure needs, and operational cash flow needs. The Company anticipates issuing additional equity or entering into additional Convertible Notes to secure the funding required to meet these cash needs. 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, the Company may not be able to meet its interest payments, capital expenditures and operational needs. As a result, the Company will be required to negotiate with its lender the terms of the current financing agreements, in addition to postponing the timing of deployment of its capital expenditures and extending the timing of the operational cash needs.

In November 2020, the Company and T3 and T3's subsidiaries (T3 and its subsidiaries, collectively, "the T3 Nevada Parties") entered into a credit agreement (the "Credit Agreement") with Post Road Administrative LLC and its affiliate Post Road Special Opportunity Fund II LLP (collectively, "Post Road"). The Company is a party to certain sections of the Credit Agreement. Next Level Internet, Inc. became a T3 Nevada Party in February 2022.

The Credit Agreement contains customary representations, warranties, and indemnification provisions. The Credit Agreement also contains affirmative and negative covenants with respect to operation of the business and properties of the loan parties as well as financial performance. Below are key covenants requirements, (measured quarterly) beginning with the quarter ended April 30, 2023:

- Maximum Allowed - Senior Leverage Ratio of 6.18 to 1.00
- Minimum Allowed - EBITDA of \$ 4,565,009
- Minimum Allowed - Liquidity of \$2,000,000
- Maximum Allowed - Capital Expenditures of \$175,000 (*Quarterly*)
- Minimum Allowed - Fixed Charge Coverage Ratio of 1.00 to 1.00
- Maximum Allowed - Churn of 3.00% at any time

On December 15, 2022, the lender agreed to forbear from exercising its remedies in connection with the financial covenants that were not complied with during the quarter ended October 31, 2022, as well as certain other specified defaults, until December 23, 2022 or such later date as agreed to in writing by the lender.

On February 3, 2023, the Company, the T3 Nevada Parties, and Post Road entered into a Consent, Limited Waiver and Fourth Amendment to Credit Agreement and Amendment to Notes (the “Fourth Amendment”). Among other things, the Fourth Amendment revises each of the six financial covenants set forth in Section 11.12 of the Credit Agreement (related to maximum leverage, minimum liquidity, minimum EBITDA, maximum capital expenditures, minimum interest coverage (a provision that replaces the minimum fixed charge coverage ratio provision), and maximum churn). In addition, pursuant to the Fourth Amendment, none of the financial covenants contained in Section 11.12 of the Credit Agreement, as amended by the Fourth Amendment, other than minimum liquidity of \$1,000,000, which was tested and met as of January 31, 2023. The Fourth Amendment provides that these revised financial covenants will be null and void if the Merger (as defined in Note 12) does not close by February 28, 2023 (the “Merger Outside Closing Date”), in which case the financial covenants in effect under Section 11.12 of the Credit Agreement immediately prior to the Fourth Amendment shall apply and be deemed effective.

Pursuant to the Fourth Amendment, Post Road agreed to waive each and all of the Specified Defaults (as defined in the Fourth Amendment). Post Road’s waiver of the Specified Defaults are contingent on the Merger closing on or before the Merger Outside Closing Date and no events of default (other than the Specified Defaults) or any condition or event that, with the giving of notice or the lapse of time or both, would constitute an event of default, existing under the Credit Agreement on the Merger closing date.

In addition, the Credit Agreement permits T3 to defer until the respective maturity dates of the Notes the payment of accrued and unpaid interest otherwise due and payable. The Fourth Amendment amends the Credit Agreement and the Notes to revise the interest rate payable by T3 including pursuant to the deferral of the interest payments.

On March 13, 2023, the Company, the T3 Nevada Parties, and Post Road entered into the Fifth Amendment to its Credit Agreement, with an effective date of February 28, 2023, which specifically revises the Merger Outside Closing Date, replacing the “February 28, 2023” date with “April 28, 2023,” without amending, supplementing or otherwise modifying any other terms, or any of the conditions, set forth in the Credit Agreement.

While Digerati, the parent company of T3, is not subject to these financial covenants, they have had and will continue to have a material impact on T3 expenditures and ability to raise funds.

In addition, our Term Loan C Note with Post Road with a maturity date of August 4, 2023, requires a full principal payment (currently \$10,000,000) and accrued interest by the maturity date. We will work with our equity partners to secure additional financings to meet this obligation by the maturity date. In addition, we will work with our lender on the current terms to the Term Loan C Note, to extend the maturity date or restructure the terms of the note. There can be no assurance that the Company will be able to raise additional funds or raise them on acceptable terms to meet the cash payment requirements on the Term Loan C Note. In addition, there can be no assurance that we will be able to restructure the terms or extend the maturity date of the Term Loan C Note with Post Road. If the Company is not able to restructure the financing or repay the Term Loan C Note by the August 4th maturity date and Post Road declares an event of default, it would have a material adverse effect on our business and financial condition, including the possibility of Post Road foreclosing on some or all of our assets.

T3’s obligations under the Credit Agreement are secured by a first-priority security interest in all of the assets of T3 and guaranteed by the other subsidiaries of the Company pursuant to the Guaranty and Collateral Agreement, dated November 17, 2020, subsequently amended on December 31, 2021, February 4, 2022, December 15, 2022, and February 3, 2023 by and among T3, the Company’s other subsidiaries, and Post Road Administrative LLC (the “Guaranty and Collateral Agreement”). In addition, T3’s obligations under the Credit Agreement are, pursuant to a Pledge Agreement (the “Pledge Agreement”), secured by a pledge of a first priority security interest in T3’s 100% equity ownership of each of T3’s operating companies.

We have been successful in raising debt and equity capital in the past and as described in Notes 6, 7, 8, and 12. Although we have successfully completed financings and reduced expenses in the past, we cannot assure you that our plans to address these matters in the future will be successful.

The current Credit Agreement with Post Road will allow the Company to continue acquiring UCaaS service providers that meet the Company's acquisition criteria. Management anticipates that future acquisitions will provide additional operating revenues to the Company as it continues to execute on its consolidation strategy. There can be no guarantee that the planned acquisitions will close or that they will produce the anticipated revenues on the schedule anticipated by management.

The Company will continue to work with various funding sources to secure additional debt and equity financings. However, Digerati cannot offer any assurance that it will be successful in executing the aforementioned plans to continue as a going concern.

As described elsewhere herein, we are not generating sufficient cash from operations to pay for our corporate and ongoing operating expenses, or to pay our current liabilities. As of January 31, 2023, our total liabilities were approximately \$69,201,000, which included \$9,879,000 in derivative liabilities. We will continue to use our available cash on hand to cover our deficiencies in operating expenses.

The Company's consolidated financial statements as of January 31, 2023 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.

NOTE 3 – INTANGIBLE ASSETS

Below are summarized changes in intangible assets at January 31, 2023 and July 31, 2022:

	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
January 31, 2023			
NetSapiens - license, 10 years	\$ 150,000	\$ (150,000)	\$ -
Customer relationships, 5 years	40,000	(40,000)	-
Customer relationships, 7 years	10,947,262	(3,311,947)	7,635,315
Trademarks, 7 & 10 years	7,148,000	(1,456,725)	5,691,275
Non-compete, 2 & 3 years	931,000	(619,583)	311,417
Marketing & Non-compete, 5 years	800,263	(759,985)	40,278
Total Definite-lived Intangible Assets	20,016,525	(6,338,240)	13,678,285
Goodwill	19,380,080	-	19,380,080
Balance, January 31, 2023	<u>\$ 39,396,605</u>	<u>\$ (6,338,240)</u>	<u>\$ 33,058,365</u>
July 31, 2022			
NetSapiens - license, 10 years	\$ 150,000	\$ (150,000)	\$ -
Customer relationships, 5 years	40,000	(36,684)	3,316
Customer relationships, 7 years	10,947,262	(2,573,052)	8,374,210
Trademarks, 7 & 10 years	7,148,000	(993,806)	6,154,194
Non-compete, 2 & 3 years	931,000	(394,583)	536,417
Marketing & Non-compete, 5 years	800,263	(679,980)	120,283
Total Definite-lived Intangible Assets	20,016,525	(4,828,105)	15,188,420
Goodwill	19,380,080	-	19,380,080
Balance, July 31, 2022	<u>\$ 39,396,605</u>	<u>\$ (4,828,105)</u>	<u>\$ 34,568,500</u>

Total amortization expense for the six months ended January 31, 2023 and 2022 was \$1,510,134 and \$867,480, respectively.

NOTE 4 – STOCK-BASED COMPENSATION

In November 2015, the Company adopted the Digerati Technologies, Inc. 2015 Equity Compensation Plan (the "Plan"). The Plan authorizes the grant of up to 7.5 million stock options, restricted common shares, non-restricted common shares and other awards to employees, directors, and certain other persons. The Plan is intended to permit the Company to retain and attract qualified individuals who will contribute to the overall success of the Company. The Company's Board of Directors determines the terms of any grants under the Plan. Exercise prices of all stock options and other awards vary based on the market price of the shares of common stock as of the date of grant. The stock options, restricted common stock, non-restricted common stock, and other awards vest based on the terms of the individual grant.

During the six months ended January 31, 2023 and 2022, the Company did not issue any new stock options.

The Company recognized approximately \$45,793 and \$46,788, respectively, in stock-based compensation expense for stock options to employees for the six months ended January 31, 2023 and 2022. Unamortized compensation stock option cost totaled \$52,179 and \$149,047, respectively, as of January 31, 2023 and 2022.

A summary of the stock options outstanding as of January 31, 2023 and July 31, 2022, and the changes during the six months ended January 31, 2023 are presented below:

	Options	Weighted average exercise price	Weighted average remaining contractual term (years)
Outstanding at July 31, 2022	9,130,000	\$ 0.17	2.39
Granted	-	-	-
Exercised	-	-	-
Forfeited and cancelled	(1,355,000)	0.35	-
Outstanding on January 31, 2023	7,775,000	\$ 0.12	2.24
Exercisable on January 31, 2023	6,756,246	\$ 0.13	2.15

The aggregate intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money options) of the 7,775,000 and 9,130,000 stock options outstanding as of January 31, 2023 and July 31, 2022, was \$172,326 and \$191,722, respectively.

The aggregate intrinsic value of 6,764,444 and 7,551,179 stock options exercisable on January 31, 2023 and July 31, 2022 was \$125,970 and \$110,380, respectively.

NOTE 5 – WARRANTS

During the six months ended January 31, 2023, the Company issued 13,534,535 warrants under promissory notes in which the warrants vested at the time of issuance. The warrants have an expiration term of five (5) years with an exercise price of \$0.1195. Under the Black-Scholes valuation method, the relative fair market value of the warrants at time of issuance was approximately \$666,971 and was recognized as a discount on the promissory notes. The company will amortize the debt discount as interest expense over 12 months.

The Company did not issue any warrants during the six months ended January 31, 2022.

A summary of the warrants outstanding as of January 31, 2023 and July 31, 2022, and the changes during the six months January 31, 2023, are presented below:

	Warrants	Weighted average exercise price	Weighted average remaining contractual term (years)
Outstanding at July 31, 2022	108,841,179	\$ 0.01	8.21
Granted	13,534,535	0.12	4.86
Exercised	(170,298)	\$ 0.13	-
Forfeited and cancelled	(749,702)	\$ 0.32	-
Outstanding on January 31, 2023	121,455,714	\$ 0.02	7.44
Exercisable on January 31, 2023	94,530,240	\$ 0.03	7.36

The aggregate intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money warrants) of the 121,455,714 and 108,841,179 warrants outstanding as of January 31, 2023 and July 31, 2022, was \$8,422,232 and \$9,002,606, respectively.

The aggregate intrinsic value of 94,530,240 and 81,615,885 warrants exercisable on January 31, 2023 and July 31, 2022 was \$6,316,674 and \$6,757,037, respectively.

NOTE 6 – NOTES PAYABLE NON-CONVERTIBLE

On October 22, 2018, the Company issued a secured promissory note for \$50,000, bearing interest at a rate of 8% per annum, with maturity date of December 31, 2018. The maturity date was extended multiple times and on February 16, 2023 the lender agreed to extend the maturity until June 30, 2023. The promissory note is secured by a Pledge and Escrow Agreement, whereby the Company agreed to pledge rights to a collateral due under certain Agreement. The outstanding balance as of January 31, 2023 and July 31, 2022 was \$50,000.

Credit Agreement and Notes

Pursuant to the Credit Agreement (as defined in Note 2), Post Road will provide T3 with a secured loan of up to \$20,000,000 (the “Loan”), with initial loans of \$10,500,000 pursuant to the issuance of a Term Loan A Note and \$3,500,000 pursuant to the issuance of a Term Loan B Note, each funded on November 17, 2020, and an additional \$6,000,000 in loans, in increments of \$1,000,000 as requested by T3 before the 18 month anniversary of the initial funding date to be lent pursuant to the issuance of a Delayed Draw Term Note. After payment of transaction-related expenses and closing fees of \$964,000, net proceeds to the Company from the Note totaled \$13,036,000. The Company recorded these discounts and cost of \$964,000 as a discount to the Notes and will be amortized as interest expense over the term of the notes.

During the six months ended January 31, 2023, the total debt discount for the Term Loan A Note and the Term Loan B Note was fully amortized. The total debt discount outstanding on the notes as of January 31, 2023 and July 31, 2022 was \$0.

Term Loan A Note with a maturity date of November 17, 2024, and an interest rate of LIBOR (with a minimum rate of 1.5%) plus twelve percent (12%). Term Loan A is non-amortized (interest only payments) through the maturity date and contains an option for the Company to pay interest in kind (PIK) for up to five percent (5%) of the interest rate in year one, four percent (4%) in year two and three percent (3%) in year three.

Term Loan B had a maturity date of December 31, 2021, and an interest rate of LIBOR (with a minimum rate of 1.5%) plus twelve percent (12%). Term Loan B is non-amortized (interest only payments) through the maturity date and contains an option for the Company to pay interest in kind (PIK) for up to five percent (5%) of the interest rate in year one, four percent (4%) in year two and three percent (3%) in year three. The Term Loan B was recapitalized under the revised A&R Term Loan A Note as indicated below.

On December 20, 2021, T3 and Post Road entered into an amendment to the Credit Agreement (the “First Amendment”) in connection with which T3 issued an Amended and Restated Term Loan A Note (the “A&R Term Loan A Note”) in replacement of the Term Loan A Note. Under the First Amendment, the Term Loan B Note principal of \$3,500,000, accrued interest of \$187,442, and amendment fee of \$1,418,744 were recapitalized under the revised A&R Term Loan A Note.

Pursuant to the First Amendment, the additional proceeds of \$6,000,000 were used to fund the acquisition of the assets of Skynet Telecom LLC (“Skynet”) and for general corporate and working capital purposes as well as professional fees and other fees and expenses with respect to the transactions contemplated by the First Amendment. The Company evaluated the amendment and the recapitalization of the notes and accounted for these changes as an extinguishment of debt and recognized a loss on extinguishment of debt of \$5,479,865, the loss is composed of the full amortization debt discount of \$4,061,121, and the amendment fees of \$1,418,744.

The A&R Term Loan A Note has a maturity date of November 17, 2024, and an interest rate of LIBOR (with a minimum rate of 1.5%) plus twelve percent (12%). The principal balance and accrued PIK interest outstanding on the A&R Term Loan was \$23,206,436 and \$22,168,515 as of January 31, 2023 and July 31, 2022, respectively, and had accrued PIK interest outstanding of \$1,037,921 and \$530,672, respectively.

On February 4, 2022, T3 and Post Road entered into a Joinder and Second Amendment to Credit Agreement (the “Joinder and Second Amendment”) in connection with which T3 issued a Term Loan C Note. Pursuant to the Joinder and Second Amendment, Post Road provided T3 with a secured loan of \$10,000,000. The proceeds of \$10,000,000 were used to fund the acquisition of Next Level Internet, Inc. (“Next Level” or “NLI”) and for general corporate and working capital purposes as well as professional fees and other fees and expenses with respect to the transactions contemplated by the Joinder and Second Amendment. At issuance the Company recognized \$250,000 in OID and \$220,000 in debt issuance. The total unamortized debt discount was \$156,668 and \$313,334 as of January 31, 2023 and July 31, 2022, respectively. The principal balance on the Term Loan C Note was \$10,000,000 as of January 31, 2023 and July 31, 2022 and had accrued PIK interest outstanding of \$414,903 and \$199,413, respectively.

The Term Loan C Note has a maturity date of August 4, 2023, and an interest rate of LIBOR (with a minimum rate of 1.5%) plus twelve percent (12%).

For further details regarding the Credit Agreement, as amended through February 3, 2023, please see the section of Note 2 titled “Management Plans to Continue as a Going Concern.”

Promissory Notes – Next Level Internet Acquisition

On February 4, 2022, as per the acquisition of Next Level, the Company entered into two unsecured promissory notes (the “Unsecured Adjustable Promissory Notes”) for \$1,800,000 and \$200,000, respectively. The notes are payable in eight equal quarterly installments in the aggregate amount of \$250,000 each commencing on June 4, 2022, through and including March 7, 2024, with a base annual interest rate of 0% and a default annual interest rate of 18%. The amount owed is subject to change based on certain revenue milestones required to be achieved by Next Level. At issuance, the Company fair valued the notes and recognized a debt discount of \$241,000 which is amortized over the term of the notes. The Company amortized \$60,250 to interest expense during the six months ended January 31, 2023. Total unamortized debt discount on the notes as of January 31, 2023 and July 31, 2022 was \$120,500 and \$180,750, respectively. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 on the Unsecured Adjustable Promissory Notes was \$1,526,125 and \$1,750,000, respectively.

On January 3, 2023, the Company amended its forbearance agreement with the Noteholders and agreed to pay the deferred payment, together with interest at the rate of 18% per annum (based upon the number of days elapsed between the date the deferred payment is scheduled for payment under the Notes and the date the deferred payment is actually paid and a year of 360 days) and extension fees of \$7,500 on or before February 28, 2023 (the period from the effective date through February 28, 2023). This deferral of payment resulted in an additional principal added to the balance of \$26,125, which consisted of the extension fee of \$7,500 and interest expense of \$18,625.

NOTE 7 – RELATED PARTY TRANSACTIONS

On December 29, 2022, the Company entered into a \$100,000 promissory note, with the Company’s president, Derek Gietzen, with a maturity date of January 12, 2023, and annual interest rate of 12%. On January 17, 2023, the Company paid the total principal outstanding of \$100,000, plus accrued interest.

On October 4, 2022, the Company entered into a \$150,000 promissory note, with the Company’s president, Derek Gietzen, with a maturity date of October 15, 2022, and annual interest rate of 11%. On October 17, 2022, the Company paid the total principal outstanding of \$150,000, plus accrued interest.

During the six months ended January 31, 2023 and 2022, the Company provided VoIP Hosted and fiber services to a Company owned by one of the Board members of T3 for \$79,155 and \$94,815, respectively.

On November 17, 2020, as a result of the of the acquisition of the assets of ActiveServe, Inc. (“ActiveServe”), the two sellers became related parties as they continued to be involved as consultants to manage the customer relationship, the Company paid on an annual basis \$90,000 to each of the consultants. These agreements expired, and the parties agreed not to extend. As of January 31, 2023, there’s no balance outstanding under the consulting agreements. In addition, part of the Purchase Price is payable in 8 equal quarterly payments to the sellers. During the six months ended January 31, 2023, the Company paid \$148,897 of the principal balance outstanding. The total principal outstanding on the notes as of January 31, 2023 and July 31, 2022 was \$123,603 and \$272,500, respectively.

On December 31, 2021, as a result of the of the acquisition of Skynet’s assets, the two sellers became related parties as they continued to be involved as consultants for 12 months to manage the customer relationship. The Company will pay \$100,000 to each of the consultants on an annual basis. As of January 31, 2023, there were no outstanding balances owed to the consultants. Part of the Purchase Price of \$600,000 (the “Earn-out Amount”) was retained by the Company and will be paid to Seller in six equal quarterly payments. An additional \$100,000 (the “Holdback Amount”) was retained by the Company and will be paid to Seller in accordance with the Skynet asset purchase agreement. During the six months ended January 31, 2023, the Company paid \$100,000 of the principal balance outstanding. The Company amortized \$19,842 and \$0 of debt discount as interest expense during the six months ended January 31, 2023 and January 31, 2022, respectively. The total debt discount outstanding as of January 31, 2023 and July 31, 2022, was \$19,843 and \$39,686, respectively. The total balance outstanding on the Earn-out Amounts as of January 31, 2023 and July 31, 2022, was \$500,000 and \$600,000, respectively.

Acquisition Payable – Skynet

As part of the acquisition of Skynet’s assets, the Company will pay to the seller a \$1,000,000 (the “Share Payment”) by issuance of restricted shares of the Company’s common stock to the owners. On September 1, 2022, the Company and sellers amended the Asset Purchase Agreement. In accordance with the amended agreement, the Share Payment will be made via the issuance of shares on the earlier of (i) the effective date of that certain Registration Statement on Form S-1 filed by the Company with the Securities and Exchange Commission on August 11, 2021 (in which case the stock will be valued at the price set forth in the prospectus that is a part of such Registration Statement, without underwriter discounts) and (ii) April 30, 2023 (in which case the stock will be valued at the average of the last transaction price on the OTCQB for each of the 10 trading days immediately preceding such issuance date). On December 5, 2022 and March 9, 2023, the Asset Purchase Agreement was amended. The payments due will be extended until the closing of the merger with Minority Equality Opportunities Acquisition (“MEOA”) which is expected to close by April 28, 2023. The total principal balance outstanding on the acquisitions payable as of January 31, 2023 and July 31, 2022, was \$1,000,000.

NOTE 8 – CONVERTIBLE NOTES PAYABLE

At January 31, 2023 and July 31, 2022, convertible notes payable consisted of the following:

	January 31, 2023	July 31, 2022
CONVERTIBLE NOTES PAYABLE NON-DERIVATIVE		
On October 13, 2020, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$330,000, an annual interest rate of 8%, and an original maturity date of October 13, 2021. The maturity date was later extended until December 15, 2021, and subsequently the maturity date was extended until July 31, 2022. On September 28, 2022, the lender agreed to extend the maturity date until February 28, 2023. After payment of transaction-related expenses and closing fees of \$32,000, net proceeds to the Company from the Note totaled \$298,000. The Company recorded \$32,000 as a discount to the Note and amortized over the term of the note. In connection with the execution of the note, the Company issued 1,000,000 shares of our Common Stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$45,003 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Additionally, the Company recognized \$134,423 as debt discount for the intrinsic value of the conversion feature, and it will be amortized to interest expense during the term of the promissory note. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a fix conversion price at issuance, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0. The total principal balance outstanding as of January 31, 2023 and July 31, 2022, was \$165,000. The Company is currently working on amending its Convertible Promissory Note with the Noteholder to extend the maturity date. However, as of the date of this filing, the Company cannot assure that the extension of the maturity date will be granted. (See below variable conversion terms No.1)	\$ 165,000	\$ 165,000
On January 27, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$250,000, an annual interest rate of 8%, and a maturity date of January 27, 2022. In connection with the execution of the note, the Company issued 500,000 shares of our Common Stock to the note holder, and at the time of issuance, the Company recognized the relative fair market value of the shares of \$24,368 as debt discount, which will be amortized to interest expense during the term of the promissory note. Additionally, the Company recognized \$44,368 as debt discount for the intrinsic value of the conversion feature, and it will be amortized to interest expense during the term of the promissory note. The Holder may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock at any time after 180 days of funding the Note. The Conversion Price shall be the greater of \$0.05 or 75% of the lowest daily volume weighted average price ("VWAP") for the ten (10) trading day period immediately preceding the conversion date. The Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. On January 27, 2022, the lender agreed to extend the maturity date until July 31, 2022. In connection with the extension of the maturity date on the note, the Company agreed to increase the principal balance by \$25,000. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of amendment date, the total unamortized discount on the Note was \$0. The Company recognized a loss on extinguishment of debt of \$25,000 and charged to interest expense at the time of the extension. On August 1, 2022, the lender agreed to extend the maturity date until January 31, 2023. As consideration for the extension on the note, the Company agreed to add \$50,000 to the principal amount outstanding and charged the total to interest expense, in addition, the Company issued 300,000 shares of Common Stock with a market value of \$28,740 and charged the total to interest expense. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of the amendment date, the total unamortized discount on the Note was \$0. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$0, respectively. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$325,000 and \$275,000, respectively.	325,000	275,000

On April 14, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$250,000, an annual interest rate of 8%, and a maturity date of April 14, 2022. In connection with the execution of the note, the Company issued 500,000 shares of our Common Stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$63,433 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Additionally, the Company recognized \$96,766 as debt discount for the intrinsic value of the conversion feature, and it will be amortized to interest expense during the term of the promissory note. The Holder may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock at any time after 180 days of funding the Note. The Conversion Price shall be the greater of \$0.15 or 75% of the lowest daily volume weighted average price ("VWAP") for the ten (10) trading day period immediately preceding the conversion date. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. On April 14, 2022, the lender agreed to extend the maturity date until October 14, 2022. In connection with the extension of the maturity date on the note, the Company agreed to increase the principal balance by \$25,000. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of amendment date, the total unamortized discount on the Note was \$0. The Company recognized a loss on extinguishment of debt of \$25,000 and charged to interest expense at the time of the extension. On September 16, 2022, the lender agreed to extend the maturity date until April 14, 2023. As consideration for the extension on the note, the Company agreed to add \$50,000 to the principal amount outstanding and charged the total to interest expense. In addition, the Company issued 300,000 shares of Common Stock with a market value of \$35,400 and charged the total to interest expense. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of the amendment date, the total unamortized discount on the Note was \$0. The total unamortized discount on the Note as of January 31, 2022, and July 31, 2022 was \$0. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$325,000 and \$275,000, respectively.

325,000

275,000

On August 31, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$75,000, an annual interest rate of 8% (and a default interest rate of 20%), and a maturity date of August 31, 2022. In connection with the execution of the note, the Company issued 150,000 shares of our Common Stock to the note holder, and at the time of issuance, the Company recognized the relative fair market value of the shares of \$13,635 as debt discount, which will be amortized to interest expense during the term of the promissory note. The Holder may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock at any time after 180 days of funding the Note. The Conversion Price shall be the greater of \$0.15 or 75% of the lowest daily volume weighted average price ("VWAP") for the ten (10) trading day period immediately preceding the conversion date. The holder may elect to convert up to 100% of the principal plus accrued interest into the Common Stock into a qualified uplist financing at a 25% discount. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. On September 14, 2022, the lender agreed to extend the maturity date until February 28, 2023. As consideration for the extension on the note, the Company agreed to add \$15,000 to the principal amount outstanding and charged the total to interest expense. In addition, the Company issued 90,000 shares of Common Stock with a market value of \$10,845 and charged the total to interest expense. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of the amendment date, the total unamortized discount on the Note was \$0. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The Company amortized \$1,136 as interest expense during the six months ended January 31, 2023. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$1,136, respectively. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$90,000 and \$75,000, respectively.

90,000

75,000

On September 29, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$75,000, an annual interest rate of 8%, a default interest rate of 20%, and a maturity date of September 29, 2022. In connection with the execution of the note, the Company issued 150,000 shares of our Common Stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$10,788 as debt discount, and it will be amortized to interest expense during the term of the promissory note. The Holder may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock at any time after 180 days of funding the Note. The Conversion Price shall be the greater of \$0.15 or 75% of the lowest daily volume weighted average price ("VWAP") for the ten (10) trading day period immediately preceding the conversion date. The holder may elect to convert up to 100% of the principal plus accrued interest into the Common Stock into a qualified uplist financing at a 25% discount. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. On September 16, 2022, the lender agreed to extend the maturity date until March 29, 2023. As consideration for the extension on the note, the Company agreed to add \$15,000 to the principal amount outstanding and charged the total to interest expense, in addition, the Company issued 90,000 shares of Common Stock with a market value of \$10,620 and charged the total to interest expense. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of the amendment date, the total unamortized discount on the Note was \$0. The Company amortized \$1,798 as interest expense during the six months ended January 31, 2023. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$1,798, respectively. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$90,000 and \$75,000, respectively.

90,000

75,000

On October 22, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$150,000, an annual interest rate of 8% (and a default interest rate of 20%), and a maturity date of October 22, 2022. In connection with the execution of the note, the Company issued 300,000 shares of our Common Stock to the note holder, and at the time of issuance, the Company recognized the relative fair market value of the shares of \$13,965 as debt discount, which will be amortized to interest expense during the term of the promissory note. The Holder may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock at any time after 180 days of funding the Note. The Conversion Price shall be the greater of \$0.15 or 75% of the lowest daily volume weighted average price ("VWAP") for the ten (10) trading day period immediately preceding the conversion date. The holder may elect to convert up to 100% of the principal plus accrued interest into the Common Stock into a qualified uplist financing at a 25% discount. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. On September 16, 2022, the lender agreed to extend the maturity date until April 29, 2023. As consideration for the extension on the note, the Company agreed to add \$30,000 to the principal amount outstanding and charged the total to interest expense. In addition, the Company issued 180,000 shares of Common Stock with a market value of \$21,240 and charged the total to interest expense. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of the amendment date, the total unamortized discount on the Note was \$0. The Company amortized \$3,491 as interest expense during the six months ended January 31, 2023. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$3,491, respectively. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$180,000 and \$150,000, respectively.

180,000

150,000

On February 4, 2022, as part the acquisition of NLI, the Company entered into two unsecured convertible promissory notes (the "Unsecured Convertible Promissory Notes") for \$1,800,000 and \$200,000, respectively. The notes are payable in eight equal quarterly installments in the aggregate amount of \$250,000 with the first payment commencing on April 30, 2022, through and including January 31, 2024. The Notes have a base annual interest rate of 0% and a default annual interest rate of 18%. The Sellers have a one-time right to convert all or a portion of the Convertible Notes commencing on the six-month anniversary of the notes being issued and ending 30 days after such six-month anniversary. The conversion price means an amount equal to the volume weighted average price per share of Stock on the Nasdaq Stock Market for the ten (10) consecutive trading days on which the conversion notice is received by the Company. However, if the stock is not then listed for trading on the Nasdaq Stock Market, the Conversion Price shall be the volume weighted average transaction price per share reported by the OTC Reporting Facility for the ten (10) consecutive trading days immediately preceding the date on which such Conversion Notice is received by the Company. The Company analyzed the Notes for derivative accounting consideration and determined that since the notes are convertible on the six-month anniversary from issuance and ending 30 days after such six-month anniversary, it does not require to be accounted as a derivative instrument. At inception of the notes, the Company recognized the fair market value of the conversion on the notes of \$2,382,736, and recognized \$117,264 in debt discount, which was amortized over the conversion period. As of the six months ended January 31, 2023, the conversion option on the notes ended, and the Company recognized \$466,086 as other income for the settlement of the conversion option. During the six months ended January 31, 2023, the Company made two principal payments totaling of \$500,000. The total principal balance outstanding on the Unsecured Convertible Promissory Notes as of January 31, 2023 and July 31, 2022 was \$1,250,000 and \$2,250,000, respectively. The total unamortized debt discount on the notes as of January 31, 2023 and July 31, 2022 was \$0 and \$33,914, respectively.

1,250,000

2,250,000

On January 21, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$230,000, an annual interest rate of 8%, and a maturity date of October 21, 2022. After payment of transaction-related expenses and closing fees of \$26,300, net proceeds to the Company from the Note totaled \$203,700. Additionally, the Company recorded \$26,300 as a discount to the Note and amortized over the term of the Note. In connection with the execution of the Note, the Company issued 300,000 shares of our Common Stock to the note holder and recorded \$30,446 as debt discount and amortized over the term of the Note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock. The Note Conversion Price shall equal the greater of \$0.15 (fifteen) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the Note. Upon the occurrence of an Event of Default, the outstanding balance shall immediately increase to 125% of the Outstanding Balance immediately prior to the occurrence of the Event of Default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. On October 21, 2022, the holder agreed to extend the maturity date until January 31, 2023. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$30,000 and issued 300,000 shares of Common Stock with a fair market value of \$36,330. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of amendment date, the total unamortized discount on the Note was \$0. The Company recognized a loss on extinguishment of debt for both the \$30,000 increase in principal and \$36,330 fair value of shares issued and charged the total \$66,330 to interest expense at the time of the extension. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. On January 30, 2023, the holder agreed to extend the maturity date until May 30, 2023. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$30,000 and issued 300,000 shares of Common Stock with a fair market value of \$26,910. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$18,916, respectively. The Company amortized \$18,916 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$290,000 and \$230,000, respectively.

290,000

230,000

On January 21, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$230,000, an annual interest rate of 8%, and a maturity date of October 21, 2022. After payment of transaction-related expenses and closing fees of \$26,300, net proceeds to the Company from the Note totaled \$203,700. Additionally, the Company recorded \$26,300 as a discount to the Note and amortized over the term of the note. In connection with the execution of the Note, the Company issued 300,000 shares of our Common Stock to the note holder and recorded \$30,446 as debt discount and amortized over the term of the Note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock. The Note Conversion Price shall equal the greater of \$0.15 (fifteen) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the Note. Outstanding Balance shall immediately increase to 125% of the Outstanding Balance immediately prior to the occurrence of the Event of Default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a conversion price floor, it does not require to be accounted as a derivative instrument. On October 21, 2022, the holder agreed to extend the maturity date until January 31, 2023. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$30,000 and issued 300,000 shares of Common Stock with a fair market value of \$36,330. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. As of amendment date, the total unamortized discount on the Note was \$0. The Company recognized a loss on extinguishment of debt for both the \$30,000 increase in principal and \$36,330 fair value of shares issued and charged the total \$66,330 to interest expense at the time of the extension. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. On January 30, 2023, the holder agreed to extend the maturity date until May 30, 2023. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$30,000 and issued 300,000 shares of Common Stock with a fair market value of \$26,910. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$18,916, respectively. The Company amortized \$18,916 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$290,000 and \$230,000, respectively.

290,000

230,000

On July 27, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$165,000, an annual interest rate of 8%, and a maturity date of April 27, 2023. After payment of transaction-related expenses and closing fees of \$19,500, net proceeds to the Company from the Note totaled \$145,500. Additionally, the Company issued 300,000 shares of our Common Stock to the note holder. The Company recorded the \$19,500 and the relative fair market value of the shares of \$22,093 as debt discount and amortized to interest expense over the term of the note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the note holder shall be entitled to convert any portion of the outstanding and unpaid conversion amount into fully paid and nonassessable shares of Common Stock. The Note conversion price shall equal the greater of \$0.10 (ten) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the Note. Outstanding balance shall immediately increase to 125% of the outstanding balance immediately prior to the occurrence of an event of default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$13,864 and \$41,593, respectively. The Company amortized \$27,729 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$165,000 and \$119,500, respectively.

165,000

119,500

On September 12, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$75,000, an annual interest rate of 8%, and a maturity date of September 12, 2023. In connection with the execution of the Note, the Company issued 150,000 shares of our Common Stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$15,880 as debt discount, and it will be amortized to interest expense during the term of the promissory note. The note holder may elect to convert up to 100% of the principal amount outstanding and any accrued interest on the Note into Common Stock at any time after 180 days of funding the Note. The Conversion Price shall be the greater of \$0.15 or 75% of the lowest daily volume weighted average price ("VWAP") for the ten (10) trading day period immediately preceding the conversion date. The holder may elect to convert up to 100% of the principal plus accrued interest into the Common Stock into a qualified uplist financing at a 25% discount. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023 was \$13,947. The Company amortized \$9,963 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 was \$75,000.

75,000

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On October 3, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$165,000, an annual interest rate of 8%, and a maturity date of July 3, 2023. After payment of transaction-related expenses and closing fees of \$19,500, net proceeds to the Company from the Note totaled \$145,500. Additionally, the Company issued 300,000 shares of our Common Stock to the note holder. The Company recorded the \$19,500 and the relative fair market value of the shares of \$32,143 as debt discount and amortized to interest expense over the term of the Note. The Company recognized \$117,857 debt discount related to beneficial conversion feature and will be amortized to interest expense over the term of Note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the note holder shall be entitled to convert any portion of the outstanding and unpaid conversion amount into fully paid and nonassessable shares of Common Stock. The Note conversion price shall equal the greater of \$0.10 (ten) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the Note. Outstanding balance shall immediately increase to 125% of the outstanding balance immediately prior to the occurrence of an event of default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023 was \$94,166 The Company amortized \$75,334 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 was \$165,000.

165,000

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On October 27, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$38,500, an annual interest rate of 8%, and a maturity date of July 26, 2023. After payment of transaction-related expenses and closing fees of \$3,500, net proceeds to the Company from the Note totaled \$25,000. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the note holder shall be entitled to convert any portion of the outstanding and unpaid conversion amount into fully paid and nonassessable shares of Common Stock. The Note conversion price shall equal the greater of \$0.10 (ten) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the Note. Outstanding balance shall immediately increase to 125% of the outstanding balance immediately prior to the occurrence of an event of default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the Note for derivative accounting consideration and determined that since the note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023 was \$2,333. The Company amortized \$1,167 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 was \$38,500.

38,500

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On October 27, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$71,500, an annual interest rate of 8%, and a maturity date of July 26, 2023. After payment of transaction-related expenses and closing fees of \$6,500, net proceeds to the Company from the Note totaled \$65,000. Additionally, the Company issued 200,000 shares of our Common Stock to the note holder. The Company recorded the \$6,500 and the relative fair market value of the shares of \$38,768 as debt discount and amortized to interest expense over the term of the Note. The Company recognized \$40,888 debt discount related to beneficial conversion feature and will be amortized to interest expense over the term of Note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the note holder shall be entitled to convert any portion of the outstanding and unpaid conversion amount into fully paid and nonassessable shares of Common Stock. The Note conversion price shall equal the greater of \$0.10 (ten) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the note. Outstanding balance shall immediately increase to 125% of the outstanding balance immediately prior to the occurrence of an event of default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$42,792. The Company amortized \$43,364 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$71,500.

71,500

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On October 31, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$350,000, an annual interest rate of 14%, and a maturity date of February 28, 2023. Net proceeds to the Company from the Note totaled \$350,000. In the event that any payment is not made when due, either of principal or interest, and whether upon maturity or as a result of acceleration, interest shall thereafter accrue at the rate per annum equal to the lesser of (a) the maximum non-usurious rate of interest permitted by the laws of the State of Texas or the United States of America, whichever shall permit the higher rate or (b) twenty percent (20%) per annum, from such date until the entire balance of principal and accrued interest on this Note has been paid. At any time after sixty (60) days following the date hereof, Payee may elect to convert a percentage of the amount of principal and accrued interest outstanding on the Note into common stock of Debtor, in accordance with the following terms: (i) If prior to uplist to Nasdaq or NYSE, Payee may convert up to 50% of the amount outstanding on the Note into Common Stock. In such event, the price per share of Common Stock applicable to such conversion (the "Applicable Conversion Price") shall be the greater of: (a) the Variable Conversion Price or (b) the Fixed Conversion Price. The "Variable Conversion Price" shall be equal to a 20% discount to the average closing price for Common Stock for the five (5) Trading Day period immediately preceding the Conversion Date. "Trading Day" shall mean any day on which the Common Stock is tradable for any period on the principal securities exchange or other securities market on which the Common Stock is then being traded. The "Fixed Conversion Price" shall mean \$0.10; and (ii) If following the Uplist, Payee may convert up to 100% of the amount outstanding on the Note into Common Stock. In such event, the Applicable Conversion Price shall be the greater of: (a) the post-Uplist Variable Conversion Price (i.e., if less than 5 days after the Uplist, then the average of the days available since the Uplist up to 5) or (b) the Fixed Conversion Price. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a conversion price floor, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total principal balance outstanding as of January 31, 2023 was \$350,000.

350,000

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On November 22, 2022, the Company entered into a convertible promissory note with an aggregate principal amount of \$1,670,000, an annual interest rate of 10% , and a maturity date of November 22, 2023. The Company recorded \$90,975 in transaction-related expenses and closing fees and \$250,500 of original issue discount to the Note. After payment of transaction-related expenses and closing fees and original issue discount, net proceeds to the Company from the Note totaled \$1,328,525. In connection with the execution of the Note, the Company issued 2,100,000 shares of our Common Stock and 10,500,000 warrant shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common and warrant shares of \$640,877 as debt discount. Additionally, the Company recognized \$687,648 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) March 22, 2023 or (ii) sixty (60) calendar days after the Closing Date (as defined in that certain business combination agreement between the Company, Minority Equality Opportunities Acquisition Inc., and MEOA Merger Sub, Inc. dated on or around August 30, 2022 (the “SPAC Agreement”, and the transaction contemplated under the SPAC Agreement, the “SPAC Transaction”), to convert all or any portion of the Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock. The Note conversion price shall equal \$0.0956 subject to adjustment as provided in the note. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a fixed conversion price it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$1,391,667. The Company amortized \$278,333 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$1,670,000.

1,670,000

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On December 12, 2022, the Company entered into a convertible promissory note with an aggregate principal amount of \$117,647, annual interest rate of 10% and a maturity date of December 12, 2023. The Company recorded \$17,647 as original issue discount to the Note, which resulted in net proceeds of \$100,000, and amortized to interest expense over the term of the note. In connection with the execution of the note, the Company issued 148,295 shares of our Common Stock and 741,475 warrant shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common and warrant shares of \$41,685 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Additionally, the Company recognized \$58,315 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) April 12, 2023 or (ii) sixty (60) calendar days after the Closing Date (as defined in that certain business combination agreement between the Company, Minority Equality Opportunities Acquisition Inc., and MEOA Merger Sub, Inc. dated on or around August 30, 2022 (the “SPAC Agreement”, and the transaction contemplated under the SPAC Agreement, the “SPAC Transaction”), to convert all or any portion of the Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock. The note conversion price shall equal \$0.0956, subject to adjustment as provided in the note. The Company analyzed the note for derivative accounting consideration and determined that since the note has a fixed conversion price, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$107,843. The Company amortized \$9,804 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$117,647.

117,647

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On December 20, 2022, the Company entered into a convertible promissory note with an aggregate principal amount of \$176,471, an annual interest rate of 10%, and a maturity date of December 20, 2023. The Company recorded \$5,000 in deferred finance costs and \$26,471 of original issue discount to the Note. After payment of transaction-related expenses, net proceeds to the Company from the Note totaled \$145,500. In connection with the execution of the Note, the Company issued 221,909 shares of our Common Stock and 1,109,545 warrant shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common and warrant shares of \$59,374 as debt discount. Additionally, the Company recognized \$79,014 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) April 12, 2023 or (ii) sixty (60) calendar days after the Closing Date (as defined in that certain business combination agreement between the Company, Minority Equality Opportunities Acquisition Inc., and MEOA Merger Sub, Inc. dated on or around August 30, 2022 (the “SPAC Agreement”, and the transaction contemplated under the SPAC Agreement, the “SPAC Transaction”), to convert all or any portion of the Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock. The Note conversion price shall equal \$0.0956, subject to adjustment as provided in the Note. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a fixed conversion price, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$155,704. The Company amortized \$14,155 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$176,471.

176,471

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On December 22, 2022, the Company entered into a convertible promissory note with an aggregate principal amount of \$188,235, annual interest rate of 10% and a maturity date of December 22, 2023. The Company recorded \$10,000 in transaction-related expenses and closing fees and \$28,235 of original issue discount to the Note. After payment of transaction-related expenses and closing fees and original issue discount, net proceeds to the Company from the Note totaled \$150,000. In connection with the execution of the note, the Company issued 236,703 shares of our Common Stock and 1,183,515 warrant shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common and warrant shares of \$66,679 as debt discount. Additionally, the Company recognized \$83,321 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) April 22, 2023 or (ii) sixty (60) calendar days after the Closing Date (as defined in that certain business combination agreement between the Company, Minority Equality Opportunities Acquisition Inc., and MEOA Merger Sub, Inc. dated on or around August 30, 2022 (the “SPAC Agreement”, and the transaction contemplated under the SPAC Agreement, the “SPAC Transaction”), to convert all or any portion of the Principal Amount and interest (including any Default Interest) into fully paid and non-assessable shares of Common Stock. The note conversion price shall equal \$0.0956, subject to adjustment as provided in the note. The Company analyzed the note for derivative accounting consideration and determined that since the note has a fixed conversion price, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$172,549. The Company amortized \$15,686 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$188,235.

188,235

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On January 13, 2023, the Company entered into a convertible promissory note with an aggregate principal amount of \$110,000, an annual interest rate of 10%, and a maturity date of October 13, 2023. The Company recorded \$10,000 in original issue discount to the Note. After payment of the original issue discount, net proceeds to the Company from the Note totaled \$100,000. In connection with the execution of the Note, the Company issued 138,000 shares of our Common Stock shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common shares of \$11,177 as debt discount. Additionally, the Company recognized \$21,507 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) May 12, 2023 or (ii) sixty (60) calendar days after listing on Nasdaq or the New York Stock Exchange to convert any portion of the outstanding and unpaid Conversion into fully paid and nonassessable shares of Common Stock, at the Conversion Price. The Note conversion price shall equal \$0.10, subject to adjustment as provided in the Note. The Company analyzed the Note for derivative accounting consideration and determined that since the Note has a fixed conversion price, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$42,684. The Company amortized \$0 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$110,000.

110,000

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On January 24, 2023, the Company entered into a convertible promissory note with an aggregate principal amount of \$660,000, an annual interest rate of 10%, and a maturity date of May 24, 2023. The Company recorded \$60,000 in original issue discount to the Note. After payment of the original issue discount, net proceeds to the Company from the Note totaled \$600,000. In connection with the execution of the Note, the Company issued 660,000 shares of our Common Stock shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common shares of \$53,850 as debt discount. Additionally, the Company recognized \$104,610 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Payee may elect to convert up to 100% of the Principal Amount outstanding on the Note into Common Stock of Debtor or any shares of capital stock or other securities of the Debtor into which such Common Stock shall hereafter be changed or reclassified at any time on the earlier of (i) one hundred and twenty (120) calendar days following the funding of this Note or (ii) sixty (60) calendar days after the Closing Date as defined in that certain business combination agreement between the Debtor, Minority Equality Opportunities Acquisition Inc., and MEOA Merger Sub, Inc. dated on or around August 30, 2022 (the “Conversion Shares”). The Note conversion price shall equal \$0.10, subject to adjustment as provided in the Note. The Company analyzed the note for derivative accounting consideration and determined that since the note has a fixed conversion price, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$218,460. The Company amortized \$0 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$660,000.

660,000

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On January 24, 2023, the Company entered into a convertible promissory note with an aggregate principal amount of \$660,000, an annual interest rate of 10%, and a maturity date of May 24, 2023. The Company recorded \$60,000 in original issue discount to the Note. After payment of the original issue discount, net proceeds to the Company from the Note totaled \$600,000. In connection with the execution of the Note, the Company issued 660,000 shares of our Common Stock shares to the note holder at the time of issuance. The Company recognized the relative fair market value of the common shares of \$53,850 as debt discount. Additionally, the Company recognized \$104,610 as debt discount for the intrinsic value of the conversion feature. All debt discount will be amortized to interest expense during the term of the promissory note. The Payee may elect to convert up to 100% of the Principal Amount outstanding on the Note into Common Stock of Debtor or any shares of capital stock or other securities of the Debtor into which such Common Stock shall hereafter be changed or reclassified at any time on the earlier of (i) one hundred and twenty (120) calendar days following the funding of this Note or (ii) sixty (60) calendar days after the Closing Date as defined in that certain business combination agreement between the Debtor, Minority Equality Opportunities Acquisition Inc., and MEOA Merger Sub, Inc. dated on or around August 30, 2022 (the "Conversion Shares"). The Note conversion price shall equal \$0.10 subject to adjustment as provided in the Note. The Company analyzed the note for derivative accounting consideration and determined that since the note has a fixed conversion price, it does not require to be accounted as a derivative instrument. The Company will evaluate every reporting period and identify if any default provisions and other requirements triggered a variable conversion price and if the Note needs to be classified as a derivative instrument. The total unamortized discount on the Note as of January 31, 2023, was \$218,460. The Company amortized \$0 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 and was \$660,000.

660,000

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Total convertible notes payables non-derivative:

\$ 7,452,353

\$ 3,844,500

CONVERTIBLE NOTES PAYABLE - DERIVATIVE

On July 27, 2020, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$275,000, an annual interest rate of 8%, and a maturity date of March 27, 2021. After payment of transaction-related expenses and closing fees of \$35,000, net proceeds to the Company from the Note totaled \$240,000. The Company recorded these discounts and cost of \$35,000 as a discount to the Note and amortized over the term of the Note. In connection with the execution of the note, the Company issued 500,000 shares of our Common Stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$11,626 as debt discount, and it will be amortized to interest expense during the term of the promissory note. On January 17, 2023, the Note was amended so that the Holder shall be entitled, at any time, to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in this Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a) \$0.05 (five) or (b) 75% of the lowest traded price in the prior fifteen trading days immediately preceding the Notice of Conversion. The Company analyzed the note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. The Company recognized \$61,678 of derivative liability and directly amortized all associated debt discount of \$61,678 as interest expense. On July 31, 2021, the holder agreed to extend the maturity date until January 31, 2022. On February 14, 2022, the holder agreed to extend the maturity date until July 31, 2022. In connection with the extension of the maturity date on the note, the Company agreed to increase the principal balance by \$75,000 and issued 250,000 shares of Common Stock with a market value of \$34,150. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. The Company recognized a loss on extinguishment of debt for both the \$75,000 increase in principal and \$34,150 fair value of shares issued and charged the total \$109,150 to interest expense at the time of the extension. On July 26, 2022, the holder agreed to extend the maturity date until December 31, 2022. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$50,000 and issued 300,000 shares of Common Stock with a market value of \$30,000. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. The Company recognized a loss on extinguishment of debt for both the \$50,000 increase in principal and \$30,000 fair value of shares issued and charged the total \$80,000 to interest expense at the time of the extension. On November 7, 2022, the holder agreed to convert \$75,000 debt into 1,500,000 shares of Common Stock. On December 23, 2022, the holder agreed to extend the maturity date until March 31, 2023. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$30,000 and issued 250,000 shares of Common Stock with a market value of \$23,000. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. The Company recognized a loss on extinguishment of debt for both the \$30,000 increase in principal and \$23,000 fair value of shares issued and charged the total \$53,000 to interest expense at the time of the extension. As of amendment date, the total unamortized discount on the Note was \$0. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$435,000 and \$480,000, respectively.

435,000

480,000

On January 31, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$80,235, annual interest rate of 8% and a maturity date of February 17, 2022. On March 7, 2022, the holder agreed to extend the maturity date until July 31, 2022. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock the Note Conversion Price shall equal the greater of \$0.05 (five) or seventy-five percent (75%) of the lowest daily volume weighted average price ("VWAP") over the ten (10) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the "Variable Conversion Price"); provided, however, that the Holder shall, in its sole discretion, be able to convert any amounts due hereunder at a twenty-five percent (25%) discount to the per share price of the Qualified Uplisting Financing of over \$4MM. If, no later than December 31, 2021, the Borrower shall fail to uplist to any tier of the NASDAQ Stock Market, the New York Stock Exchange or the NYSE MKT, the conversion price under the Note (and the Exchange Note) will be adjusted to equal the lesser of (i) \$0.05 per share; or (ii) seventy-five percent (75%) of the lowest VWAP (as defined in the Note and Exchange Note) in the preceding twenty (20) consecutive Trading Days. The Company analyzed the note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, the Company recognized derivative liability for the convertible note of \$59,413. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0 and \$0, respectively. On September 28, 2022, the holder agreed to extend the maturity date until February 28, 2023. In connection with the extension of the maturity date on the note, the Company agreed to increase the principal balance by \$62,500 and charged the total to interest expense. In addition, the Company issued 500,000 shares of Common Stock with a market value of \$70,000 and charged the total to interest expense. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$142,735 and \$80,235, respectively. The Company is currently working on amending its Convertible Promissory Note with the Noteholder to extend the maturity date. However, as of the date of this filing, the Company cannot assure that the extension of the maturity date will be granted.

142,735

80,235

On April 15, 2021, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$113,000, an annual interest rate of 8%, and a maturity date of January 15, 2022. After payment of transaction-related expenses and closing fees of \$13,000, net proceeds to the Company from the Note totaled \$100,000. Additionally, the Company recorded \$13,000 as a discount to the Note and amortized over the term of the note. In connection with the execution of the Note, the Company issued 100,000 shares of our Common Stock to the note holder, at the time of issuance, the Company recognized the relative fair market value of the shares of \$14,138 as debt discount, and it will be amortized to interest expense during the term of the promissory note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the Holder shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock. The Note Conversion Price shall equal the greater of \$0.15 (fifteen) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American., subject to adjustment as provided in the Note. If an Event of Default occurs, the Conversion Price shall be the lesser of (a). \$0.15 (fifteen) or (b). seventy-five percent (75%) of the lowest traded price in the prior fifteen (15) consecutive trading day period ending on the trading day immediately prior to the applicable conversion date (the "Variable Conversion Price"). Outstanding Balance shall immediately increase to 125% of the Outstanding Balance immediately prior to the occurrence of the Event of Default and a daily penalty of \$500 will accrue until the default is remedied. The Company analyzed the note for derivative accounting consideration and determined that the embedded conversion option qualified as a derivative instrument, due to the variable conversion price. As a result, the Company recognized derivative liability for the convertible note of \$64,561, of which \$42,822 was recorded as debt discount and amortized over the term of the Note. On January 15, 2022, the lender agreed to extend the maturity date until March 31, 2022. As consideration for the extension on the Note, the Company agreed to add 15,000 to the principal amount outstanding. On March 18, 2022, the lender agreed to extend the maturity date until July 31, 2022. As consideration for the extension on the Note, the Company agreed to add \$15,000 to the principal amount outstanding. The Company evaluated the amendments and accounted for these changes as an extinguishment of debt. As of both amendment date, the total unamortized discount on the Note was \$0. The Company recognized a loss on extinguishment of debt for both \$15,000 increase in principal and charged the total \$30,000 to interest expense at the time of the extension. On June 28, 2022, the lender agreed to extend the maturity date until September 30, 2022. As consideration for the extension on the note, the Company agreed to add \$20,000 to the principal amount outstanding and charged the total to interest expense. The agreement as of June 28, 2022, provides the Company the option extend the maturity date for an additional 90 days for an additional \$20,000 to be added to the principal amount. On September 30, 2022, the Company extended the maturity date of the note until December 30, 2022 and charged to interest expense the total \$20,000 added to principal balance. The Company evaluated the amendments and accounted for these changes as an extinguishment of debt. On December 23, 2022, the holder agreed to extend the maturity date until March 31, 2023. In connection with the extension of the maturity date on the Note, the Company agreed to increase the principal balance by \$25,000 and issued 150,000 shares of Common Stock with a market value of \$13,800. The Company evaluated the amendment and accounted for these changes as an extinguishment of debt. The Company recognized a loss on extinguishment of debt for both the \$25,000 increase in principal and \$13,800 fair value of shares issued and charged the total \$38,800 to interest expense at the time of the extension. The total unamortized discount on the Note as of January 31, 2023 and July 31, 2022 was \$0. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$208,000 and \$163,000, respectively.

208,000

163,000

On October 10, 2022, the Company entered into a variable convertible promissory note with an aggregate principal amount of \$275,000, annual interest rate of 8% and a maturity date of April 10, 2023. After payment of transaction-related expenses and closing fees of \$25,000, net proceeds to the Company from the note totaled \$250,000. The Company recorded the \$25,000 as debt discount and amortized to interest expense over the term of the note. Until the earlier of 6 months or the Company listing on Nasdaq or NYSE American, the note holder shall be entitled to convert any portion of the outstanding and unpaid conversion amount into fully paid and nonassessable shares of Common Stock. The note conversion price shall equal the greater of \$0.15 (fifteen) or 25% discount to up-listing price or offering/underwriting price concurrent with the Company listing on Nasdaq or NYSE American, subject to adjustment as provided in the note. Any Principal Amount or interest on this Note which is not paid when due shall bear interest at the rate the lesser of (a) twenty-four percent (24%) per annum from the due date thereof until the same is paid ("Default Interest"); or (b) the maximum rate allowed by law. The total unamortized discount on the Note as of January 31, 2023 was \$29,601. The Company amortized \$59,204 of debt discount as interest expense during the six months ended January 31, 2023. The total principal balance outstanding as of January 31, 2023 was \$275,000.

	275,000	-
Total convertible notes payable - derivative:	\$ 1,060,735	\$ 723,235
Total convertible notes payable derivative and non-derivative	8,513,088	4,567,735
Less: debt discount	(2,504,075)	(119,764)
Total convertible notes payable, net of discount	6,009,013	4,447,971
Less: current portion of convertible notes payable	(6,009,013)	(3,947,971)
Long-term portion of convertible notes payable	\$ -	\$ 500,000

Additional terms No.1: The Holder of the Note originally dated October 13, 2020 with a balance of \$165,000 as of January 31, 2023, shall have the right to convert any portion of the outstanding and unpaid principal balance into fully paid and nonassessable shares of Common Stock. The conversion price (the "Conversion Price") shall equal \$0.05 (subject to equitable adjustments for stock splits, stock dividends or rights offerings by the Borrower relating to the Borrower's securities or the securities of any subsidiary of the Borrower, combinations, recapitalization, reclassifications, extraordinary distributions, and similar events).

The total unamortized discount on the convertible notes as of January 31, 2023 and July 31, 2022 was \$2,504,075 and \$119,764, respectively. The total principal balance outstanding as of January 31, 2023 and July 31, 2022 was \$8,513,088 and \$4,567,735 respectively. During the six months ended January 31, 2023 and 2022, the Company amortized \$612,911 and \$311,148, respectively, of debt discount as interest expense.

NOTE 9 – LEASES

The leased properties have a remaining lease term of three to sixty months as of January 31, 2023. At the option of the Company, it can elect to extend the term of the leases. See table below:

Location	Annual Rent	Lease Expiration Date	Business Use	Approx. Sq. Ft.
8023 Vantage Dr., Suite 660, San Antonio, Texas 78230	\$ 49,136	Sep-27	Executive offices	2,843
10967 Via Frontera, San Diego, CA 92127	\$ 369,229	Mar-26	Office space	18,541
1610 Royal Palm Avenue, Suite 300, Fort Myers, FL 33901	\$ 83,260	Dec-25	Office space and network facilities	6,800
2121 Ponce de Leon Blvd., Suite 200, Coral Gables FL 33134	\$ 106,553	Dec-27	Office space & wireless internet network	4,623
7218 McNeil Dr., FL-1, Austin, TX 78729	\$ 21,000	Mar-24	Network facilities	25
9701 S. John Young Parkway, Orlando, FL 32819	\$ 25,440	May-23	Network facilities	540
50 NE 9th St, Miami, FL 3313	\$ 41,300	May-23	Network facilities	25
350 NW 215 St., Miami Gardens, FL 33169	\$ 29,254	May-23	Wireless internet network	100
8333 NW 53rd St, Doral, FL 33166	\$ 14,021	Jul-25	Wireless internet network	100
100 SE 2nd Street, Miami, FL 33131	\$ 36,466	Jan-24	Wireless internet network	100
9055 SW 73rd Ct, Miami, FL 33156	\$ 8,787	Dec-23	Wireless internet network	100
9517 Fontainebleau Blvd., Miami, FL 33172	\$ 11,907	Aug-24	Wireless internet network	100

The Company has not entered into any sale and leaseback transactions during the six months ended January 31, 2023.

On May 17, 2022, the Company extended the office and wireless internet network leases in Coral Gables, Florida. The Company accounted for the extension as a lease modification. The Company used the discount rate of 5% and recognized \$482,865 as a day one ROU asset and liability. These leases are identified in the table above. The leases expire in December 2027, and at the option of the Company, the leases can be extended for various periods ranging from one to five years, with a base rent at the prevailing market rate at the time of the renewal.

In February 2022, as part of the acquisition of NLI, the Company secured an office lease, with a monthly base lease payment of \$30,222. The lease expires in March 2026. At the option of the Company, the lease can be extended for two additional five-year terms, with a base rent at the prevailing market rate at the time of the renewal. The Company is not reasonably certain that it will exercise the renewal option.

In December 2021, as part of the acquisition of Skynet Telecom LLC's assets, the Company assumed an office lease in San Antonio, Texas. In May 2022, the lease was extended until September 2027, and at the option of the Company, the lease can be extended for a period of five years, with a base rent at the prevailing market rate at the time of the renewal. The Company accounted for the extension as a lease modification.

Amounts recognized as of July 31, 2022 and January 31, 2023 for operating leases are as follows:

ROU Asset	July 31, 2022	\$ 2,436,035
Amortization		\$ (492,272)
Addition - Asset		\$ -
ROU Asset	January 31, 2023	\$ 1,943,763
Lease Liability	July 31, 2022	\$ 2,584,865
Amortization		\$ (431,587)
Addition - Liability		\$ -
Lease Liability	January 31, 2023	\$ 2,153,278
Lease Liability	Short term	\$ 623,987
Lease Liability	Long term	\$ 1,529,291
Lease Liability	Total:	\$ 2,153,278
Operating lease cost:		\$ 445,536
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cashflow from operating leases:		\$ 445,536
Weighted-average remain lease term-operating lease:		3.6 years
Weighted-average discount rate		5.0%

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

Period Ending July 31,	Lease Payments
2023*	380,558
2024	650,734
2025	603,439
2026	431,377
2027	176,771
Total:	\$ 2,242,879

* remaining 6 Months

Less: amounts representing interest	89,601
Present value of net minimum operating lease payments	\$ 2,153,278

NOTE 10 – EQUIPMENT FINANCING

The Company entered into various financing agreement for equipment purchased. Under the term of the agreements, assets with a cost of approximately \$403,913, were financed under various financing agreements during the six months ended January 31, 2023. 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 between twelve (12) months and sixty (60) months, with the first payments starting July 1, 2022, and monthly principal and interest payments of up to \$3,600. The interest rate under the financing agreement is at 5.0% per annum.

Amounts recognized as of July 31, 2022 and January 31, 2023 for equipment financing are as follows:

ROU Asset	July 31, 2022	\$ 62,263
Amortization		\$ (54,109)
Addition - Asset		\$ 365,083
ROU Asset	January 31, 2023	\$ 373,237
Equipment Financing	July 31, 2022	\$ 62,263
Amortization		\$ (52,109)
Addition - Equipment Financing		\$ 365,083
Equipment Financing	January 31, 2023	\$ 375,237
Equipment Financing	Short term	\$ 126,738
Equipment Financing	Long term	\$ 248,499
Equipment Financing	Total:	\$ 375,237

The future payments under the equipment financing agreements are as follows:

Year	Amount
2023*	\$ 95,094
2024	135,604
2025	125,478
2026	42,527
2027	4,600
2028	1,533
Total future payments:	\$ 404,836

* *remaining 6 Months*

Less: amounts representing interest	29,599
Present value of net minimum equipment financing payments	\$ 375,237
Lease cost:	
Amortization of ROU assets	\$ 54,109
Interest on lease liabilities	15,626
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cashflow from equipment financing:	\$ 15,626
Financing cashflow from equipment financing:	54,109
Weighted-average remaining lease term - equipment financing:	2.8 years
Weighted-average discount rate	5.0%

NOTE 11 – EQUITY

During the six months ended January 31, 2023, the Company issued 4,814,907 shares of common stock in connection with new convertible promissory notes. At the time of issuance, the Company recognized the relative fair market value of the commons shares of \$325,344 as debt discount, and it will be amortized to interest expense during the term of the promissory notes.

During the six months ended January 31, 2023, the Company issued 3,060,000 shares of common stock as consideration for the extension of maturity dates for the convertible promissory notes. The Company recognized the fair market value of the common shares of \$340,125 which was recognized as interest at the time of each extension.

During the six months ended January 31, 2023, the Company issued 170,305 shares of common stock to various individuals for the exercise of 170,305 warrants, with an exercise price of \$0.13 per warrant and secured \$22,139 in proceeds.

During the six months ended January 31, 2023, the Company issued 1,500,000 shares of common stock in connection with the conversion of \$75,000 of convertible promissory notes.

During the six months ended January 31, 2023, the Company issued 855,050 shares of common stock to various Series A Preferred Shareholders who converted 200,000 Series A Convertible Preferred Stock shares and \$56,516 of accrued dividends.

NOTE 12 – SUBSEQUENT EVENTS

On February 3, 2023, the Company, the T3 Nevada Parties, and Post Road entered into the “Fourth Amendment.” Pursuant to the Fourth Amendment, Post Road, contingent on the Bridge Loan Repayment (as defined in this paragraph), gave its consent to (a) the Company’s execution, delivery and performance of the Merger (as defined in this paragraph) transaction documents and (b) the Company completing the contemplated merger (the “Merger”) of MEOA Merger Sub, Inc., a wholly owned subsidiary of Minority Equality Opportunities Acquisition Inc. (“MEOA”), with and into the Company, with the Company as the surviving company in the merger and, after giving effect to such merger, the Company being a wholly-owned subsidiary of MEOA. Pursuant to the Fourth Amendment, Post Road gave its consent to the transactions previously disclosed in November 2022, December 2022 and February 2023 (See Note 2) whereby the Company obtained convertible loans in the aggregate Net Unpaid Principal Amount (as defined in this paragraph) of approximately \$2,848,525, and gave its consent to the Company obtaining additional convertible financing in a Net Unpaid Principal Amount of up to approximately \$151,475 pursuant to similar transaction documents, and for a total Net Unpaid Principal Amount in convertible loans of up to \$3,000,000 (such bridge loans are hereinafter referred to individually as a “Bridge Loan” and collectively as the “Bridge Loans”). Post Road’s consents to the Bridge Loans in a Net Unpaid Principal Amount of up to \$3,000,000 are contingent on (a) the closing of the Merger and (b) the repayment in full of all obligations under the Bridge Loans from (i) conversion into shares of the Company’s common stock, par value \$0.001 per share (the “Common Stock”) immediately after the closing of the Merger via cash, or (ii) with Post Road’s prior written approval, either (A) proceeds of an additional equity offering or financing transaction, or (B) via amortization payments (collectively, the “Bridge Loan Repayment”). As used herein, the term “Net Unpaid Principal Amount” means the principal dollar amount of a Bridge Loan, less the original issue discount (if any) and less the transaction costs paid in cash by the Company upon the closing thereof.

The Fourth Amendment amends the Credit Agreement to add defined terms related to the Merger and the Bridge Loans. The Fourth Amendment also adds a default under the Bridge Loans transaction documents as an event of default pursuant to the Credit Agreement. The Fourth Amendments amends the mandatory prepayment provision to require that, concurrently with each payment made on the Bridge Loans, an amount equal to 50% of the total dollar amount of such Bridge Loan payment must be made to partially repay the Notes.

The Fourth Amendment requires T3 to notify Post Road promptly of any contemplated financings or other offers to lend money that are issued to the Company. The Fourth Amendment also requires T3 to deliver to Post Road: (a) the full details of any proposed amendment, modification, supplement or waiver to the Bridge Loan transaction documents before any such document is executed; and (b) notice of the conversion of Bridge Loans into shares of Common Stock or other capital stock of the Company.

The Fourth Amendment revises each of the six financial covenants set forth in Section 11.12 of the Credit Agreement (related to maximum leverage, minimum liquidity, minimum EBITDA, maximum capital expenditures, minimum interest coverage (a provision that replaces the minimum fixed charge coverage ratio provision), and maximum churn). In addition, pursuant to the Fourth Amendment, none of the financial covenants contained in Section 11.12 of the Credit Agreement, as amended by the Fourth Amendment, other than minimum liquidity of \$1,000,000, which was tested and met as of January 31, 2023. The Fourth Amendment provides that these revised financial covenants will be null and void if the Merger does not close by February 28, 2023 (the “Merger Outside Closing Date”), in which case the financial covenants in effect under Section 11.12 of the Credit Agreement immediately prior to the Fourth Amendment shall apply and be deemed effective.

Pursuant to the Fourth Amendment, Post Road agreed to waive each and all of the Specified Defaults (as defined in the Fourth Amendment). Post Road’s waiver of the Specified Defaults are contingent on the Merger closing on or before the Merger Outside Closing Date and no events of default (other than the Specified Defaults) or any condition or event that, with the giving of notice or the lapse of time or both, would constitute an event of default, existing under the Credit Agreement on the Merger closing date.

In addition, the Credit Agreement permits T3 to defer until the respective maturity dates of the Notes the payment of accrued and unpaid interest otherwise due and payable. The Fourth Amendment amends the Credit Agreement and the Notes to revise the interest rate payable by T3 Nevada including pursuant to the deferral of the interest payments.

In consideration of the Fourth Amendment, and in addition to the payments of principal and interest required under the Credit Agreement and the other Loan Documents, the Loan Parties covenant and agree to pay to Post Road Administrative, LLC a non-refundable amendment fee equal to \$400,000 (the “Amendment Fee”), which Amendment Fee shall be additional interest that has accrued on, and shall be capitalized and added to the aggregate principal amount of, the Term Loan C outstanding as of the Fourth Amendment Closing Date.

On March 13, 2023, the Company, the T3 Nevada Parties, and Post Road entered into the Fifth Amendment to its Credit Agreement, with an effective date of February 28, 2023, which specifically revises the Merger Outside Closing Date, replacing the “February 28, 2023” date with “April 28, 2023,” without amending, supplementing or otherwise modifying any other terms, or any of the conditions, set forth in the Credit Agreement.

Securities Purchase Agreement and Promissory Notes

On February 1, 2023, the Company amended its Convertible Promissory Note (amendment #3) with Tysadco Partners, LLC in which the noteholder agreed to extend the maturity date on the note to July 30, 2023 in exchange for \$50,000 which was added to the principal balance on the Note and the issuance of 300,000 restricted shares of common stock.

On February 13, 2023, the Company amended its Promissory Note (amendment #1) with Mast Hill Fund, LP (“Mast Hill”) in which the noteholder agreed to extend the due date for the first installment payment of \$200,000 plus accrued interest from February 22, 2023 to April 22, 2023. As part of the amendment, the Company paid Mast Hill \$20,000 on February 16, 2023 an extension fee which was added to the principal balance on the Note.

On February 16, 2023, the Company amended its Promissory Note (amendment #8) with TV Fund VII, LP in which the maturity date was extended to June 30, 2023.

On February 28, 2023, the Company amended its Convertible Promissory Note (amendment #2) with Tysadco Partners, LLC in which the noteholder agreed to extend the maturity date on the note to August 31, 2023 in exchange for \$18,000 which was added to the principal balance on the Note and the issuance of 100,000 restricted shares of common stock.

On March 1, 2023, the Company amended its Forbearance Agreement (amendment #2) with ActiveServe in which the due date for the balance remaining was extended from December 15, 2022 to April 21, 2023. As part of the agreement, the Company agrees to pay ActiveServe an interest rate of 10% (based upon the number of days elapsed between the date the payment is scheduled for payment under the Note and the date the payment is actually paid and a year of 360 days), along with an origination fee of \$3,020 on or before April 21, 2023.

On March 7, 2023, the Company entered into a Forbearance Agreement to the Equity Purchase Agreement with the Noteholders of Unsecured Adjustable Promissory Notes to extend the due date of \$250,000 principal payment from March 7, 2023 to April 30, 2023.

On March 8, 2023, 3BRT Investments, LP agreed to extend the maturity date of the Convertible Promissory Note to May 30, 2023.

On March 9, 2023, the Asset Purchase Agreement (amendment #3) was amended with Skynet Telecom, LLC. The payments due to Skynet will be extended until the closing of the Minority Equality Opportunities Acquisition (“MEOA”) Merger which is expected to close by April 28, 2023.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. “Forward-looking statements” are those statements that describe management’s beliefs and expectations about the future. We have identified forward-looking statements by using words such as “anticipate,” “believe,” “could,” “estimate,” “may,” “expect,” “plan,” and “intend.” Although we believe these expectations are reasonable, our operations involve a number of risks and uncertainties. Some of these risks include the availability and capacity of competitive data transmission networks and our ability to raise sufficient capital to continue operations. Additional risks are included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2022, filed with the Securities and Exchange Commission on October 31, 2022.

The following is a discussion of the unaudited interim consolidated financial condition and results of operations of Digerati for the three months and six months ended January 31, 2023 and 2022. It should be read in conjunction with our audited Consolidated Financial Statements, the Notes thereto, and the other financial information included in the Company’s Annual Report on Form 10-K for the fiscal year ended July 31, 2022, filed with the Securities and Exchange Commission on October 31, 2022. For purposes of the following discussion, fiscal 2023 or 2023 refers to the year that will end on July 31, 2023, and fiscal 2022 or 2022 refers to the year ended July 31, 2022.

Overview

Digerati Technologies, Inc., a Nevada corporation (including our subsidiaries, “we,” “us,” “Company” or “Digerati”), through its operating subsidiaries in Texas, Florida, and California that includes Verve Cloud, Inc., dba, T3 Communications (a Texas entity), T3 Communications, Inc. (a Florida entity), Nexogy Inc. (a Florida entity), and NextLevel Internet, Inc. (a California entity) (“Next Level”), provides cloud services specializing in Unified Communications as a Service (“uCaaS”) and broadband connectivity 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, mobile broadband, and cloud WAN solutions (SD WAN). We 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, video conferencing, mobile applications, Voice over Internet Protocol (“VoIP”) transport, SIP trunking, and customized VoIP services all delivered Only in the Cloud™. Our broadband connectivity solutions for the delivery of digital oxygen are designed for reliability, business continuity and to optimize bandwidth for businesses using the Company’s cloud communication services and other cloud-based applications.

As a provider of cloud communications solutions to the SMB, we are seeking to capitalize on the migration by businesses from the legacy telephone network to the Internet Protocol (“IP”) telecommunication network and the migration from hardware-based on-premise telephone systems to software-based communication systems in the cloud. Most SMBs are lagging in technical capabilities and advancement and seldom reach the economies of scale that their larger counterparts enjoy, due to their achievement of a critical mass and ability to deploy a single solution to a large number of workers. SMBs are typically unable to afford comprehensive enterprise solutions and, therefore, need to integrate a combination of business solutions to meet their needs. Cloud computing has revolutionized the industry and opened the door for businesses of all sizes to gain access to enterprise applications with affordable pricing. This especially holds true for cloud telephony applications, but SMBs are still a higher-touch sale that requires customer support for system integration, network installation, cabling, and troubleshooting. We have placed a significant emphasis on that “local” touch when selling, delivering, and supporting our services which we believe will differentiate us from the national providers that are experiencing high attrition rates due to poor customer support.

The adoption of cloud communication services is being driven by the convergence of several market trends, including the increasing costs of maintaining installed legacy communications systems, the fragmentation resulting from use of multiple on-premise systems, and the proliferation of personal smartphones used in the workplace. Today, businesses are increasingly looking for an affordable path to modernizing their communications system to improve productivity, business performance and customer experience. Modernization has also led to businesses adopting other cloud-based business applications, including CRM, payroll, and accounting software, placing an even more important emphasis on reliable Internet connectivity.

Our cloud solutions offer the SMB reliable, robust, and full-featured services at affordable monthly rates that eliminates high-cost capital expenditures and provides for integration with other cloud-based systems. By providing a variety of comprehensive and scalable solutions, we can cater to businesses of different sizes on a monthly subscription basis, regardless of the stage of development for the business.

Recent Developments

MEOA Business Combination

On August 30, 2022, the Company entered into a Business Combination Agreement (as it may be amended, supplemented or otherwise modified from time to time, the “Business Combination Agreement”), by and among Digerati, Minority Equality Opportunities Acquisition Inc., a Delaware corporation (“MEOA”), and MEOA Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of MEOA (“Merger Sub”).

The Business Combination Agreement provides, among other things, that Merger Sub will merge with and into Digerati, with Digerati as the surviving company in the merger and, after giving effect to such merger, Digerati shall be a wholly-owned subsidiary of MEOA (the “Merger”). In addition, following the consummation of the Merger, MEOA will be renamed Verve Technologies Corporation.

As previously disclosed, in November and December 2022, Digerati issued the following securities to four (4) bridge lenders including Mast Hill Fund, L.P. (the “Bridge Lenders”): (a) unsecured promissory notes that are convertible into shares of Digerati’s common stock under certain circumstances; and (b) warrants to purchase shares of Digerati’s common stock. As used herein, “Bridge Loan Warrants” means those certain warrants to purchase up to 13,534,535 shares of Digerati’s common stock that Digerati issued to the Bridge Lenders.

As used herein, “New Digerati” refers to MEOA following the consummation of the Business Combination and “New Digerati Common Stock” means the common stock, par value \$0.0001 per share, of New Digerati.

On February 14, 2023, the parties to the Business Combination Agreement amended the Business Combination Agreement (the “February Amendment”) to increase the implied equity value of Digerati from \$68,680,807 to \$71,080,810 to give effect to the issuance by Digerati to Maxim Group LLC (“Maxim”), immediately prior to the closing of the Business Combination, of such number of shares of Digerati’s common stock as would be exchanged for an aggregate of 240,000 shares of New Digerati Common Stock upon the closing of the Business Combination as partial compensation for financial advisory services that Maxim provided to Digerati in connection with the Business Combination. The February Amendment also clarified that the shares of Digerati common stock underlying the Bridge Loan Warrants would not be part of the calculation of the implied equity value of Digerati of \$71,080,810, and it clarified that none of the shares underlying any of the convertible promissory notes of Digerati that are outstanding upon the closing of the Business Combination are part of the calculation of the implied equity value of Digerati of \$71,080,810.

In connection with the Business Combination, MEOA has filed with the Securities and Exchange Commission (the “SEC”) the preliminary registration statement on Form S-4, as amended through the date hereof, containing the joint proxy statement/prospectus relating to the Business Combination Agreement and the Merger (the “Registration Statement”). Digerati will mail a definitive proxy statement/final prospectus and other relevant documents to its stockholders.

On February 24, 2023, the Company and MEOA amended its Business Combination Agreement (amendment #2), among other things, amended the following:

- Section 7.1(d) eliminates the date of “February 25, 2023” as the termination date and replaces it with a termination date of “April 28, 2023.”
- The Company waives the requirement set forth in Section 5.7 of the Business Combination Agreement that MEOA have filed the Registration Statement on Form S-4 no later than 45 days following the date of the Business Combination Agreement, and acknowledges that the aforementioned Registration Statement was subsequently filed on November 30, 2022.
- MEOA waives the following:
 - the requirement set forth in Section 5.17 of the Business Combination Agreement that the Company have delivered, by no later than September 15, 2022, certain audited and unaudited financial statements, and acknowledges that the aforementioned financial statements for its fiscal year ending July 31, 2022 were delivered on October 31, 2022
 - the requirement set forth in Section 5.22 of the Business Combination Agreement that the Company shall have caused Post Road Administrative LLC and its affiliate Post Road Special Opportunity Fund II LLP (collectively, “Post Road”), on or prior to October 15, 2022, to enter into the PRG Resolution Agreement, and acknowledges delivery of the executed PRG Resolution Agreement on February 7, 2023.

Key Performance indicators:

EBITDA from operations, as adjusted is a non-GAAP measure and should be considered in addition to, not as a substitute for, net income (loss), cash flow and other measures of financial performance reported in accordance with GAAP. In addition, this measure does not reflect cash available to fund requirements and excludes items, such as corporate expenses, transactional legal expenses, stock option expense, and depreciation and amortization, which are significant components in assessing the Company’s financial performance. The Company believes that the presentation of EBITDA from operations, as adjusted provides useful information regarding the Company’s operations and other factors that affect the Company’s reported results. Specifically, the Company believes that by excluding certain one-time or non-cash items such as transactional legal fees and depreciation and amortization, as well as potential distortions between periods caused by factors such as financing and capital structures, the Company provides users of its consolidated financial statements with insight into both its operations as well as the factors that affect reported results between periods but which the Company believes are not representative of its operations. As a result, users of the Company’s consolidated financial statements are better able to evaluate changes in the financial consolidated results of the Company across different periods.

The following tables provide information regarding certain key performance indicators for Digerati for the three and six months ended January 31, 2023 and 2022. Management utilizes these metrics to track and forecast revenue trends and expected results from operations:

Reconciliation of Net Loss to Adjusted EBITDA

	Three months ended January 31,				Six months ended January 31,			
	2023	2022	Variances	%	2023	2022	Variances	%
OPERATING REVENUES:								
Cloud-based hosted services	\$ 7,941	\$ 4,019	\$ 3,922	98%	\$ 16,071	\$ 7,796	\$ 8,275	106%
Total operating revenues	<u>7,941</u>	<u>4,019</u>	<u>3,922</u>	<u>98%</u>	<u>16,071</u>	<u>7,796</u>	<u>8,275</u>	<u>106%</u>
Cost of services (exclusive of depreciation and amortization)	2,968	1,553	1,415	91%	5,819	3,042	2,777	91%
Selling, general and administrative expense	4,435	2,103	2,332	111%	8,553	3,868	4,685	121%
Stock compensation expense	23	24	(1)	-6%	46	47	(1)	-2%
Legal and professional fees	1,074	1,175	(101)	-9%	1,630	1,749	(119)	-7%
Bad debt	40	2	38	1900%	69	15	54	360%
Depreciation and amortization expense	966	481	485	101%	1,919	974	945	97%
Total operating expenses	<u>9,506</u>	<u>5,338</u>	<u>4,168</u>	<u>78%</u>	<u>18,036</u>	<u>9,695</u>	<u>8,341</u>	<u>86%</u>
OPERATING LOSS	(1,565)	(1,319)	(246)	19%	(1,965)	(1,899)	(66)	3%
OTHER INCOME (EXPENSE):								
Gain (loss) on derivative instruments	3,849	(3,425)	7,274	-212%	773	1,009	(236)	-23%
Loss on extinguishment of debt	-	(5,480)	5,480	-100%	-	(5,480)	5,480	-100%
Other income (expense)	10	1	9	900%	456	(2)	458	-22900%
Interest expense	(2,371)	(1,380)	(991)	72%	(4,436)	(2,887)	(1,549)	54%
Income tax expense	(27)	(41)	14	-34%	(77)	(119)	42	-35%
Total other income (expense)	<u>1,461</u>	<u>(10,325)</u>	<u>11,786</u>	<u>-114%</u>	<u>(3,284)</u>	<u>(7,479)</u>	<u>4,195</u>	<u>-56%</u>
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	<u>(104)</u>	<u>(11,644)</u>	<u>11,540</u>	<u>-99%</u>	<u>(5,249)</u>	<u>(9,378)</u>	<u>4,129</u>	<u>-44%</u>
Less: Net loss attributable to the noncontrolling interests	<u>328</u>	<u>602</u>	<u>(274)</u>	<u>-46%</u>	<u>489</u>	<u>760</u>	<u>(271)</u>	<u>-36%</u>
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	<u>\$ 224</u>	<u>\$ (11,042)</u>	<u>\$ 11,266</u>	<u>-102%</u>	<u>\$ (4,760)</u>	<u>\$ (8,618)</u>	<u>\$ 3,858</u>	<u>-45%</u>
Deemed dividend on Series A Convertible preferred stock	<u>(4)</u>	<u>(5)</u>	<u>1</u>	<u>-20%</u>	<u>(8)</u>	<u>(10)</u>	<u>2</u>	<u>-20%</u>
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	<u>\$ 220</u>	<u>\$ (11,047)</u>	<u>\$ 11,267</u>	<u>-102%</u>	<u>\$ (4,768)</u>	<u>\$ (8,628)</u>	<u>\$ 3,860</u>	<u>-45%</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA - OPCO, Net of Non-cash expenses & Transactional Costs.

NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS, as reported								
	<u>\$ 224</u>	<u>\$ (11,042)</u>	<u>\$ 11,266</u>	<u>-102%</u>	<u>\$ (4,760)</u>	<u>\$ (8,618)</u>	<u>\$ 3,858</u>	<u>-45%</u>
EXCLUDING NON-CASH ITEMS								
<u>TRANSACTIONAL COSTS & CORP EXP ADJUSTMENTS:</u>								
Stock compensation & warrant expense	23	24	(1)	-6%	46	47	(1)	-2%
Corp Expenses (Net of stock compensation, Legal fees & Transactional cost)	408	384	24	6%	665	757	(92)	-12%
Legal and professional fees & transactional costs	1,372	1,022	351	34%	1,930	1,389	540	39%
Depreciation and amortization expense	966	481	485	101%	1,919	974	945	97%
<u>OTHER ADJUSTMENTS</u>								
Gain (loss) on derivative instruments	(3,849)	3,425	(7,274)	-212%	(773)	(1,009)	236	-23%

Loss on extinguishment of debt	-	5,480	(5,480)	-100%	-	5,480	(5,480)	-100%
Other income (expense)	(10)	(1)	(9)	900%	(456)	2	(458)	-22900%
Interest expense	2,371	1,380	991	72%	4,436	2,887	1,549	54%
Income tax expense	27	41	(14)	-34%	77	119	(42)	-35%
Less: Net loss attributable to the noncontrolling interests	(328)	(602)	274	-46%	(489)	(760)	271	-36%
ADJUSTED EBITDA - OPCO	\$ 1,204	\$ 592	\$ 612	103%	\$ 2,594	\$ 1,268	\$ 1,326	105%
ADD-BACKS Expenses								
Corp Expenses (Net of stock compensation & Transactional cost)	408	384	24	6%	665	757	(92)	-12%
ADJUSTED EBITDA - INCOME	\$ 796	\$ 208	\$ 588	283%	\$ 1,930	\$ 511	\$ 1,418	277%

<i>Other Key Metrics</i>	Three months ended January 31,				Six months ended January 31,			
	2023	2021	Variances	%	2023	2021	Variances	%
Total Customers	4,464	2,960	1,504	51%	4,464	2,960	1,504	51%

Three Months ended January 31, 2023 as Compared to the Three Months ended January 31, 2022.

Cloud software and service revenue increased by \$3,922,000, or 98%, from the three months ended January 31, 2022 as compared to the three months January 31, 2023. In addition, our gross margin increased by \$2,507,000 from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. The increase in revenue and gross margin between years is primarily attributed to the increase in total customers between periods due to the acquisitions of Skynet Telecom LLC (“Skynet”) and Next Level.

EBITDA from operations, as adjusted, increased from \$592,000 from the three months ended January 31, 2022 to \$1,204,000 for the three month ended January 31, 2023. The primary reason for the improvement in EBITDA from operations is due to the increase in gross margin of \$2,507,000 between the three months ended January 31, 2022 and 2023. The improvement in gross margin was offset by the increase in total operational expenses of \$2,753,000 (net of cost of services) between the three months ended January 31, 2022 and 2023.

Six Months ended January 31, 2023 as Compared to the Six Months ended January 31, 2022.

Cloud software and service revenue increased by \$8,275,000, or 106%, from the six months ended January 31, 2022 as compared to the six months January 31, 2023. In addition, our gross margin increased by \$5,498,000 from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The increase in revenue and gross margin between years is primarily attributed to the increase in total customers between periods due to the acquisitions of Skynet Telecom LLC (“Skynet”) and Next Level.

EBITDA from operations, as adjusted, increased from \$1,268,000 from the six months ended January 31, 2022 to \$2,594,000 for the six month ended January 31, 2023. The primary reason for the improvement in EBITDA from operations is due to the increase in gross margin of \$5,498,000 between the six months ended January 31, 2022 and 2023. The improvement in gross margin was offset by the increase in total operational expenses of \$5,564,000 (net of cost of services) between the six months ended January 31, 2022 and 2023.

EBITDA from operations, as adjusted is not intended to represent cash flows for the periods presented, nor have they been presented as an alternative to operating income or as an indicator of operating performance and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Our total customers increased from 2,960 at January 31, 2022 as compared to 4,464 at January 31, 2023. The increase in customers is attributed to the acquisitions and consolidation of Skynet and NextLevel during fiscal year ended July 31, 2022. Going forward, absent further acquisitions, we expect a net increase in our number of customers of 1% to 5% each fiscal year.

Sources of revenue:

Cloud Software and Service Revenue: We provide UCaaS or cloud communication services and managed cloud-based solutions to small and medium size enterprise customers and to other resellers. Our Internet-based services include fully 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 IP/PBX features in a hosted or cloud environment. 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, mobile broadband, and Ethernet over copper. We also offer remote network monitoring, data backup and disaster recovery.

Direct Costs:

Cloud Software and Service: We incur bandwidth and colocation charges in connection with our UCaaS or cloud communication services. The bandwidth charges are incurred as part of the connectivity between our customers to allow them access to our various services. We also incur costs from underlying providers for fiber, Internet broadband, and telecommunication circuits in connection with our data and connectivity solutions.

Results of Operations

Three Months ended January 31, 2023 as Compared to the Three Months ended January 31, 2022.

Cloud Software and Service Revenue. Cloud software and service revenue increased by \$3,922,000, or 98% from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. The increase in revenue is primarily attributed to the increase in total customers between periods due to the acquisitions of Skynet in December 2021 and the acquisition of Next Level in February 2022. Our total number of customers increased from 2,960 for the three months ended January 31, 2022 to 4,464 customers for the three months ended January 31, 2023. As part of the acquisitions, our primary emphasis is on integrating the secured customers base, consolidating products and services, retaining the monthly recurring revenue, and providing exceptional customer support.

Cost of Services (exclusive of depreciation and amortization). The cost of services increased by \$1,415,000, or 91%, from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. The increase in cost of services is primarily attributed to the consolidation of various networks as part of the increase in total customers between periods due to the acquisition of Skynet in December 2021 and the acquisition of Next Level in February 2022. Our total number of customers increased from 2,960 for the three months ended January 31, 2022 to 4,464 customers for the three months ended January 31, 2023. However, our consolidated gross margin improved by \$2,507,000 from the quarter ended January 31, 2022 to the quarter ended January 31, 2023. We are not aware of any events that are reasonably likely to cause a material change in the relationship between our costs and our revenues.

Selling, General and Administrative (SG&A) Expenses (exclusive of legal and professional fees and stock compensation expense). SG&A expenses increased by \$2,332,000, or 111%, from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. The increase in SG&A is attributed to the acquisition of Skynet in December 2021 and the acquisition of Next Level in February 2022; the Company absorbed all of the employees responsible for service delivery for the customer base, technical support, sales, customer service, and administration.

Stock Compensation expense. Stock compensation expense decreased by \$1,000 from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023.

Legal and professional fees. Legal and professional fees decreased by \$101,000, or 9%, from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023, which include legal and professional fees that relate to due diligence, audits for the acquisitions, purchase price allocation, legal fees paid to counsel for Post Road Administrative LLC and its affiliate Post Road Special Opportunity Fund II LLP (collectively, "Post Road"), and investor relations.

Bad debt. Bad debt increased by \$38,000 from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. The increase is attributed to the recognition of \$40,000 in bad debt for accounts deemed uncollectible during the quarter ended January 31, 2023. During the quarter ended January 31, 2022, the Company recognized \$2,000 in bad debt.

Depreciation and amortization. Depreciation and amortization increased by \$485,000, or 101%, from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. The increase is primarily attributed to the acquisitions and related amortization for intangible assets and the additional depreciation related to the assets acquired from Skynet and NextLevel.

Operating loss. The Company reported an operating loss of \$1,319,000 from the three months ended January 31, 2022 as compared to an operating loss of \$1,565,000 for the three months ended January 31, 2023. The increase in operating loss of \$246,000 or 19%, between periods was primarily due to increases of SG&A of \$2,332,000, bad debts expense of \$38,000, and depreciation and amortization expense of \$485,000, offset by the improvement in gross margin of \$2,507,000, the reduction in legal and professional fees of \$101,000, and cost of services (exclusive of depreciation and amortization) for \$1,415,000.

Gain (loss) on derivative instruments. For the three months ended January 31, 2022, the loss on derivative instruments was \$3,425,000 as compared to a gain of \$3,849,000 for the three months January 31, 2023, resulting in an increase in value of \$7,274,000. We are required to re-measure all derivative instruments at the end of each reporting period and adjust those instruments to market, as a result of the re-measurement of all derivative instruments we recognized a gain or loss between periods.

Income tax benefit (expense). During the three months ended January 31, 2023, the Company recognized an income tax expense of \$27,000. During the three months ended January 31, 2022, the Company recognized an income tax expense of \$41,000.

Other income (expense). Other income (expense) improved by \$9,000 from the three months January 31, 2022 as compared to the three months ended January 31, 2023.

Interest Income (expense). Interest expense increased by \$991,000 from the three months ended January 31, 2022 as compared to the three months ended January 31, 2023. During the quarter ended January 31, 2023, the Company recognized amortization of debt discount of \$603,000 related to the adjustment to the present value of various convertible notes and debt. Additionally, the Company recognized \$1,040,000 in interest cash payments to Post Road, accrual of \$153,000 for interest expense for various promissory notes and \$91,000 fair value of shares issued as well as \$499,000 added to the principal balance of various promissory notes, all charged to interest expense as consideration for extension of the maturity dates.

Net income (loss) including noncontrolling interest. Net loss including noncontrolling interest for the three months ended January 31, 2022 was of \$11,644,000 compared to the net loss of \$104,000 for the three months ending January 31, 2023. The net loss including noncontrolling interest between periods is primarily due to the increases in selling, general and administrative expense for \$2,332,000, cost of services (exclusive of depreciation and amortization) for \$1,415,000, bad debts expense for \$38,000, depreciation and amortization expense for \$485,000, and interest expense for \$991,000, offset by an increase in value to derivative instruments of \$7,274,000, other income for \$9,000, improvement in gross margin of \$2,507,000, reduction in legal and professional fees of \$101,000, and reduction in tax expense for \$14,000.

Net income (loss) attributable to the noncontrolling interest. During the three months ended January 31, 2023 and 2022, the consolidated entity recognized a net income in noncontrolling interest of \$328,000 and a net loss of \$602,000 respectively. The noncontrolling interest is presented as a separate line item in the Company's stockholders equity section of the balance sheet.

Net income (loss) attributable to Digerati's shareholders. Net income for the three months ended January 31, 2023 was \$224,000 as compared to a net loss for the three months ended January 31, 2022 of \$11,042,000.

Deemed dividend on Series A Convertible Preferred Stock. Dividend accrued on convertible preferred stock for the three months ended January 31, 2023 and 2022 was \$4,000 and \$5,000, respectively.

Net income (loss) attributable to Digerati's common shareholders. Net income for the three months ended January 31, 2023 was \$220,000 as compared to a net loss for the three months ended January 31, 2022 of \$11,047,000.

Six Months ended January 31, 2023 as Compared to the Six Months ended January 31, 2022.

Cloud Software and Service Revenue. Cloud software and service revenue increased by \$8,275,000, or 106%, from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The increase in revenue is primarily attributed to the increase in total customers between periods due to the acquisitions of Skynet in December 2021 and the acquisition of Next Level Internet in February 2022. Our total number of customers increased from 2,960 for the six months ended January 31, 2022 to 4,464 customers for the six months ended January 31, 2023. As part of the acquisitions, our primary emphasis is on integrating the secured customers base, consolidating products and services, retaining the monthly recurring revenue, and providing exceptional customer support.

Cost of Services (exclusive of depreciation and amortization). The cost of services increased by \$2,777,000, or 91%, from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The increase in cost of services is primarily attributed to the consolidation of various networks as part of the increase in total customers between periods due to the acquisition of Skynet in December 2021 and the acquisition of Next Level Internet in February 2022. Our total number of customers increased from 2,960 for the six months ended January 31, 2022 to 4,464 customers for the six months ended January 31, 2023. However, our consolidated gross margin improved by \$5,498,000, or 116%, from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. We are not aware of any events that are reasonably likely to cause a material change in the relationship between our costs and our revenues.

Selling, General and Administrative (SG&A) Expenses (exclusive of legal and professional fees and stock compensation expense). SG&A expenses increased by \$4,685,000, or 121% from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The increase in SG&A is attributed to the acquisition of Skynet in December 2021 and the acquisition of Next Level Internet in February 2022; the Company absorbed all of the employees responsible for service delivery for the customer base, technical support, sales, customer service, and administration.

Stock Compensation expense. Stock compensation expense decreased by \$1,000, from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023.

Legal and professional fees. Legal and professional fees decreased by \$119,000 or 7%, from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023, which include legal and professional fees that relate to due diligence, audits for the acquisitions, purchase price allocation, legal fees paid to counsel for Post Road Group, and investor relations.

Bad debt. Bad debt increased by \$54,000 from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The increase is attributed to the recognition of \$69,000 in bad debt for accounts deemed uncollectible during the six months ended January 31, 2023. During the six months ended January 31, 2022, the Company recognized \$15,000 in bad debt.

Depreciation and amortization. Depreciation and amortization increased by \$945,000, or 97%, from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The increase is primarily attributed to the acquisitions and related amortization for intangible assets and the additional depreciation related to the assets acquired from Skynet and NextLevel.

Operating loss. The Company reported an operating loss of \$1,899,000 from the six months ended January 31, 2022 as compared to an operating loss of \$1,965,000 for the six months ended January 31, 2023. The increase in operating loss of \$66,000, or 3%, between periods is primarily due to net increases in SG&A for \$4,685,000, cost of services (exclusive of depreciation and amortization) for \$2,777,000, \$54,000 for bad debt, and \$945,000 for depreciation and amortization expense, offset by the improvement in gross margin of \$5,498,000 and the reduction in legal and professional fees of \$119,000.

Gain on derivative instruments. The gain on derivative instruments decreased by \$236,000 from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. We are required to re-measure all derivative instruments at the end of each reporting period and adjust those instruments to market, as a result of the re-measurement of all derivative instruments we recognized a gain or loss between periods.

Income tax benefit (expense). During the six months ended January 31, 2022, the Company recognized an income tax expense of \$119,000. During the six months ended January 31, 2023, the Company recognized an income tax expense of \$77,000.

Other income (expense). Other income (expense) improved by \$458,000 from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. The improvement in other income is mostly due to the recognition of a gain on a settlement of conversion premium of \$434,000 from a convertible note.

Interest expense. Interest expense increased by \$1,549,000 from the six months ended January 31, 2022 as compared to the six months ended January 31, 2023. During the six months ended January 31, 2023, the Company recognized amortization of debt discount of \$850,000 related to the adjustment to the present value of various convertible notes and debt. Additionally, the Company recognized \$1,945,000 in interest cash payments to Post Road, accrual of \$238,000 for interest expense for various promissory notes and \$340,000 fair value of shares issued as well as \$1,139,000 added to the principal balance of various promissory notes, all charged to interest expense as consideration for extension of the maturity dates.

Net loss including noncontrolling interest. Net loss including noncontrolling interest for the six months ended January 31, 2022, was of \$9,378,000 as compared to the net loss of \$5,249,000 for the six months ended January 31, 2023. The net loss including noncontrolling interest between periods is primarily due to the increases in selling, general and administrative expense for \$4,685,000, cost of services (exclusive of depreciation and amortization) for \$2,777,000, bad debts expense for \$54,000, depreciation and amortization expense for \$945,000, interest expense for \$1,549,000, and derivative gain of \$236,000, offset by a reduction in legal and professional fees of \$119,000, increase to other income for \$458,000, improvement in gross margin of \$5,498,000, and a reduction in tax expense for \$42,000.

Net loss attributable to the noncontrolling interest. During the six months ended January 31, 2023 and 2022, the consolidated entity recognized a net income in noncontrolling interest of \$489,000 and a net loss of \$760,000 respectively. The noncontrolling interest is presented as a separate line item in the Company's stockholders equity section of the balance sheet.

Net income (loss) attributable to Digerati's shareholders. Net loss for the six months ended January 31, 2023 was \$4,760,000 as compared to a net loss for the six months ended January 31, 2022 of \$8,618,000.

Deemed dividend on Series A Convertible Preferred Stock. Dividend accrued on convertible preferred stock for the six months ended January 31, 2023 and 2022 was \$8,000 and \$10,000, respectively.

Net income (loss) attributable to Digerati's common shareholders. Net loss for the six months ended January 31, 2023 was \$4,768,000 compared to a net income for the six months ended January 31, 2022 of \$8,628,000.

Liquidity and Capital Resources

Cash Position: We had a consolidated cash balance of approximately \$2,203,000 as of January 31, 2023. Net cash used in operating activities during the six months ended January 31, 2023, was approximately \$2,002,000. The net cash used by operating activities resulted primarily from the net loss incurred during the six months ended January 31, 2023 as a result of operating expenses, that included \$46,000 in stock compensation and warrant expense, bad debt expense of \$69,000, amortization of right-of-use assets for \$546,000, gain on settlement of conversion premium for \$466,000, amortization of debt discount of \$850,000, gain on derivative liability of \$773,000, depreciation and amortization expense of \$1,919,000, debt extension fee charged to interest expense for \$418,000, and common stock issued for debt extension charged to interest expense for \$340,000. The change in operating assets and liabilities resulted in a net increase of \$298,000.

Cash used in investing activities during the six months ended January 31, 2023, was \$264,000, which was used for the acquisition of equipment.

Cash provided by financing activities during the six months ended January 31, 2023, was \$2,960,000. The net increase in cash provided by financing was primarily due to the Company securing \$3,990,000 from convertible notes, net of issuance costs and discounts and securing \$250,000 from debt financing from a related party, net of issuance costs and discounts, proceeds from the exercise of warrants of \$22,000, offset by principal payments of \$500,000 on various convertible notes, principal payments of \$250,000 on debt, principal payments on related party notes of \$499,000, and \$53,000 in principal payments on equipment financing.

Overall, our net operating, investing, and financing activities during the six months ended January 31, 2023, resulted in a net decrease in cash and cash equivalents for \$694,000.

Digerati's consolidated financial statements for the six months ended January 31, 2023, 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 1993, Digerati has incurred net losses and accumulated a deficit of approximately \$118,153,000 and a working capital deficit of approximately \$40,765,000 which raises doubt about Digerati's ability to continue as a going concern.

We are currently taking initiatives to reduce our overall cash deficiencies on a monthly basis. During fiscal 2023 certain members of our management team will continue to receive a portion of their compensation in common stock to reduce the depletion of our available cash. To strengthen our business, we intend to adopt best practices from or recent acquisitions and invest in a marketing and sales strategy to grow our monthly recurring revenue; we anticipate utilizing our value-added resellers and channel partners to tap into new sources of revenue streams; and we have also secured numerous agent agreements through our recent acquisitions that we anticipate will accelerate revenue growth. In addition, we will continue to focus on selling a greater number of comprehensive services to our existing customer base. Further, in an effort to increase our revenues, we will continue to evaluate the acquisition of various assets with emphasis in VoIP Services and Cloud Communication Services. As a result, during the due diligence process we anticipate incurring significant legal and professional fees.

Our cash requirements to meet our interest payments to Post Road, capital expenditure needs, and operational cash flow needs over the next 18 months are estimated to be approximately \$3,500,000. The Company anticipates issuing additional equity or entered into additional Convertible Notes to secure the funding required meet these cash needs. 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, the Company may not be able to meet its interest payments, capital expenditures and operational needs. As a result, the Company will be required to negotiate with its lender the terms of the current financing agreements, in addition to postponing the timing of deployment of its capital expenditures and extending the timing of the operational cash needs.

The Credit Agreement contains customary representations, warranties, and indemnification provisions. The Credit Agreement also contains affirmative and negative covenants with respect to operation of the business and properties of the loan parties as well as financial performance. Below are key covenants requirements, (measured quarterly)) beginning with the quarter ended April 30, 2023:

- Maximum–Allowed - Senior Leverage Ratio of 6.18 to 1.00
- Minimum–Allowed - EBITDA of \$4,565,009
- Minimum–Allowed - Liquidity of \$2,000,000
- Maximum–Allowed - Capital Expenditures of \$175,000 (*Quarterly*)
- Minimum–Allowed - Fixed Charge Coverage Ratio of 1.00 to 1.00
- Maximum–Allowed - Churn of 3.00% at any time

On December 15, 2022, the lender agreed to forbear from exercising its remedies in connection with the financial covenants that were not complied with during the quarter ended October 31, 2022, as well as certain other specified defaults, until December 23, 2022 or such later date as agreed to in writing by the lender.

On February 3, 2023, the Company, the T3 Nevada Parties, and Post Road entered into a Fourth Amendment to the Credit Agreement and Amendment to Notes (the “Fourth Amendment”). Among other things, the Fourth Amendment revises each of the six financial covenants set forth in Section 11.12 of the Credit Agreement (related to maximum leverage, minimum liquidity, minimum EBITDA, maximum capital expenditures, minimum interest coverage (a provision that replaces the minimum fixed charge coverage ratio provision), and maximum churn). In addition, pursuant to the Fourth Amendment, none of the financial covenants contained in Section 11.12 of the Credit Agreement, as amended by the Fourth Amendment, other than minimum liquidity will be tested with respect to the fiscal quarter that ended on January 31, 2023. The Fourth Amendment provides that these revised financial covenants will be null and void if the Merger does not close by February 28, 2023 (the “Merger Outside Closing Date”), in which case the financial covenants in effect under Section 11.12 of the Credit Agreement immediately prior to the Fourth Amendment shall apply and be deemed effective.

Pursuant to the Fourth Amendment, Post Road agreed to waive each and all of the Specified Defaults (as defined in the Fourth Amendment). Post Road’s waiver of the Specified Defaults are contingent on the Merger closing on or before the Merger Outside Closing Date and no events of default (other than the Specified Defaults) or any condition or event that, with the giving of notice or the lapse of time or both, would constitute an event of default, existing under the Credit Agreement on the Merger closing date.

On March 13, 2023, the Company, the T3 Nevada Parties, and Post Road entered into the Fifth Amendment to its Credit Agreement, with an effective date of February 28, 2023, which specifically revises the Merger Outside Closing Date, replacing the “February 28, 2023” date with “April 28, 2023,” without amending, supplementing or otherwise modifying any other terms, or any of the conditions, set forth in the Credit Agreement.

In addition, the Credit Agreement permits T3 to defer until the respective maturity dates of the Notes the payment of accrued and unpaid interest otherwise due and payable. The Fourth Amendment amends the Credit Agreement and the Notes to revise the interest rate payable by T3 including pursuant to the deferral of the interest payments.

While Digerati, the parent company of T3, is not subject to these financial covenants, they have had and will continue to have a material impact on T3’s expenditures and ability to raise funds.

While Digerati, the parent company of T3, is not subject to these financial covenants, they have had and will continue to have a material impact on T3 Nevada’s expenditures and ability to raise funds.

In addition, our Term Loan C Note with Post Road with a maturity date of August 4, 2023, requires a full principal payment (currently \$10,000,000) and accrued interest by the maturity date. We will work with our equity partners to secure additional financings to meet this obligation by the maturity date. In addition, we will work with our lender on the current terms to the Term Loan C Note, to extend the maturity date or restructure the terms of the note. There can be no assurance that the Company will be able to raise additional funds or raise them on acceptable terms to meet the cash payment requirements on the Term Loan C Note. In addition, there can be no assurance that we will be able to restructure the terms or extend the maturity date of the Term Loan C Note with Post Road. If the Company is not able to restructure the financing or repay the Term Loan C Note by the August 4th maturity date and Post Road declares an event of default, it would have a material adverse effect on our business and financial condition, including the possibility of Post Road foreclosing on some or all of our assets.

We have been successful in raising debt and equity capital in the past and as described in Notes 6, 7, 8, and 12. We have financing efforts in place to continue to raise cash through debt and equity offerings. On November 28, 2022, the Company entered into a securities purchase agreement (the “SPA”) with Mast Hill Fund, L.P. (the “Investor”). Pursuant to the SPA, the Investor purchased, and the Company issued, an unsecured promissory note (the “Note”) in the aggregate principal amount totaling approximately \$1,670,000 (the “Principal Amount”) with an original issue discount of \$250,500. The gross proceeds the Company received prior to payment of transaction expenses was \$1,419,500. (See Note 12) Although we have successfully completed financings and reduced expenses in the past, we cannot assure you that our plans to address these matters in the future will be successful.

The current Credit Agreement with Post Road will allow the Company to continue acquiring UCaaS service providers that meet the Company's acquisition criteria. Management anticipates that future acquisitions will provide additional operating revenues to the Company as it continues to execute on its consolidation strategy. There can be no guarantee that the planned acquisitions will close or that they will produce the anticipated revenues on the schedule anticipated by management.

The Company will continue to work with various funding sources to secure additional debt and equity financings. However, Digerati cannot offer any assurance that it will be successful in executing the aforementioned plans to continue as a going concern.

Management believes that available resources as of January 31, 2023, will not be sufficient to fund the Company's operations, debt service and corporate 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, issuing stock-based compensation to certain members of the executive management team in lieu of cash, 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 equity or debt financing, sales of assets, or collaborative arrangements. If the Company raises additional capital through the issuance of equity securities or securities convertible into equity, stockholders will experience dilution, and such securities may have rights, preferences, or privileges senior to those of the holders of common stock or convertible senior notes. 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.

Our current cash expenses are expected to be approximately \$1,300,000 per month, including wages, rent, utilities, corporate expenses, and legal professional fees associated with potential acquisitions. As described elsewhere herein, we are not generating sufficient cash from operations to pay for our corporate and ongoing operating expenses, or to pay our current liabilities. As of January 31, 2023, our total liabilities were approximately \$69,201,000, which included \$9,879,000 in derivative liabilities. We will continue to use our available cash on hand to cover our deficiencies in operating expenses.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

Not Applicable.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this quarterly report on Form 10-Q for the quarter ended January 31, 2023, our Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO") evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our PEO and PFO concluded that our disclosure controls and procedures as of the end of the period covered by this report were not effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Changes in Internal Controls over Financial Reporting

There were no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, as there has been no implementation to date of processes and/or procedures to remedy internal control weaknesses and deficiencies.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On September 21, 2021, T3 Communications, Inc. (“T3”), a subsidiary of the Company, entered into a settlement agreement with Carolina Financial Securities, LLC (“CFS”). Under the settlement agreement the parties agreed to resolve all issues and claims related to the lawsuit. Pursuant to the settlement agreement, T3 agreed to pay CFS a total of \$300,000, payable as follows: \$100,000 by October 15, 2021, and \$200,000 payable in 15 monthly installments of \$13,333.33 beginning November 15, 2021. As of January 31, 2023 and July 31, 2022, the outstanding balances were \$0 and \$80,000, respectively.

Item 1A. Risk Factors.

Not Applicable

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

There were no unregistered sales of the Company’s equity securities during the quarter ended January 31, 2023 that were not previously reported in a Current Report on Form 8-K except as follows. The sales and issuances of the securities described below were made pursuant to the exemptions from registration contained into Section 4(a)(2) of the Securities Act and Regulation D under the Securities Act. Each purchaser represented that such purchaser’s intention to acquire the shares for investment only and not with a view toward distribution. We requested our stock transfer agent to affix appropriate legends to the stock certificate issued to each purchaser and the transfer agent affixed the appropriate legends. Each purchaser was given adequate access to sufficient information about us to make an informed investment decision. Except as described in this prospectus, none of the securities were sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved.

During the three months ended January 31, 2023, the Company issued 4,164,907 shares of common stock in connection with new convertible promissory notes. At the time of issuance, the Company recognized the relative fair market value of the common shares of \$260,521 as debt discount, and it will be amortized to interest expense during the term of the promissory notes.

During the three months ended January 31, 2023, the Company issued 1,000,000 shares of common stock as consideration for the extension of maturity dates for the convertible promissory notes. The Company recognized the fair market value of the common shares of \$90,620 which was recognized as interest at the time of each extension.

During the three months ended January 31, 2023, the Company issued 9,677 shares of common stock to various individuals for the exercise of 9,677 warrants, with an exercise price of \$0.13 per warrant and secured \$1,258 in proceeds.

During the three months ended January 31, 2023, the Company issued 1,500,000 shares of common stock in connection with the conversion of \$75,000 of convertible promissory notes.

During the three months ended January 31, 2023, the Company issued 749,327 shares of common stock to various Series A Preferred Shareholders who converted 175,000 Series A Convertible Preferred Stock shares and \$49,798 of accrued dividends.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not Applicable

Item 5. Other Information.

We are reporting the following information in lieu of reporting on a Current Report on Form 8-K under Item 1.01 1 Entry into a Material Definitive Agreement.

As previously disclosed, on August 30, 2022, the Company entered into a Business Combination Agreement (as it may be amended, supplemented or otherwise modified from time to time, the “Business Combination Agreement”), by and among Digerati, Minority Equality Opportunities Acquisition Inc., a Delaware corporation (“MEOA”), and MEOA Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of MEOA (“Merger Sub”).

The Business Combination Agreement provides, among other things, that Merger Sub will merge with and into Digerati, with Digerati as the surviving company in the merger and, after giving effect to such merger, Digerati shall be a wholly-owned subsidiary of MEOA (the “Merger”). In addition, following the consummation of the Merger, MEOA will be renamed Verve Technologies Corporation.

As previously disclosed, in November 2020, the Company and T3 Communications, Inc. and T3’s subsidiaries (T3 and its subsidiaries, collectively, “the T3 Nevada Parties”) entered into a credit agreement (the “Credit Agreement”) with Post Road Administrative LLC and its affiliate Post Road Special Opportunity Fund II LLP (collectively, “Post Road”). The Company is a party to certain sections of the Credit Agreement. Next Level Internet, Inc. became a T3 Nevada Party in February 2022.

As previously disclosed, on February 3, 2023, the Company, the T3 Nevada Parties, and Post Road entered into a Consent, Limited Waiver and Fourth Amendment to Credit Agreement and Amendment to Notes (the “Fourth Amendment”). Among other things, pursuant to the Fourth Amendment, Post Road agreed to waive each and all of the Specified Defaults (as defined in the Fourth Amendment). Post Road’s waiver of the Specified Defaults were contingent on the Merger closing on or before February 28, 2023 (the “Merger Outside Closing Date”) and no events of default (other than the Specified Defaults) or any condition or event that, with the giving of notice or the lapse of time or both, would constitute an event of default, existing under the Credit Agreement on the Merger closing date.

On March 13, 2023, the Company, the T3 Nevada Parties, and Post Road entered into the Fifth Amendment to its Credit Agreement, with an effective date of February 28, 2023 (the “Fifth Amendment”), which specifically revises the Merger Outside Closing Date, replacing the “February 28, 2023” date with “April 28, 2023,” without amending, supplementing or otherwise modifying any other terms, or any of the conditions, set forth in the Credit Agreement.

The foregoing summary of the Fifth Amendment contains only a brief description of the material terms of the Fifth Amendment and such description is qualified in its entirety by reference to the full text of the Fifth Amendment, filed herewith as Exhibit 10.11, and incorporated by reference herein.

Item 6. Exhibits

Number	Description
4.1	<u>Convertible Promissory Note for \$1,670,000 Mast Hill Fund, L.P. dated November 22, 2022 (filed as Exhibit 4.1 to the Current Report on Form 8-K filed on December 2, 2022).</u>
4.2	<u>Form of Promissory Note issued by Digerati Technologies, Inc. to the Three December Investors, dated December 12th, 20th, and 22nd, 2022 (filed as Exhibit 4.2 to the Current Report on Form 8-K filed on February 7, 2023).</u>
4.3*	<u>Amendment 5 to Convertible Promissory Note for \$30,000 with LGH Investments, LLC, dated December 23, 2022 (extension of maturity date).</u>
4.4*	<u>Amendment 4 to Convertible Promissory Note for \$25,000 with Lucas Ventures, LLC, dated December 23, 2022 (extension of maturity date).</u>
4.5*	<u>Promissory Note for \$100,000 with Derek and Thalia Gietzen dated December 29, 2022.</u>
4.6*	<u>Convertible Promissory Note for \$110,000 LGH Investments, LLC dated January 13, 2023.</u>
4.7	<u>Form of Convertible Promissory Note issued by Digerati Technologies, Inc. to the January Investors, dated January 24, 2023 (filed as Exhibit 4.1 to the Current Report on Form 8-K filed on February 7, 2023).</u>
4.8*	<u>Amendment 2 to Convertible Promissory Note for \$30,000 with LGH Investments, LLC, dated January 30, 2023 (extension of maturity date).</u>
4.9*	<u>Amendment 2 to Convertible Promissory Note for \$30,000 with Lucas Ventures, LLC, dated January 30, 2023 (extension of maturity date).</u>
4.10	<u>Warrant to Purchase Shares of Common Stock, dated November 22, 2022 (filed as Exhibit 4.2 to the Current Report on Form 8-K filed on December 2, 2022).</u>
4.11	<u>Form of Warrant to Purchase Shares of Common Stock, issued to the Three December Investors, dated December 12th, 20th, and 22nd, 2022 (filed as Exhibit 4.3 to the Current Report on Form 8-K filed on February 7, 2023).</u>
10.1*	<u>Securities Purchase Agreement for \$38,500 with LGH Investments dated October 27, 2022.</u>
10.2*	<u>Securities Purchase Agreement for \$71,500 Lucas Ventures, LLC dated October 27, 2022.</u>
10.3	<u>Securities and Purchase Agreement by and between Digerati Technologies, Inc. and the Investor, dated November 22, 2022 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on December 2, 2022).</u>
10.4	<u>Form of Securities Purchase Agreement by and between Digerati Technologies, Inc. and the Three December Investors, dated December 12th, 20th, and 22nd, 2022 (filed as Exhibit 10.1 to the Current Report on Form 8-K filed on February 7, 2023).</u>
10.5*	<u>Securities Purchase Agreement for \$110,000 LGH Investments, LLC dated January 13, 2023.</u>
10.6*	<u>Forbearance Agreement to Equity Purchase Agreement by T3 Communications, Inc. and Jeffery Posner dated January 3, 2023.</u>
10.7*	<u>Forbearance Agreement to Equity Purchase Agreement by T3 Communications, Inc. and The Jerry and Lisa Morris Revocable Trust dated January 3, 2023.</u>
10.8	<u>Registration Rights Agreement by and between Digerati Technologies, Inc. and the Investor, dated November 22, 2022 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on December 2, 2022).</u>
10.9	<u>Form of Registration Rights Agreement by and between Digerati Technologies, Inc. and the Three December Investors, dated December 12th, 20th, and 22nd, 2022 (filed as Exhibit 10.2 to the Current Report on Form 8-K filed on February 7, 2023).</u>
10.10*	<u>Amendments 2 and 3 to the Securities Purchase Agreement by Skynet Telecom, LLC dated December 5, 2022 and March 9, 2023.</u>
10.11*	<u>Fifth Amendment to Credit Agreement by and among T3 Communications, Inc., the Subsidiaries of T3 Communications (including Next Level Internet, Inc.), Post Road Special Opportunity Fund II LP, and Post Road Administrative LLC, dated as of March 13, 2023.</u>
10.12*	<u>Forbearance Agreement to Equity Purchase Agreement by T3 Communications, Inc. and The Jerry and Lisa Morris Revocable Trust dated March 7, 2023.</u>
10.13*	<u>Forbearance Agreement to Equity Purchase Agreement by T3 Communications, Inc. and Jeffery Posner dated March 7, 2023.</u>
31.1*	<u>Certification of our President and Chief Executive Officer, under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of our Chief Financial Officer, under Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1**	<u>Certification of our President and Chief Executive Officer, under Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2**	<u>Certification of our Chief Financial Officer, under Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

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.

DIGERATI TECHNOLOGIES, INC.

Date: March 17, 2023

By: /s/ Arthur L. Smith
Name: Arthur L. Smith
Title: President and
Chief Executive Officer
(Duly Authorized Officer and Principal Executive Officer)

Date: March 17, 2023

By: /s/ Antonio Estrada Jr.
Name: Antonio Estrada Jr.
Title: Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

**AMENDMENT NO. 5
TO
CONVERTIBLE PROMISSORY NOTE**

This AMENDMENT No. 5 (this “**Amendment**”) is entered into by and between Company and Holder (each as defined below), effective as of December 23, 2022 (the “**Effective Date**”), binding on the undersigned parties as of that date.

RECITALS

Digerati Technologies, Inc. (“**Company**”) and LGH Investments, LLC (“**Holder**”) entered into that certain Convertible Promissory Note (the “**Note**”) dated July 27, 2020 in the amount of \$275,000.00 (the “**Loan Amount**”). Capitalized terms not otherwise defined have the meaning set forth in the Note.

WHEREAS, Holder and Company entered into Amendment No. 1 to the Note on January 28, 2021;

WHEREAS, Holder and Company entered into Amendment No. 2 to the Note on July 31, 2021;

WHEREAS, Holder and Company entered into Amendment No. 3 to the Note on February 14, 2022;

WHEREAS, Holder and Company entered into Amendment No. 4 to the Note on July 26, 2022;

WHEREAS, the parties have agreed to extend the maturity date of the Note subject to the conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Extension of Maturity Date. The Maturity Date of the Note is amended and extended to March 31, 2023.

2. Compensation for Extension. In exchange for the extension of the Maturity Date, \$30,000.00 shall be added to the principal amount outstanding on the Note between the Company and Holder as of the Effective Date hereof and the Company shall issue Holder 250,000 (two hundred fifty thousand) shares of Common Stock.

3. Prepayment. In the event that the Company shall pay any amounts due under the Note prior to the Maturity Date defined herein, the Company shall remit to Holder the product of the amount tendered multiplied by one hundred twenty percent (120%).

[SIGNATURE PAGE TO AMENDMENT NO 5. TO THE CONVERTIBLE PROMISSORY NOTE]

4. Effectiveness; Conflict. Except as modified hereby, the Note and terms thereof shall remain in full force and effect. On and after the effectiveness of this Amendment, each reference in the Notes to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import shall mean and be a reference to the Note, as amended by this Amendment. To the extent the terms of this Amendment conflict with any provision of the Note or any of the documents referenced therein, then the provisions of this Amendment shall control.

5. Counterparts. This Amendment may be executed by facsimile transmission and in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

COMPANY

DIGERATI TECHNOLOGIES, INC.

BY: /s/ Arthur L. Smith
Chief Executive Officer

HOLDER

LGH INVESTMENTS, LLC

BY: 
Managing Member

**AMENDMENT #4
TO
CONVERTIBLE PROMISSORY NOTE**

This AMENDMENT #4 (this “**Amendment**”) is entered into by and between Company and Holder (each as defined below), effective as of December 23, 2022 (the “**Effective Date**”), binding on the undersigned parties as of that date.

RECITALS

Digerati Technologies, Inc. (“**Company**”) and Lucas Ventures, LLC (“**Holder**”) entered into that certain Convertible Promissory Note (the “**Note**”) dated April 15, 2021 in the amount of \$113,000.00 (the “**Loan Amount**”). Capitalized terms not otherwise defined have the meaning set forth in the Note.

WHEREAS, the parties have agreed to extend the maturity date of the Note subject to the conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

- 1. Extension of Maturity Date.** The Maturity Date of the Note is amended and extended to March 31, 2023.
- 2. Compensation for Extension.** In exchange for the extension of the Maturity Date, \$25,000.00 shall be added to the principal amount outstanding on the Note between the Company and Holder as of the Effective Date hereof and the Company shall issue Holder 150,000 (one hundred fifty thousand) shares of Common Stock.
- 3. Prepayment.** In the event that the Company shall pay any amounts due under the Note prior to the Maturity Date defined herein, the Company shall remit to Holder the product of the amount tendered multiplied by one hundred twenty percent (120%).
- 4. Effectiveness; Conflict.** Except as modified hereby, the Note and terms thereof shall remain in full force and effect. On and after the effectiveness of this Amendment, each reference in the Notes to “this Agreement,” “hereunder,” “hereof,” “herein” or words of like import shall mean and be a reference to the Note, as amended by this Amendment. To the extent the terms of this Amendment conflict with any provision of the Note or any of the documents referenced therein, then the provisions of this Amendment shall control.
- 5. Counterparts.** This Amendment may be executed by facsimile transmission and in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

COMPANY

DIGERATI TECHNOLOGIES, INC.

BY: /s/ Arthur L. Smith
Chief Executive Officer

HOLDER

LUCAS VENTURES, LLC

BY: 
Managing Member

[SIGNATURE PAGE TO AMENDMENT NO 4. TO THE CONVERTIBLE PROMISSORY NOTE]

PROMISSORY NOTE

\$100,000

San Antonio, Texas

December 29, 2022

FOR VALUE RECEIVED, DIGERATI TECHNOLOGIES, INC., a Nevada corporation, whose address is 8023 Vantage Drive, STE 660, San Antonio, TX 78230 (the “**Debtor**”), promises to pay to the order of Derek and Thalia Gietzen, whose address is 1339 Caminito Laura, Encinitas, CA 92024, (the “**Payee**”), the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000) in lawful money of the United States of America which shall be legal tender for the payment of debts from time to time, together with a \$1,000 origination fee and interest on the outstanding principal amount hereof at the rate of twelve percent (12%) interest per annum, computed on the basis of a 360-day year and 30-day months.

This Note shall be payable in a single payment of the principal amount outstanding plus origination fee and any accrued interest, without demand, on January 12, 2023 (the “**Maturity Date**”). If the Maturity Date shall be a Saturday, Sunday, or day on which Banks in San Antonio, Texas, or the place of payment are authorized or required to be closed, such payment shall be made on the next following day that is not a Saturday, Sunday or day on which banks in San Antonio, Texas, or the place of payment are authorized or required to be closed and interest thereon shall continue to accrue thereon until such date.

Time is of the essence of this Note, and the Debtor expressly agrees that in the event of default in the payment of any principal or interest when due, the Payee may declare the entirety of this Note immediately due and payable. Upon the occurrence of any default hereunder, the Payee shall also have the right to exercise any and all of the rights, remedies and recourses now or hereafter existing in equity, law, by virtue of statute or otherwise.

In the event that any payment is not made when due, either of principal or interest, and whether upon maturity or as a result of acceleration, interest shall thereafter accrue at the rate per annum equal to the lesser of (a) the maximum non-usurious rate of interest permitted by the laws of the State of Texas or the United States of America, whichever shall permit the higher rate or (b) twenty percent (20%) per annum, from such date until the entire balance of principal and accrued interest on this Note has been paid.

Debtor has the privilege of making prepayments on this Note from time to time in any amount without penalty provided that any such prepayment shall be applied to unpaid interest and origination fees on this Note and the balance, if any, to the principal amount payable under this Note.

In the event of default or if payment of this Note is not made when due or declared due, and the same is placed in the hands of an attorney for collection, or suit is brought on same, or the same is collected through any judicial proceeding whatsoever, or if any action be had hereon, then Debtor agrees and promises to pay an additional amount as reasonable, calculated and foreseeable attorneys’ and collection fees incurred by Payee in connection with enforcing its rights herein contemplated.

Debtor agrees to reimburse the Payee for wire fees not to exceed \$100.

It is expressly provided and stipulated that notwithstanding any provision of this Note, in no event shall the aggregate of all interest paid by Debtor to Payee hereunder ever exceed the maximum non-usurious rate of interest which may lawfully be charged Debtor under the laws of the State of Texas or United States Federal Government, as applicable, on the principal balance of this Note remaining unpaid. It is expressly stipulated and agreed by Debtor that it is the intent of Payee and Debtor in the execution and delivery of this Note to contract in furtherance of such laws, and that none of the terms of this Note shall ever be construed to create a contract to pay for the use, forbearance or detention of money, at any interest rate in excess of the maximum non-usurious rate of interest permitted to be charged Debtor under the laws of the State of Texas or United States Federal Government, as applicable. The provisions of this paragraph shall govern over all other provisions of this Note should any such provisions be in apparent conflict herewith.

Any check, draft, money order, or other instrument given in payment of all or any portion of this Note may be accepted by Payee and handled in collection in the customary manner, but the same shall not constitute payment hereunder or diminish any rights of Payee except to the extent that actual cash proceeds of such instruments are unconditionally received by Payee. If at any time any payment of the principal of or interest on this Note is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Debtor or otherwise, the obligation under this Note with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

Debtor represents and warrants that the extension of credit represented by this Note is for business, commercial, investment, or other similar purposes and not primarily for personal, family, household or agricultural use.

This Note has been executed and delivered and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America applicable in Texas. Venue for any litigation between Debtor and Payee with respect to this Note shall be Bexar County, Texas. Debtor and Payee hereby irrevocably submit to personal jurisdiction in Texas and waive all objections to personal jurisdiction in Texas and venue in Bexar County for purposes of such litigation.

DIGERATI TECHNOLOGIES, INC.,
a Nevada corporation

By: /s/ Antonio Estrada
Name: Antonio Estrada
Title: CFO

NEITHER THIS NOTE NOR THE SECURITIES INTO WHICH THIS NOTE IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE. THESE SECURITIES HAVE BEEN SOLD IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

Digerati Technologies, Inc.
CONVERTIBLE PROMISSORY NOTE

Issuance Date: **January 13, 2023**
Note No. DTGI-9-LGH

Original Principal Amount: **\$110,000**
Consideration Paid at Close: **\$100,000**

FOR VALUE RECEIVED, Digerati Technologies, Inc., a Nevada corporation with a par value of \$0.0001 per common share (“Par Value”) (the “Company”), hereby promises to pay to the order of LGH Investments, LLC, a Wyoming limited liability company or registered assigns (the “Holder”) the amount set out above as the Original Principal Amount (as reduced pursuant to the terms hereof pursuant to redemption, conversion or otherwise, the “Principal”) when due, whether upon the Maturity Date (as defined below), acceleration, redemption or otherwise (in each case in accordance with the terms hereof) and to pay interest (“Interest”) on any outstanding Principal at the applicable Interest Rate from the date set out above as the Issuance Date (the “Issuance Date”) until the same becomes due and payable, upon the Maturity Date or acceleration, conversion, redemption or otherwise (in each case in accordance with the terms hereof).

The Original Principal Amount is \$110,000 (one hundred ten thousand) plus accrued and unpaid interest and any other fees. The Consideration is \$100,000 (one hundred thousand) payable by wire transfer (there exists a \$10,000 original issue discount (the “OID”)). The Holder shall pay \$100,000 of Consideration upon closing of this Note.

(1) GENERAL TERMS

(a) Payment of Principal. The “Maturity Date” shall be nine months from the date of closing, as may be extended at the option of the Holder in the event that, and for so long as, an Event of Default (as defined below) shall not have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) or any event shall not have occurred and be continuing on the Maturity Date (as may be extended pursuant to this Section 1) that with the passage of time and the failure to cure would result in an Event of Default.

(b) Interest. A one-time interest charge of ten percent (10%) (“Interest Rate”) shall be applied on the Issuance Date to the Original Principal Amount. Interest hereunder shall be paid on the Maturity Date (or sooner as provided herein) to the Holder or its assignee in whose name this Note is registered on the records of the Company regarding registration and transfers of Notes in cash or converted into Common Stock at the Conversion Price provided the Equity Conditions are satisfied.

(c) Security. This Note shall not be secured by any collateral or any assets pledged to the Holder

(2) EVENTS OF DEFAULT

(a) An “Event of Default”, wherever used herein, means any one of the following events (whatever the reason and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) The Company’s failure to pay to the Holder any amount of Principal, Interest, or other amounts when and as due under this Note (including, without limitation, the Company’s failure to pay any redemption payments or amounts hereunder);

(ii) A Conversion Failure as defined in section 3(b)(ii)

(iii) The Company or any subsidiary of the Company shall commence, or there shall be commenced against the Company or any subsidiary of the Company under any applicable bankruptcy or insolvency laws as now or hereafter in effect or any successor thereto, or the Company or any subsidiary of the Company commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Company or any subsidiary of the Company or there is commenced against the Company or any subsidiary of the Company any such bankruptcy, insolvency or other proceeding which remains undismissed for a period of 61 days; or the Company or any subsidiary of the Company is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Company or any subsidiary of the Company suffers any appointment of any custodian, private or court appointed receiver or the like for it or any substantial part of its property which continues undischarged or unstayed for a period of sixty one (61) days; or the Company or any subsidiary of the Company makes a general assignment for the benefit of creditors; or the Company or any subsidiary of the Company shall fail to pay, or shall state that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or the Company or any subsidiary of the Company shall call a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts; or the Company or any subsidiary of the Company shall by any act or failure to act expressly indicate its consent to, approval of or acquiescence in any of the foregoing; or any corporate or other action is taken by the Company or any subsidiary of the Company for the purpose of effecting any of the foregoing;

(iv) The Company or any subsidiary of the Company shall default in any of its obligations under any other Note or any mortgage, credit agreement or other facility, indenture agreement, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced any indebtedness for borrowed money or money due under any long term leasing or factoring arrangement of the Company or any subsidiary of the Company in an amount exceeding \$50,000, whether such indebtedness now exists or shall hereafter be created; and

(v) The Common Stock is suspended or delisted for trading on the Over the Counter OTCQB Venture Marketplace or OTCPink Open Marketplace (the “Primary Market”).

(vi) The Company loses its ability to deliver shares via “DWAC/FAST” electronic transfer.

(vii) The Company loses its status as “DTC Eligible.”

(viii) The Company shall become late or delinquent in its filing requirements as a fully-reporting issuer registered with the Securities & Exchange Commission.

(ix) The Company shall fail to reserve and keep available out of its authorized Common Stock a number of shares equal to at least the full number of shares of Common Stock issuable upon conversion of all outstanding amounts under this Note.

(b) Upon the occurrence of any Event of Default that has not been cured within five calendar days from the date of the Event of Default (a “Cure Failure”), the Outstanding Balance shall immediately increase to 125% of the Outstanding Balance immediately prior to the occurrence of the Event of Default (the “Default Effect”) and a daily penalty of \$500 (five hundred) will accrue until the default is remedied. The Default Effect shall automatically apply upon the occurrence of an Event of Default without the need for any party to give any notice or take any other action. Upon the occurrence of any Event of Default, the Note shall become immediately due and payable and the Borrower shall pay to the Holder, in full satisfaction of its obligations hereunder, an amount equal to the Outstanding Balance, all without demand, presentment or notice, all of which hereby are expressly waived, together with all costs, including, without limitation, legal fees and expenses, of collection, and the Holder shall be entitled to exercise all other rights and remedies available at law or in equity.

(3) **CONVERSION OF NOTE.** The Holder shall have the right, but not the obligation, to convert the Outstanding Balance into shares of the Company’s Common Stock, on the terms and conditions set forth in this Section 3.

(a) **Conversion Right.** The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) May 12th, 2023 or (ii) sixty (60) calendar days after listing on Nasdaq or the New York Stock Exchange to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into fully paid and nonassessable shares of Common Stock in accordance with Section 3(b), at the Conversion Price (as defined below). The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to this Section 3(a) shall be equal to the quotient of dividing the Conversion Amount by the Conversion Price. The Company shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer agent fees, legal fees, costs and any other fees or costs that may be incurred or charged in connection with the issuance of shares of the Company’s Common Stock to the Holder arising out of or relating to the conversion of this Note.

(i) “**Conversion Amount**” means the portion of the Original Principal Amount and Interest to be converted, plus any penalties, redeemed or otherwise with respect to which this determination is being made.

(ii) “**Conversion Price**” shall equal \$0.10 (ten) cents subject to adjustment as provided in this Note.

(b) **Mechanics of Conversion.**

(i) **Optional Conversion.** To convert any Conversion Amount into shares of Common Stock on any date (a “**Conversion Date**”), the Holder shall (A) transmit by email, facsimile (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York, NY Time, on such date, a copy of an executed notice of conversion in the form attached hereto as **Exhibit A** (the “**Conversion Notice**”) to the Company. On or before the third Business Day following the date of receipt of a Conversion Notice (the “**Share Delivery Date**”), the Company shall (A) if legends are not required to be placed on certificates of Common Stock pursuant to the then existing provisions of Rule 144 of the Securities Act of 1933 (“Rule 144”) and provided that the Transfer Agent is participating in the Depository Trust Company’s (“DTC”) Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to the Holder’s or its designee’s balance account with DTC through its Deposit Withdrawal Agent Commission system or (B) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled which certificates shall not bear any restrictive legends unless required pursuant the Rule 144. If this Note is physically surrendered for conversion and the outstanding Principal of this Note is greater than the Principal portion of the Conversion Amount being converted, then the Company shall, upon request of the Holder, as soon as practicable and in no event later than three (3) Business Days after receipt of this Note and at its own expense, issue and deliver to the holder a new Note representing the outstanding Principal not converted. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such shares of Common Stock upon the transmission of a Conversion Notice.

(ii) Company's Failure to Timely Convert. If within two (2) Trading Days after the Company's receipt of the facsimile or email copy of a Conversion Notice the Company shall fail to issue and deliver to Holder via "DWAC/FAST" electronic transfer the number of shares of Common Stock to which the Holder is entitled upon such holder's conversion of any Conversion Amount (a "Conversion Failure"), the Original Principal Amount of the Note shall increase by \$500 per day until the Company issues and delivers a certificate to the Holder or credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon such holder's conversion of any Conversion Amount (under Holder's and Company's expectation that any damages will tack back to the Issuance Date). *Company will not be subject to any penalties once its transfer agent processes the shares to the DWAC system.* If the Company fails to deliver shares in accordance with the timeframe stated in this Section, resulting in a Conversion Failure, the Holder, at any time prior to selling all of those shares, may rescind any portion, in whole or in part, of that particular conversion attributable to the unsold shares and have the rescinded conversion amount returned to the Outstanding Balance with the rescinded conversion shares returned to the Company (under Holder's and Company's expectations that any returned conversion amounts will tack back to the original date of the Note).

(iii) Book-Entry. Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Note in accordance with the terms hereof, the Holder shall not be required to physically surrender this Note to the Company unless (A) the full Conversion Amount represented by this Note is being converted or (B) the Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of this Note upon physical surrender of this Note. The Holder and the Company shall maintain records showing the Principal and Interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this Note upon conversion.

(c) Limitations on Conversions or Trading.

(i) Beneficial Ownership. The Company shall not effect any conversions of this Note and the Holder shall not have the right to convert any portion of this Note or receive shares of Common Stock as payment of interest hereunder to the extent that after giving effect to such conversion or receipt of such interest payment, the Holder, together with any affiliate thereof, would beneficially own (as determined in accordance with Section 13(d) of the Exchange Act and the rules promulgated thereunder) in excess of 4.99% of the number of shares of Common Stock outstanding immediately after giving effect to such conversion or receipt of shares as payment of interest. Since the Holder will not be obligated to report to the Company the number of shares of Common Stock it may hold at the time of a conversion hereunder, unless the conversion at issue would result in the issuance of shares of Common Stock in excess of 4.99% of the then outstanding shares of Common Stock without regard to any other shares which may be beneficially owned by the Holder or an affiliate thereof, the Holder shall have the authority and obligation to determine whether the restriction contained in this Section will limit any particular conversion hereunder and to the extent that the Holder determines that the limitation contained in this Section applies, the determination of which portion of the principal amount of this Note is convertible shall be the responsibility and obligation of the Holder. If the Holder has delivered a Conversion Notice for a principal amount of this Note that, without regard to any other shares that the Holder or its affiliates may beneficially own, would result in the issuance in excess of the permitted amount hereunder, the Company shall notify the Holder of this fact and shall honor the conversion for the maximum principal amount permitted to be converted on such Conversion Date in accordance with Section 3(a) and, any principal amount tendered for conversion in excess of the permitted amount hereunder shall remain outstanding under this Note.

(ii) Capitalization. So long as this as this Note is outstanding, upon written request of the Holder, the Company shall furnish to the Holder the then-current number of common shares issued and outstanding, the then-current number of common shares authorized, and the then-current number of shares reserved for third parties.

(d) Other Provisions.

(i) Share Reservation. The Company shall at all times reserve and keep available out of its authorized Common Stock a number of shares equal to at least the full number of shares of Common Stock issuable upon conversion of all outstanding amounts under this Note; and within 3 (three) Business Days following the receipt by the Company of a Holder's notice that such minimum number of shares of Common Stock is not so reserved, the Company shall promptly reserve a sufficient number of shares of Common Stock to comply with such requirement. The Company will at all times reserve at least 1,200,000 shares of Common Stock for conversion.

(ii) Prepayment. In the event that the Company shall pay any amounts due under the Note prior to the Maturity Date defined herein, the Company shall remit to Holder the product of the amount tendered multiplied by one hundred twenty percent (120%). All calculations under this Section 3 shall be rounded up to the nearest \$0.00001 or whole share.

(iii) Nothing herein shall limit a Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 2 herein for the Company's failure to deliver certificates representing shares of Common Stock upon conversion within the period specified herein and such Holder shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief, in each case without the need to post a bond or provide other security. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(4) Terms of Future Financings. So long as this Note is outstanding, upon any issuance by the Company or any of its subsidiaries of any security with any term more favorable to the holder of such security or with a term in favor of the holder of such security that was not similarly provided to the Holder in this Note, then the Company shall notify the Holder of such additional or more favorable term and such term, at Holder's option, shall become a part of the transaction documents with the Holder. The types of terms contained in another security that may be more favorable to the holder of such security include, but are not limited to, terms addressing conversion discounts, conversion lookback periods, interest rates, original issue discounts, stock sale price, private placement price per share, and warrant coverage.

Financings in which the Company receives proceeds of one million dollars or greater or excluded from the Terms of Future Financings.

(5) REISSUANCE OF THIS NOTE.

(a) Assignability. The Company may not assign this Note. This Note will be binding upon the Company and its successors and will inure to the benefit of the Holder and its successors and assigns and may be assigned by the Holder to anyone of its choosing without Company's approval.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note representing the outstanding Principal.

(6) NOTICES. Any notices, consents, waivers or other communications required or permitted to be given under the terms hereof must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party) (iii) upon receipt, when sent by email; or (iv) one (1) Trading Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be those set forth in the communications and documents that each party has provided the other immediately preceding the issuance of this Note or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party three (3) Business Days prior to the effectiveness of such change. Written confirmation of receipt (i) given by the recipient of such notice, consent, waiver or other communication, (ii) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (iii) provided by a nationally recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

The addresses for such communications shall be:

If to the Company, to:

Digerati Technologies, Inc.
ATT: Arthur Smith, CEO
8023 Vantage Dr.,
Suite 660
San Antonio, TX 78230
Email: a.smith@t3com.net

If to the Holder:

Lucas Hoppel
Phone: 858-232-5110
Email: Luke@LGHInvestments.com

(7) **APPLICABLE LAW AND VENUE.** This Note shall be governed by and construed in accordance with the laws of the State of California, without giving effect to conflicts of laws thereof. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of California or in the federal courts located in the city of San Diego, in the State of California. Both parties and the individuals signing this Agreement agree to submit to the jurisdiction of such courts.

(8) **WAIVER.** Any waiver by the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note. Any waiver must be in writing.

(9) **LIQUIDATED DAMAGES.** Holder and Company agree that in the event Company fails to comply with any of the terms or provisions of this Note, Holder's damages would be uncertain and difficult (if not impossible) to accurately estimate because of the parties' inability to predict future interest rates, future share prices, future trading volumes and other relevant factors. Accordingly, Holder and Company agree that any fees, balance adjustments, default interest or other charges assessed under this Note are not penalties but instead are intended by the parties to be, and shall be deemed, liquidated damages (under Holder's and Company's expectations that any such liquidated damages will tack back to the Closing Date for purposes of determining the holding period under Rule 144).

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Convertible Note to be duly executed by a duly authorized officer as of the date set forth above.

COMPANY:

Digerati Technologies, Inc.

By: /s/ Arthur Smith

Name: Arthur Smith

Title: Chief Executive Officer

HOLDER:

LGH Investments, LLC

By: _____

Name: Lucas Hoppel

Title: Managing Member

[Signature Page to Note No. DTGI-9-LGH]

EXHIBIT A
CONVERSION NOTICE

[Company Contact, Position]
[Company Name]
[Company Address]
[Contact Email Address}

The undersigned hereby elects to convert a portion of the \$_____ Convertible Note issued to Lucas Hoppel on_____ into Shares of _____Common Stock of according to the conditions set forth in such Note as of the date written below.

By accepting this notice of conversion, you are acknowledging that the number of shares to be delivered represents less than 5% (ten percent) of the common stock outstanding. If the number of shares to be delivered represents more than 4.99% of the common stock outstanding, this conversion notice shall immediately automatically extinguish and debenture Holder must be immediately notified.

Date of Conversion: _____

Conversion Amount: _____

Conversion Price: _____

Shares to be Delivered: _____

Shares delivered in name of:

LGH Investments, LLC

Signature:

AMENDMENT No. 2
TO
CONVERTIBLE PROMISSORY NOTE

This AMENDMENT No. 2 (this “**Amendment**”) is entered into by and between Company and Holder (each as defined below), effective as of January 30, 2023 (the “**Effective Date**”), binding on the undersigned parties as of that date.

RECITALS

Digerati Technologies, Inc. (“**Company**”) and LGH Investments, LLC (“**Holder**”) entered into that certain Convertible Promissory Note (the “**Note**”) dated January 21, 2022 in the amount of \$230,000.00 (the “**Loan Amount**”). Capitalized terms not otherwise defined have the meaning set forth in the Note.

WHEREAS, Holder and Company entered into Amendment No. 1 to the Note on October 21, 2022;

WHEREAS, the parties have agreed to extend the maturity date of the Note subject to the conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Extension of Maturity Date.** The Maturity Date of the Note is amended and extended to May 30, 2023.

2. **Compensation for Extension.** In exchange for the extension of the Maturity Date, \$30,000.00 shall be added to the principal amount outstanding on the Note between the Company and Holder as of the Effective Date hereof and the Company shall issue Holder 300,000 (three hundred thousand) shares of Common Stock.

3. **Conversion of Note.** Section 3 of the Note shall be permanently replaced with the following:

(3) CONVERSION OF NOTE. The Holder shall have the right, but not the obligation, to convert the Outstanding Balance into shares of the Company's Common Stock, on the terms and conditions set forth in this Section 3.

(a) Conversion Right. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) May 12th, 2023 or (ii) sixty (60) calendar days after listing on Nasdaq or the New York Stock Exchange to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into fully paid and nonassessable shares of Common Stock in accordance with Section 3(b), at the Conversion Price (as defined below). The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to this Section 3(a) shall be equal to the quotient of dividing the Conversion Amount by the Conversion Price. The Company shall not issue any fraction of a share of

[SIGNATURE PAGE TO AMENDMENT NO 2. TO THE CONVERTIBLE PROMISSORY NOTE]

Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share. The Company shall pay any and all transfer agent fees, legal fees, costs and any other fees or costs that may be incurred or charged in connection with the issuance of shares of the Company's Common Stock to the Holder arising out of or relating to the conversion of this Note.

- (i) "Conversion Amount" means the portion of the Original Principal Amount and Interest to be converted, plus any penalties, redeemed or otherwise with respect to which this determination is being made.
- (ii) "Conversion Price" shall equal \$0.10 (ten) cents subject to adjustment as provided in this Note.

4. Effectiveness; Conflict. Except as modified hereby, the Note and terms thereof shall remain in full force and effect. On and after the effectiveness of this Amendment, each reference in the Notes to "this Agreement," "hereunder," "hereof," "herein" or words of like import shall mean and be a reference to the Note, as amended by this Amendment. To the extent the terms of this Amendment conflict with any provision of the Note or any of the documents referenced therein, then the provisions of this Amendment shall control.

5. Counterparts. This Amendment may be executed by facsimile transmission and in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

COMPANY

DIGERATI TECHNOLOGIES, INC.



By: Arthur L. Smith (Jan 31, 2023 15:35 CST)

Chief Executive Officer

HOLDER

LGH INVESTMENTS, LLC



By:

Managing Member

**AMENDMENT No. 2
TO
CONVERTIBLE PROMISSORY NOTE**

This AMENDMENT No. 2 (this “**Amendment**”) is entered into by and between Company and Holder (each as defined below), effective as of January 30, 2023 (the “**Effective Date**”), binding on the undersigned parties as of that date.

RECITALS

Digerati Technologies, Inc. (“**Company**”) and Lucas Ventures, LLC (“**Holder**”) entered into that certain Convertible Promissory Note (the “**Note**”) dated January 21, 2022 in the amount of \$230,000.00 (the “**Loan Amount**”). Capitalized terms not otherwise defined have the meaning set forth in the Note.

WHEREAS, Holder and Company entered into Amendment No. 1 to the Note on October 21, 2022;

WHEREAS, the parties have agreed to extend the maturity date of the Note subject to the conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. **Extension of Maturity Date.** The Maturity Date of the Note is amended and extended to May 30, 2023.


2. **Compensation for Extension.** In exchange for the extension of the Maturity Date, \$30,000.00 shall be added to the principal amount outstanding on the Note between the Company and Holder as of the Effective Date hereof and the Company shall issue Holder 300,000 (three hundred thousand) shares of Common Stock.

3. **Conversion of Note.** Section 3 of the Note shall be permanently replaced with the following:

(3) CONVERSION OF NOTE. The Holder shall have the right, but not the obligation, to convert the Outstanding Balance into shares of the Company's Common Stock, on the terms and conditions set forth in this Section 3.

(a) Conversion Right. The Holder shall have the right, on any calendar day, at any time on or following the earlier of (i) May 12th, 2023 or (ii) sixty (60) calendar days after listing on Nasdaq or the New York Stock Exchange to convert any portion of the outstanding and unpaid Conversion Amount (as defined below) into fully paid and nonassessable shares of Common Stock in accordance with Section 3(b), at the Conversion Price (as defined below). The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to this Section 3(a) shall be equal to the quotient of dividing the Conversion Amount by the Conversion Price. The Company shall not issue any fraction of a share of

[SIGNATURE PAGE TO AMENDMENT NO. 2. TO THE CONVERTIBLE PROMISSORY NOTE]

By: 
Managing Member

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (this “**Agreement**”), dated as of October 27th, 2022, is entered into by and between Digerati Technologies, Inc., a Nevada corporation, (the “**Company**”), and LGH Investments, LLC, a Wyoming limited liability company (the “**Buyer**”).

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the “**SEC**”) under the Securities Act of 1933, as amended (the “**1933 Act**”).

B. Upon the terms and conditions stated in this Agreement, the Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement (i) a Convertible Promissory Note of the Company, in the form attached hereto as **Exhibit A** (the “**Note**”), in the original principal amount of \$38,500.00 (the “**Original Principal Amount**”) (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the “**Note**”) convertible into shares of common stock of the Company (“**Common Stock**”).

NOW THEREFORE, the Company and the Buyer hereby agree as follows:

1. Purchase and Sale. On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company the (i) Note in the original principal amount of \$38,500.00.

1.1. Form of Payment. On the Closing Date, (i) the Buyer shall pay the purchase price of \$35,000 (the “**Purchase Price**”) at the Closing (as defined below) by wire transfer of immediately available funds to a Company account designated by the Company, in accordance with the Company’s written wiring instructions, against delivery of the Securities, and (ii) the Company shall deliver such duly executed Securities on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

1.2. Closing Date. The date and time of the issuance and sale of the Securities pursuant to this Agreement (the “**Closing Date**”) shall be on or about October 27th, 2022, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall occur on the Closing Date at such location as may be agreed to by the parties.

1.3. Share Reservation. The Company shall at all times require its transfer agent to establish a reserve of shares of its authorized but unissued and unreserved Common Stock in the amount of 500,000 shares for purposes of conversion of the Note. The Company shall cause the Transfer Agent to agree that it will not reduce the reserve under any circumstances unless such reduction is pre-approved in writing by the Buyer.

2. Buyer’s Investment Representations; Governing Law; Miscellaneous.

2.1 Buyer’s Investment Representations.

(a) The Buyer understands that the Securities are not registered under the 1933 Act, on the basis that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to Section 4(a)(2) thereof, and that the Company’s reliance on such exemption is predicated on the Buyer’s representations set forth herein. The Buyer realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Buyer has in mind merely acquiring shares of the Securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Buyer does not have any such intention.

(b) In particular, the Buyer is aware that the Securities may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of the applicable Rules are met. The Buyer represents that, in the absence of an effective registration statement covering the Securities, it will sell, transfer, or otherwise dispose of the Securities only in a manner consistent with its representations set forth herein.

(c) The Buyer agrees that in no event will it make a transfer or disposition of any of the Securities (other than pursuant to an effective registration statement under the 1933 Act), unless and until (i) the Buyer shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the disposition, and (ii) if requested by the Company, at the expense of the Buyer or transferee, the Buyer shall have furnished to the Company either (A) an opinion of counsel, reasonably satisfactory to the Company, to the effect that such transfer may be made without registration under the 1933 Act or (B) a "no action" letter from the Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto.

(d) The Buyer represents and warrants to the Company that it is an "accredited investor" within the meaning of Securities and Exchange Commission Rule 501 of Regulation D, as presently in effect and, for the purpose of Section 25102(f) of the California Corporations Code, he or she is excluded from the count of "purchasers" pursuant to Rule 260.102.13 thereunder.

2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of California or in the federal courts located in San Diego, California. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

2.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

2.4 Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

2.5 Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

2.6 Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the Buyer.

2.7 Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of:

2.7.1 the date delivered, if delivered by personal delivery as against written receipt therefor or by e-mail to an executive officer, or by confirmed facsimile,

2.7.2 the fifth Trading Day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or

2.7.3 the third Trading Day after mailing by domestic or international express courier, with delivery costs and fees prepaid, in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) calendar days' advance written notice similarly given to each of the other parties hereto):

If to the Company, to:

Digerati Technologies, Inc.
ATT: Arthur Smith, CEO
8023 Vantage Dr.
Suite 660
San Antonio, TX 78230
Email: a.smith@t3com.net

If to the Buyer:

Lucas Hoppel
Phone: 858-232-5110
Email: Luke@LukeHoppel.com

2.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Buyer, which consent may be withheld at the sole discretion of the Buyer; *provided, however*, that in the case of a merger, sale of substantially all of the Company's assets or other corporate reorganization, the Buyer shall not unreasonably withhold, condition or delay such consent. This Agreement or any of the severable rights and

obligations inuring to the benefit of or to be performed by Buyer hereunder may be assigned by Buyer to a third party, including its financing sources, in whole or in part, without the need to obtain the Company's consent thereto.

2.9 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

2.10 Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the Closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all its officers, directors, employees, attorneys, and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

2.11 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

2.12 Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

2.13 Buyer's Rights and Remedies Cumulative. All rights, remedies, and powers conferred in this Agreement and the Transaction Documents on the Buyer are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power, and remedy that the Buyer may have, whether specifically granted in this Agreement or any other Transaction Document, or existing at law, in equity, or by statute; and any and all such rights and remedies may be exercised from time to time and as often and in such order as the Buyer may deem expedient.

2.14 Ownership Limitation. If at any time after the Closing, the Buyer shall or would receive shares of Common Stock in payment of interest or principal under Note so that the Buyer would, together with other shares of Common Stock held by it or its Affiliates, own or beneficially own by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 4.99% of the number of shares of Common Stock outstanding on such date (the "**Maximum Percentage**"), the Company shall not be obligated and shall not issue to the Buyer shares of Common Stock which would exceed the Maximum Percentage, but only until such time as the Maximum Percentage would no longer be exceeded by any such receipt of shares of Common Stock by the Buyer. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Buyer.

2.15 No Shorting. For so long as Investor holds any securities of Company, neither Investor nor any of its Affiliates will engage in or effect, directly or indirectly, any Short Sale of Common Stock.

2.16 Attorneys' Fees and Cost of Collection. In the event of any action at law or in equity to enforce or interpret the terms of this Agreement or any of the other Transaction Documents, the parties agree that the party who is awarded the most money shall be deemed the prevailing party for all purposes and shall therefore be entitled to an additional award of the full amount of the attorneys' fees and expenses paid by such prevailing party in connection with the litigation and/or dispute without reduction or apportionment based upon the individual claims or defenses giving rise to the fees and expenses. Nothing herein shall restrict or impair a court's power

[Remainder of page intentionally left blank; signature page to follow]

SUBSCRIPTION AMOUNT:

Original Principal Amount of Note:	\$38,500.00
Purchase Price:	\$35,000.00

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

THE COMPANY:

Digerati Technologies, Inc.

By: Arthur L. Smith
Mr. Arthur Smith
Chief Executive Officer

THE BUYER:

LGH Investments, LLC

By: [Signature]
Mr. Lucas Hoppel
Managing Member

EXHIBIT A

NOTE

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (this "**Agreement**"), dated as of October 27th, 2022, is entered into by and between Digerati Technologies, Inc., a Nevada corporation, (the "**Company**"), and Lucas Ventures, LLC, an Arizona limited liability company (the "**Buyer**").

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1933, as amended (the "**1933 Act**").

B. Upon the terms and conditions stated in this Agreement, the Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement (i) a Convertible Promissory Note of the Company, in the form attached hereto as **Exhibit A** (the "**Note**"), in the original principal amount of \$71,500.00 (the "**Original Principal Amount**") (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the "**Note**") convertible into shares of common stock of the Company ("**Common Stock**"), and (ii) two hundred thousand (200,000) restricted common shares in the Company ("**Inducement Shares**") to be delivered to Buyer within 7 (seven) calendar days following the Closing Date.

NOW THEREFORE, the Company and the Buyer hereby agree as follows:

1. Purchase and Sale. On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company the (i) Note in the original principal amount of \$71,500.00 and (ii) two hundred thousand Inducement Shares. (collectively the "**Securities**").

1.1. Form of Payment. On the Closing Date, (i) the Buyer shall pay the purchase price of \$65,000 (the "**Purchase Price**") at the Closing (as defined below) by wire transfer of immediately available funds to a Company account designated by the Company, in accordance with the Company's written wiring instructions, against delivery of the Securities, and (ii) the Company shall deliver such duly executed Securities on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

1.2. Closing Date. The date and time of the issuance and sale of the Securities pursuant to this Agreement (the "**Closing Date**") shall be on or about October 27th, 2022, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall occur on the Closing Date at such location as may be agreed to by the parties.

1.3. Share Reservation. The Company shall at all times require its transfer agent to establish a reserve of shares of its authorized but unissued and unreserved Common Stock in the amount of 1,000,000 shares for purposes of conversion of the Note. The Company shall cause the Transfer Agent to agree that it will not reduce the reserve under any circumstances unless such reduction is pre-approved in writing by the Buyer.

2. Buyer's Investment Representations; Governing Law; Miscellaneous.

2.1 Buyer's Investment Representations.

(a) The Buyer understands that the Securities are not registered under the 1933 Act, on the basis that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to Section 4(a)(2) thereof, and that the Company's reliance on such exemption is predicated on the Buyer's representations set forth herein. The Buyer realizes

that the basis for the exemption may not be present if, notwithstanding such representations, the Buyer has in mind merely acquiring shares of the Securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Buyer does not have any such intention.

(b) In particular, the Buyer is aware that the Securities may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of the applicable Rules are met. The Buyer represents that, in the absence of an effective registration statement covering the Securities, it will sell, transfer, or otherwise dispose of the Securities only in a manner consistent with its representations set forth herein.

(c) The Buyer agrees that in no event will it make a transfer or disposition of any of the Securities (other than pursuant to an effective registration statement under the 1933 Act), unless and until (i) the Buyer shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the disposition, and (ii) if requested by the Company, at the expense of the Buyer or transferee, the Buyer shall have furnished to the Company either (A) an opinion of counsel, reasonably satisfactory to the Company, to the effect that such transfer may be made without registration under the 1933 Act or (B) a "no action" letter from the Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto.

(d) The Buyer represents and warrants to the Company that it is an "accredited investor" within the meaning of Securities and Exchange Commission Rule 501 of Regulation D, as presently in effect and, for the purpose of Section 25102(f) of the California Corporations Code, he or she is excluded from the count of "purchasers" pursuant to Rule 260.102.13 thereunder.

2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of California or in the federal courts located in San Diego, California. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

2.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

2.4 Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

2.5 Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

2.6 Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the Buyer.

2.7 Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of:

2.7.1 the date delivered, if delivered by personal delivery as against written receipt therefor or by e-mail to an executive officer, or by confirmed facsimile,

2.7.2 the fifth Trading Day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or

2.7.3 the third Trading Day after mailing by domestic or international express courier, with delivery costs and fees prepaid, in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) calendar days' advance written notice similarly given to each of the other parties hereto):

If to the Company, to:

Digerati Technologies, Inc.
ATT: Arthur Smith, CEO
8023 Vantage Dr.
Suite 660
San Antonio, TX 78230
Email: a.smith@t3com.net

If to the Buyer:

Lucas Hoppel
Phone: 858-232-5110
Email: Luke@LukeHoppel.com

2.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Buyer, which

consent may be withheld at the sole discretion of the Buyer; *provided, however*, that in the case of a merger, sale of substantially all of the Company's assets or other corporate reorganization, the Buyer shall not unreasonably withhold, condition or delay such consent. This Agreement or any of the severable rights and obligations inuring to the benefit of or to be performed by Buyer hereunder may be assigned by Buyer to a third party, including its financing sources, in whole or in part, without the need to obtain the Company's consent thereto.

2.9 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

2.10 Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the Closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all its officers, directors, employees, attorneys, and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

2.11 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

2.12 Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

2.13 Buyer's Rights and Remedies Cumulative. All rights, remedies, and powers conferred in this Agreement and the Transaction Documents on the Buyer are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power, and remedy that the Buyer may have, whether specifically granted in this Agreement or any other Transaction Document, or existing at law, in equity, or by statute; and any and all such rights and remedies may be exercised from time to time and as often and in such order as the Buyer may deem expedient.

2.14 Ownership Limitation. If at any time after the Closing, the Buyer shall or would receive shares of Common Stock in payment of interest or principal under Note so that the Buyer would, together with other shares of Common Stock held by it or its Affiliates, own or beneficially own by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 4.99% of the number of shares of Common Stock outstanding on such date (the "**Maximum Percentage**"), the Company shall not be obligated and shall not issue to the Buyer shares of Common Stock which would exceed the Maximum Percentage, but only until such time as the Maximum Percentage would no longer be exceeded by any such receipt of shares of Common Stock by the Buyer. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Buyer.

2.15 No Shorting. For so long as Investor holds any securities of Company, neither Investor nor any of its Affiliates will engage in or effect, directly or indirectly, any Short Sale of Common Stock.

2.16 Attorneys' Fees and Cost of Collection. In the event of any action at law or in equity to enforce or interpret the terms of this Agreement or any of the other Transaction Documents, the parties agree that the party who is awarded the most money shall be deemed the prevailing party for all purposes and shall therefore be entitled to an additional award of the full amount of the attorneys' fees and expenses paid by such prevailing party in connection with the litigation and/or dispute without reduction or apportionment based upon the individual claims or defenses giving rise to the fees and expenses. Nothing herein shall restrict or impair a court's power

[Remainder of page intentionally left blank; signature page to follow]

SUBSCRIPTION AMOUNT:

Original Principal Amount of Note:

\$71,500.00

Purchase Price:

\$65,000.00

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

THE COMPANY:

Digerati Technologies, Inc.

By: Arthur L. Smith
Arthur L. Smith (Nov 1, 2022 11:12 CDT)

Mr. Arthur Smith
Chief Executive Officer

THE BUYER:

Lucas Ventures, LLC

By: [Signature]
Mr. Lucas Hoppel
Managing Member

EXHIBIT A

NOTE

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (this “**Agreement**”), dated as of January 13th, 2023, is entered into by and between Digerati Technologies, Inc., a Nevada corporation, (the “**Company**”), and LGH Investments, LLC, an Wyoming limited liability company (the “**Buyer**”).

A. The Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the rules and regulations as promulgated by the United States Securities and Exchange Commission (the “**SEC**”) under the Securities Act of 1933, as amended (the “**1933 Act**”).

B. Upon the terms and conditions stated in this Agreement, the Buyer desires to purchase and the Company desires to issue and sell, upon the terms and conditions set forth in this Agreement (i) a Convertible Promissory Note of the Company, in the form attached hereto as **Exhibit A** (the “**Note**”), in the original principal amount of 110,000.00 (the “**Original Principal Amount**”) (together with any note(s) issued in replacement thereof or as a dividend thereon or otherwise with respect thereto in accordance with the terms thereof, the (“**Note**”) convertible into shares of common stock of the Company (“**Common Stock**”), and (ii) one hundred thirty-eight thousand (138,000) restricted common shares in the Company (“**Inducement Shares**”) to be delivered to Buyer within 7 (seven) calendar days following the Closing Date.

NOW THEREFORE, the Company and the Buyer hereby agree as follows:

1. **Purchase and Sale.** On the Closing Date (as defined below), the Company shall issue and sell to the Buyer and the Buyer agrees to purchase from the Company the (i) Note in the original principal amount of \$110,000.00 and (ii) one hundred thirty-eight thousand Inducement Shares. (collectively the “**Securities**”).

1.1. **Form of Payment.** On the Closing Date, (i) the Buyer shall pay the purchase price of \$100,000 (the “**Purchase Price**”) at the Closing (as defined below) by wire transfer of immediately available funds to a Company account designated by the Company, in accordance with the Company’s written wiring instructions, against delivery of the Securities, and (ii) the Company shall deliver such duly executed Securities on behalf of the Company, to the Buyer, against delivery of such Purchase Price.

1.2. **Closing Date.** The date and time of the issuance and sale of the Securities pursuant to this Agreement (the “**Closing Date**”) shall be on or about January 12th, 2023, or such other mutually agreed upon time. The closing of the transactions contemplated by this Agreement (the “**Closing**”) shall occur on the Closing Date at such location as may be agreed to by the parties.

1.3. **Share Reservation.** The Company shall at all times require its transfer agent to establish a reserve of shares of its authorized but unissued and unreserved Common Stock in the amount of 1,200,000 shares for purposes of conversion of the Note. The Company shall cause the Transfer Agent to agree that it will not reduce the reserve under any circumstances unless such reduction is pre-approved in writing by the Buyer.

2. **Buyer’s Investment Representations; Governing Law; Miscellaneous.**

2.1 **Buyer’s Investment Representations.**

(a) The Buyer understands that the Securities are not registered under the 1933 Act, on the basis that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the 1933 Act pursuant to Section 4(a)(2) thereof, and that the Company’s reliance on such exemption is predicated on the Buyer’s representations set forth herein. The Buyer realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Buyer has in mind merely acquiring shares of the Securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. The Buyer does not have any such intention.

(b) In particular, the Buyer is aware that the Securities may not be sold pursuant to Rule 144 promulgated under the 1933 Act unless all of the conditions of the applicable Rules are met. The Buyer represents that, in the absence of an effective registration statement covering the Securities, it will sell, transfer, or otherwise dispose of the Securities only in a manner consistent with its representations set forth herein.

(c) The Buyer agrees that in no event will it make a transfer or disposition of any of the Securities (other than pursuant to an effective registration statement under the 1933 Act), unless and until (i) the Buyer shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the disposition, and (ii) if requested by the Company, at the expense of the Buyer or transferee, the Buyer shall have furnished to the Company either (A) an opinion of counsel, reasonably satisfactory to the Company, to the effect that such transfer may be made without registration under the 1933 Act or (B) a “no action” letter from the Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto.

(d) The Buyer represents and warrants to the Company that it is an “accredited investor” within the meaning of Securities and Exchange Commission Rule 501 of Regulation D, as presently in effect and, for the purpose of Section 25102(f) of the California Corporations Code, he or she is excluded from the count of “purchasers” pursuant to Rule 260.102.13 thereunder.

2.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action brought by either party against the other concerning the transactions contemplated by this Agreement shall be brought only in the state courts of California or in the federal courts located in San Diego, California. The parties to this Agreement hereby irrevocably waive any objection to jurisdiction and venue of any action instituted hereunder and shall not assert any defense based on lack of jurisdiction or venue or based upon *forum non conveniens*. In the event that any provision of this Agreement or any other agreement delivered in connection herewith is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of any agreement. Each party hereby irrevocably waives personal service of process and consents to process being served in any suit, action or proceeding in connection with this Agreement or any other Transaction Document by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

2.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party.

2.4 Headings. The headings of this Agreement are for convenience of reference only and shall not form part of, or affect the interpretation of, this Agreement.

2.5 Severability. In the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

2.6 Entire Agreement; Amendments. This Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by an instrument in writing signed by the Buyer.

2.7 Notices. Any notice required or permitted hereunder shall be given in writing (unless otherwise specified herein) and shall be deemed effectively given on the earliest of:

2.7.1 the date delivered, if delivered by personal delivery as against written receipt therefor or by e-mail to an executive officer, or by confirmed facsimile,

2.7.2 the fifth Trading Day after deposit, postage prepaid, in the United States Postal Service by registered or certified mail, or

2.7.3 the third Trading Day after mailing by domestic or international express courier, with delivery costs and fees prepaid, in each case, addressed to each of the other parties thereunto entitled at the following addresses (or at such other addresses as such party may designate by ten (10) calendar days' advance written notice similarly given to each of the other parties hereto):

If to the Company, to:

Digerati Technologies, Inc.
ATT: Arthur Smith, CEO
8023 Vantage Dr.
Suite 660
San Antonio, TX 78230
Email: a.smith@t3com.net

If to the Buyer:

Lucas Hoppel
Phone: 858-232-5110
Email: Luke@LukeHoppel.com

2.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Notwithstanding anything to the contrary herein, the rights, interests or obligations of the Company hereunder may not be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of the Buyer, which consent may be withheld at the sole discretion of the Buyer; *provided, however*, that in the case of a merger, sale of substantially all of the Company's assets or other corporate reorganization, the Buyer shall not unreasonably withhold, condition or delay such consent. This Agreement or any of the severable rights and obligations inuring to the benefit of or to be performed by Buyer hereunder may be assigned by Buyer to a third party, including its financing sources, in whole or in part, without the need to obtain the Company's consent thereto.

2.9 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

2.10 Survival. The representations and warranties of the Company and the agreements and covenants set forth in this Agreement shall survive the Closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of the Buyer. The Company agrees to indemnify and hold harmless the Buyer and all its officers, directors, employees, attorneys, and agents for loss or damage arising as a result of or related to any breach or alleged breach by the Company of any of its representations, warranties and covenants set forth in this Agreement or any of its covenants and obligations under this Agreement, including advancement of expenses as they are incurred.

2.11 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

2.12 Remedies. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyer by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Agreement will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Agreement, that the Buyer shall be entitled, in addition to all other available remedies at law or in equity, and in addition to the penalties assessable herein, to an injunction or injunctions restraining, preventing or curing any breach of this Agreement and to enforce specifically the terms and provisions hereof, without the necessity of showing economic loss and without any bond or other security being required.

2.13 Buyer's Rights and Remedies Cumulative. All rights, remedies, and powers conferred in this Agreement and the Transaction Documents on the Buyer are cumulative and not exclusive of any other rights or remedies, and shall be in addition to every other right, power, and remedy that the Buyer may have, whether specifically granted in this Agreement or any other Transaction Document, or existing at law, in equity, or by statute; and any and all such rights and remedies may be exercised from time to time and as often and in such order as the Buyer may deem expedient.

2.14 Ownership Limitation. If at any time after the Closing, the Buyer shall or would receive shares of Common Stock in payment of interest or principal under Note so that the Buyer would, together with other shares of Common Stock held by it or its Affiliates, own or beneficially own by virtue of such action or receipt of additional shares of Common Stock a number of shares exceeding 4.99% of the number of shares of Common Stock outstanding on such date (the "**Maximum Percentage**"), the Company shall not be obligated and shall not issue to the Buyer shares of Common Stock which would exceed the Maximum Percentage, but only until such time as the Maximum Percentage would no longer be exceeded by any such receipt of shares of Common Stock by the Buyer. The foregoing limitations are enforceable, unconditional and non-waivable and shall apply to all Affiliates and assigns of the Buyer.

2.15 No Shorting. For so long as Investor holds any securities of Company, neither Investor nor any of its Affiliates will engage in or effect, directly or indirectly, any Short Sale of Common Stock.

2.16 Attorneys' Fees and Cost of Collection. In the event of any action at law or in equity to enforce or interpret the terms of this Agreement or any of the other Transaction Documents, the parties agree that the party who is awarded the most money shall be deemed the prevailing party for all purposes and shall therefore be entitled to an additional award of the full amount of the attorneys' fees and expenses paid by such prevailing party in connection with the litigation and/or dispute without reduction or apportionment based upon the individual claims or defenses giving rise to the fees and expenses. Nothing herein shall restrict or impair a court's power

[Remainder of page intentionally left blank; signature page to follow]

SUBSCRIPTION AMOUNT:

Original Principal Amount of Note:	\$110,000.00
Purchase Price:	\$100,000.00

IN WITNESS WHEREOF, the undersigned Buyer and the Company have caused this Agreement to be duly executed as of the date first above written.

THE COMPANY:

Digerati Technologies, Inc.

By: /s/ Arthur Smith
Mr. Arthur Smith
Chief Executive Officer

THE BUYER:

LGH Investments, LLC

By: _____
Mr. Lucas Hoppel
Managing Member

EXHIBIT A

NOTE

AMENDMENT TO FORBEARANCE AGREEMENT

This Amendment to Forbearance Agreement (this "Agreement") is entered into as of January 3, 2023 (the "Effective Date"), is made by and among T3 COMMUNICATIONS, INC., a Nevada corporation ("T3") and JEFFERY POSNER ("Holder") (each a "Party" and collectively the "Parties").

RECITALS

WHEREAS, the Parties entered into that certain Equity Purchase Agreement dated February 4, 2022 (the "Purchase Agreement"), pursuant to which Holder agreed to sell to T3 and T3 agreed to purchase Holder's interest in Next Level Internet, Inc., a California corporation;

WHEREAS, in connection with the Purchase Agreement, T3 executed that certain Unsecured Adjustable Promissory Note dated February 4, 2022, in favor of Holder in the original principal amount of \$200,000 (the "Note");

WHEREAS, under the terms of the Note, a payment of principal in the amount of \$25,000 is due and payable on September 4, 2022 (the "Deferred Payment") and, if such payment is not made on such date Holder would have the right, pursuant to the Note and applicable law, to exercise any and all rights and remedies available to it, including without limitation, the right to accelerate all amounts under the Note such that the remaining unpaid balance thereof and all accrued and unpaid interest and late fees thereon would be immediately due and payable; and

WHEREAS, T3 has requested and Holder has agreed that Holder will forbear for a limited period of time in the exercise and enforcement of such rights, powers and remedies otherwise available to Holder with respect to T3 in connection with the failure to pay the Deferred Payment pursuant to the terms of this Agreement; and

WHEREAS, the Parties entered into the Forbearance Agreement (the "Forbearance Agreement") effective as of September 2, 2022; and

WHEREAS, T3 has requested that Holder continue to forbear from exercising their rights and remedies under the Note and agree to extend the Forbearance Period (as defined in the Forbearance Agreement), as set forth in this Agreement.

AGREEMENTS

NOW THEREFORE, in consideration of the foregoing and the mutual agreements and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Specific Amendment to Forbearance Agreement. Subject to the conditions set forth in this Agreement, the Forbearance Agreement is hereby amended as follows:

(a) Section 2 of the Forbearance Agreement is amended to read as follows:

"T3 agrees to pay the Deferred Payment, together with interest at the rate of 18% per annum (based upon the number of days elapsed between the date the Deferred Payment is scheduled for payment under the Note and the date the Deferred Payment is actually paid and a year of 360 days) and an extension fee of \$750 on or before February 28, 2023 (the period from the Effective Date through February 28, 2023, being the "Forbearance Period")."

2. Binding Agreement. This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties hereto.

3. Severability. The invalidity, illegality or unenforceability of any provision in or obligation under this Agreement shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations hereunder.

4. Effect of this Amendment. Except as expressly set forth herein, no other changes or modifications to the Note or Forbearance Agreement are intended or implied, and in all other respects the Note and Forbearance are hereby specifically ratified and confirmed by all parties hereto as of the date hereof. This Agreement and any instruments or documents delivered or to be delivered in connection herewith, represent the entire agreement and understanding concerning the subject matter hereof and thereof between the parties hereto, and supersede all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written. The Note, the Forbearance Agreement and this Agreement shall be read and construed as one agreement.

5. References. All references in the Forbearance Agreement to “this Forbearance Agreement” or “the Forbearance Agreement” shall be deemed to refer to the Forbearance Agreement as amended by this Agreement.

6. Counterparts; Headings; Recitals. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which when taken together shall together constitute one and the same instrument. A signature hereto sent or delivered by PDF, facsimile or other electronic transmission shall be as legally effective and binding as a signed original for all purposes. The titles and headings in this Agreement have no substantive meaning and are solely for the convenience of the parties. The Recitals hereto are hereby incorporated into this Agreement by this reference thereto.

7. Further Assurances. The parties hereto shall execute and deliver such additional documents and take such additional action as may be reasonably necessary or desirable to effectuate the provisions and purposes of this Agreement.

8. Governing Law. This Agreement and all claims or causes of action arising hereunder shall be governed by and construed in accordance with the laws of the State of New York, excluding its conflicts of laws provisions, and in the event of a dispute arising under this Agreement, the Parties hereby submit to exclusive jurisdiction in the federal or state courts located in the Borough of Manhattan, New York, and agree that venue is proper and convenient in such forum.

9. WAIVER OF JURY TRIAL. T3 AND HOLDER HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE PROMISSORY NOTE, OR ANY DOCUMENTS EXECUTED IN CONNECTION THEREWITH. T3 AND HOLDER WARRANT AND REPRESENT THAT THEY HAVE REVIEWED THE FOREGOING WAIVER WITH THEIR RESPECTIVE LEGAL COUNSELS AND HAVE KNOWINGLY AND VOLUNTARILY WAIVED THEIR RESPECTIVE RIGHT TO A JURY TRIAL FOLLOWING SUCH CONSULTATION. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[Signature Pages Follow]

IN WITNESS WHEREOF, duly authorized officers of each of the undersigned have executed this Amendment to Forbearance Agreement as of the date first written above.

COMPANY:

T3 COMMUNICATIONS, INC., a Nevada corporation,
as the Company

By: /s/ Arthur L. Smith

Name: Arthur L. Smith

Title: CEO

JEFFERY POSNER:

/s/ Jeff Posner

Signature Pages to Amendment to Forbearance Agreement

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this “**Agreement**”), effective as of September 2, 2022 (the “**Effective Date**”), is made by and among **T3 COMMUNICATIONS, INC.**, a Nevada corporation (“**T3**”) and **THE JERRY AND LISA MORRIS REVOCABLE TRUST DATED NOVEMBER 18, 2002** (“**Holder**”) (each a “**Party**” and collectively the “**Parties**”).

RECITALS

WHEREAS, the Parties entered into that certain Equity Purchase Agreement dated February 4, 2022 (the “**Purchase Agreement**”), pursuant to which Holder agreed to sell to T3 and T3 agree to purchase Holder’s interest in Next Level Internet, Inc., a California corporation;

WHEREAS, in connection with the Purchase Agreement, T3 executed that certain Unsecured Adjustable Promissory Note dated February 4, 2022, in favor of Holder in the original principal amount of \$1,800,000 (the “**Note**”);

WHEREAS, under the terms of the Note, a payment of principal in the amount of \$225,000 is due and payable on September 4, 2022 (the “**Deferred Payment**”) and, if such payment is not made on such date Holder would have the right, pursuant to the Note and applicable law, to exercise any and all rights and remedies available to it, including without limitation, the right to accelerate all amounts under the Note such that the remaining unpaid balance thereof and all accrued and unpaid interest and late fees thereon would be immediately due and payable; and

WHEREAS, T3 has requested and Holder has agreed that Holder will forbear for a limited period of time in the exercise and enforcement of such rights, powers and remedies otherwise available to Holder with respect to T3 in connection with the failure to pay the Deferred Payment pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the agreements, promises and covenants set forth below, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Acknowledgements. T3 hereby acknowledges and agrees that:

(a) The obligations of T3 under the Note are legal, valid and binding obligations enforceable by Holder against T3 in accordance with the terms of the Note; and

(b) The failure of T3 to make the Deferred Payment on the date required is an Event of Default as defined in the Note.

2. Agreement. T3 agrees to pay the Deferred Payment, together with interest at the rate of 18% per annum (based upon the number of days elapsed between the date the Deferred Payment is scheduled for payment under the Note and the date the Deferred Payment is actually paid and a year of 360 days), on or before January 3, 2023 (the period from the Effective Date through January 3, 2023, being the “**Forbearance Period**”).

3. Limited Forbearance. Holder hereby agrees to forbear from exercising and enforcing its rights, powers and remedies afforded under the Note or at law, in equity or by statute, with respect to Event of Default occurring as a result of the failure to pay the Deferred Payment on the date due; provided, however, that Holder shall be immediately entitled to exercise and enforce its rights, powers and remedies afforded under the Note or at law, in equity or by statute with respect to such Event of Default if the Deferred Payment is not made, together with interest thereon in accordance with this Agreement, on the expiration of the Forbearance Period.

4. Representations and Warranties.

(a) The execution and delivery of this Agreement and the performance by T3 of its obligations hereunder are within his power and authority, have been duly authorized by all necessary entity action and do not and will not contravene or conflict with the formation documents of T3;

(b) The execution, delivery and performance of this Agreement by T3 does not and will not violate any law, governmental regulation, judgment, order or decree applicable to T3, and does not and will not violate the provisions of, or constitute a default or any event of default under, or result in the creation of any security interest or lien upon any property of T3 pursuant to any indenture, mortgage, instrument, contract, agreement or other undertaking to which T3 is a party or is subject or by which T3 or any or all of its real or personal property may be bound;

(c) Upon the execution of this Agreement, T3 hereby reaffirms all covenants, representations and warranties made in the Note by T3, except to the extent expressly modified hereby, and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the execution of this Agreement.

5. Releases. In the event T3 breaches, or defaults in the performance of, its obligations under this Agreement, all fees, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Holder in connection with the enforcement of this Agreement and the Note or any documents executed in connection therewith, and Holder's rights hereunder and thereunder, shall be payable by T3 upon demand.

6. Amendments. No amendment or modification of any provision of this Agreement shall be effective without the written agreement of Holder and T3, and no termination or waiver or any provision of this Agreement, or consent to any departure by T3 therefrom, shall in any event be effective without the written concurrence of Holder. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

7. Waiver. Holder's failure, at any time or times hereafter, to require strict performance by T3 of any provision or term of this Agreement or the Promissory Note shall not waive, affect or diminish any right of Holder thereafter or demand strict compliance and performance therewith.

8. Governing Law. This Agreement and all claims or causes of action arising hereunder shall be governed by and construed in accordance with the laws of the State of New York, excluding its conflicts of laws provisions, and in the event of a dispute arising under this Agreement, the Parties hereby submit to exclusive jurisdiction in the federal or state courts located in the Borough of Manhattan, New York, and agree that venue is proper and convenient in such forum.

9. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns, and no other person shall have any right, benefit or interest under or because of the existence of this Agreement.

10. Waiver of Jury Trial. T3 AND HOLDER HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE PROMISSORY NOTE, OR ANY DOCUMENTS EXECUTED IN CONNECTION THEREWITH. T3 AND HOLDER WARRANT AND REPRESENT THAT THEY HAVE REVIEWED THE FOREGOING WAIVER WITH THEIR RESPECTIVE LEGAL COUNSELS AND HAVE KNOWINGLY AND VOLUNTARILY WAIVED THEIR RESPECTIVE RIGHT TO A JURY TRIAL FOLLOWING SUCH CONSULTATION. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. Notices. Except as otherwise provided herein, all notices, requests and demands to or upon a Party shall be in writing and shall be sent to the addresses and by the means specified in the Note.

12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. Integration. This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior oral or written negotiations, agreements and understandings of the parties with respect to the subject matter hereof, except the agreements embodied in the Promissory Note and any other documents executed in connection herewith.

[Remainder of Page Left Blank; Signatures follow]

IN WITNESS WHEREOF, the Parties have executed this Forbearance Agreement as of the date first above written by their undersigned duly authorized representatives.

T3 COMMUNICATIONS, INC.,
a Nevada Corporation

By: /s/ Arthur L. Smith
Printed Name: Arthur L. Smith
Title: President and Chief Executive Officer

THE JERRY AND LISA MORRIS REVOCABLE TRUST
DATED NOVEMBER 18, 2002

By: /s/ Jerry Morris
Printed: Jerry Morris
Title: Trustee

[Signature Page to Forbearance Agreement]

**POST-CLOSING AMENDMENT NO.2
TO ASSET PURCHASE AGREEMENT**

This POST-CLOSING AMENDMENT NO.2 TO ASSET PURCHASE AGREEMENT, dated as of December 5, 2022 (the "**Amendment**"), amends that certain Asset Purchase Agreement dated as of December 31, 2021 (the "**Asset Purchase Agreement**") by and among SKYNET TELECOM, LLC, a Texas limited liability company (hereinafter "Seller"); SHIFT8 NETWORKS, INC., a Texas corporation, or its assigns ("Buyer"); DIGERATI TECHNOLOGIES, INC., a Nevada corporation and controlling parent of Buyer; and PAUL GOLIBART and JERRY OU, each an individual resident in the State of Texas (each, an "Owner" and collectively, the "Owners"). The Estate of Paul Golibart has succeeded to all rights of Paul Golibart as an Owner under the Asset Purchase Agreement as a matter of law as a result of his death on June 3, 2022.

WHEREAS, the parties desire to amend such Asset Purchase Agreement in particular Sections 3.01 (c) and 3.03 (a); and

WHEREAS, the parties have agreed to the following:

1. The payment due for \$100,000.00 for the quarter ending October 31, 2022, and due on December 15, 2022, shall be extended until that certain closing of Digerati Technologies, Inc. with Minority Equality Opportunities Acquisition (MEOA) slated to close during the first quarter of calendar year 2023. In addition, a 1% origination fee plus 10% interest shall apply to such payment. All other payments going forward will not be affected and shall remain the same.
2. The Parties agree to remove the contingency associated with the remaining payments under the Asset Purchase Agreement. There will be no adjustments based on Skynet's revenue for all remaining payments.

All other Terms shall remain the same.

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IN WITNESS WHEREOF, the Amendment has been duly executed and delivered as of the date first above written.

BUYER:

SHIFT8 NETWORKS, INC.,
A Texas corporation

By: _____
Printed Name: Arthur L. Smith
Title: CEO

PARENT:

DIGERATI TECHNOLOGIES, INC.,
A Nevada corporation

By: _____
Printed Name: Arthur L. Smith
Title: CEO

SELLER:

SKYNET TELECOM, LLC,
A Texas limited liability company

By: _____
Printed Name: _____
Title: _____

OWNERS:

JERRY OU



ESTATE OF PAUL GOLIBART

By: _____
Printed Name: _____
Title: _____

IN WITNESS WHEREOF, the Amendment has been duly executed and delivered as of the date first above written.

BUYER:

SHIFT8 NETWORKS, INC.,
A Texas corporation

By: Arthur L. Smith
Printed Name: Arthur L. Smith
Title: CEO

PARENT:

DIGERATI TECHNOLOGIES, INC.,
A Nevada corporation

By: Arthur L. Smith
Printed Name: Arthur L. Smith
Title: CEO

SELLER:

SKYNET TELECOM, LLC,
A Texas limited liability company

By: _____
Printed Name: _____
Title: _____

OWNERS:

JERRY OU

ESTATE OF PAUL GOLIBART

By: Gayle Havel Blum
Printed Name: Gayle Havel Blum
Title: Executor

**POST-CLOSING AMENDMENT NO. 3
TO ASSET PURCHASE AGREEMENT**

This POST-CLOSING AMENDMENT NO. 3 TO ASSET PURCHASE AGREEMENT, dated as of March 9, 2023 (the "***Amendment***"), amends that certain Asset Purchase Agreement dated as of December 31, 2021 (the "***Asset Purchase Agreement***") by and among SKYNET TELECOM, LLC, a Texas limited liability company (hereinafter "Seller"); SHIFT8 NETWORKS, INC., a Texas corporation, or its assigns ("Buyer"); DIGERATI TECHNOLOGIES, INC., a Nevada corporation and controlling parent of Buyer; and PAUL GOLIBART and JERRY OU, each an individual resident in the State of Texas (each, an "Owner" and collectively, the "Owners"). The Estate of Paul Golibart has succeeded to all rights of Paul Golibart as an Owner under the Asset Purchase Agreement as a matter of law as a result of his death on June 6, 2022.

WHEREAS, the parties have agreed to the following:

1. The payment due for \$100,000.00 for the quarter ending October 31, 2022, and due on December 15, 2022, shall be extended until that certain closing of Digerati Technologies, Inc. with Minority Equality Opportunities Acquisition (MEOA) slated to close during the second quarter of calendar year 2023. In addition, a 1% origination fee plus 10% interest shall apply to such payment.
3. The payment due for \$100,000.00 for the quarter ending December 31, 2022, and due on March 15, 2023, shall be extended until that certain closing of Digerati Technologies, Inc. with Minority Equality Opportunities Acquisition (MEOA) slated to close during the second quarter of calendar year 2023. In addition, a 1% origination fee plus 10% interest shall apply to such payment.
4. The payment mentioned in Section 3.01(d) - the Holdback Amount for \$100,000.00 shall be extended until that certain closing of Digerati Technologies, Inc. with Minority Equality Opportunities Acquisition (MEOA) slated to close during the second quarter of calendar year 2023.

All other Terms shall remain the same.

[Balance of Page Intentionally Blank. Signature Page Follows]

IN WITNESS WHEREOF, the Amendment has been duly executed and delivered as of the date first above written.

BUYER:

SHIFT8 NETWORKS, INC.,
A Texas corporation

By: Arthur L. Smith
Printed Name: Arthur L. Smith
Title: CEO

PARENT:

DIGERATI TECHNOLOGIES, INC.,
A Nevada corporation

By: Arthur L. Smith
Printed Name: Arthur L. Smith
Title: CEO

SELLER:

SKYNET TELECOM, LLC,
A Texas limited liability company

By: [Signature]
Printed Name: Jerry Ou
Title: Authorized Signatory

OWNERS:

JERRY OU

[Signature]
ESTATE OF PAUL GOLIBART

By: _____
Printed Name: _____
Title: _____

IN WITNESS WHEREOF, the Amendment has been duly executed and delivered as of the date first above written.

BUYER:

SHIFT8 NETWORKS, INC.,
A Texas corporation

By: _____
Printed Name: Arthur L. Smith
Title: CEO

PARENT:

DIGERATI TECHNOLOGIES, INC.,
A Nevada corporation

By: _____
Printed Name: Arthur L. Smith
Title: CEO

SELLER:

SKYNET TELECOM, LLC,
A Texas limited liability company

By: _____
Printed Name: _____
Title: _____

OWNERS:

JERRY OU

ESTATE OF PAUL GOLIBART

By: Gayle Havel Blum
Printed Name: Gayle Havel Blum
Title: Trustee

FIFTH AMENDMENT TO CREDIT AGREEMENT

This Fifth Amendment to Credit Agreement (this “Amendment”), dated as of March 13, 2023, with an effective date of February 28, 2023, is by and among **T3 COMMUNICATIONS, INC.**, a Nevada corporation (the “Company”), **T3 COMMUNICATIONS, INC.**, a Florida corporation (“T3FL”), **SHIFT8 NETWORKS, INC.**, a Texas Corporation (“Shift8”), **NEXOXY, INC.**, a Florida corporation, **NEXT LEVEL INTERNET, INC.**, a California corporation (“Next Level”); Next Level, Nexogy, T3FL and Shift8 are each referred to herein individually as a “Guarantor” and collectively as the “Guarantors”; the Company and the Guarantors are each referred to herein individually as a “Loan Party” and collectively as the “Loan Parties”), the Lenders party hereto, and **POST ROAD ADMINISTRATIVE LLC**, a Delaware limited liability company, as administrative agent for the Lenders (together with its successors and assigns in such capacity, the “Administrative Agent”).

RECITALS

WHEREAS, the Loan Parties, the Lenders and the Administrative Agent are parties to that certain Credit Agreement dated as of November 17, 2020 (as amended hereby, by that certain First Amendment to Credit Agreement dated as of December 20, 2021, that certain Joinder and Second Amendment to Credit Agreement dated as of February 4, 2022, that certain Forbearance Agreement and Third Amendment to Credit Agreement dated as of June 13, 2022 (as amended by that certain Amendment to Forbearance Agreement dated as of October 17, 2022, with an effective date as of August 8, 2022, by that certain Second Amendment to Forbearance Agreement dated as of December 15, 2022, with an effective date of November 15, 2022, and as may otherwise be amended, restated, supplemented or otherwise modified from time to time), that certain Consent, Limited Waiver and Fourth Amendment to Credit Agreement and Amendment to Notes dated as of February 3, 2023, with an effective date of December 23, 2022 (the “Fourth Amendment”), and as may otherwise be amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”);

WHEREAS, capitalized terms used herein but not otherwise defined shall have the respective meanings attributed to them in the certain Credit Agreement;

WHEREAS, pursuant to the Credit Agreement, the Lenders have extended to the Company (i) the \$22,168,515.30 Term Loan A, (ii) the \$6,000,000 Delayed Draw Loan and (iii) the \$10,000,000 Term Loan C;

WHEREAS, as of the date hereof, the outstanding principal balance of the Term Loan A is \$23,287,658.33, and the outstanding principal balance of the Term Loan C is \$ 10,852,655.24;

WHEREAS, Digerati Technologies, Inc. (“Parent”) entered into that certain Business Combination Agreement dated as of August 30, 2022 (as amended, supplemented or otherwise modified from time to time in accordance with its terms, the “BCA”), by and among Parent, Minority Equality Opportunities Acquisition Inc., a Delaware corporation (“MEOA”), and MEOA Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of MEOA (“MEOA Merger Sub”), without the Administrative Agent’s prior written consent;

WHEREAS, pursuant to BCA, it is anticipated that, among other things, MEOA Merger Sub will merge with and into Parent, with Parent as the surviving corporation in the merger and, after giving effect to such merger, whereupon Parent will become a wholly-owned Subsidiary of MEOA (the “MEOA Merger”) on the terms and subject to the conditions set forth in the BCA;

WHEREAS, the Administrative Agent has consented to the MEOA Merger, subject to the express terms and conditions set forth in the Fourth Amendment, including, without limitation, the MEOA Merger Consent Condition (as defined in the Fourth Amendment);

WHEREAS, the Loan Parties have requested that the Administrative Agent and the Lenders enter into this Amendment for the limited purpose of restating the definition of “MEOA Outside Closing Date,” specifically to replace the “February 28, 2023” date therein with “April 28, 2023,” and without amending, supplementing or otherwise modifying any other terms, or any of the conditions, set forth in the Credit Agreement; and

WHEREAS, the Administrative Agent and the Lenders are willing to amend the Credit Agreement to the limited extent described above, subject to the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto (intending to be legally bound) hereby agree as follows:

1. Amendment to Credit Agreement. Subject to the terms and conditions contained herein, the Loan Parties, the Administrative Agent and the Lenders hereby amend the Credit Agreement as follows: Section 1.1 (Definitions) is hereby amended by restating the “MEOA Outside Closing Date” defined term in its entirety to read as follows:

MEOA Merger Outside Closing Date means April 28, 2023, or such later date as agreed to in writing by the Administrative Agent in its sole discretion.

2. Conditions Precedent. This Amendment shall become effective, and the amendment described in Section 1 above, shall commence upon receipt by Administrative Agent of evidence of satisfaction of each and every of the following items and conditions, as determined by Administrative Agent in its sole and absolute discretion:

(a) duly executed counterparts of this Amendment signed by each of the parties hereto;

(b) evidence satisfactory to the Administrative Agent that no Event of Default other than the Specified Defaults (as defined in the Fourth Amendment) shall exist immediately before or after the consummation of the transactions contemplated by this Amendment, or in either case, be caused thereby;

(c) the amount of the costs, fees, disbursements and expenses of Administrative Agent in connection with the preparation, execution and delivery of this Amendment and the other agreements, modifications, instruments and documents contemplated hereby pursuant to Section 7 hereof and otherwise due and owing pursuant to the Credit Agreement; and

(d) such other documents, certificates, schedules, exhibits, instruments and agreements as Administrative Agent shall reasonably request.

3. Reserved.

4. Representations, Warranties and Covenant of the Loan Parties. Each Loan Party hereby jointly and severally represents and warrants to Administrative Agent and Lender, which representations and warranties shall survive the execution and delivery hereof, that on and as of the date hereof and after giving effect to this Amendment:

(a) each Loan Party has the corporate or limited liability company, as applicable, power and authority to execute and deliver this Amendment and the Transaction Documents to which it is a party (and perform its respective obligations hereunder and thereunder). This Amendment and the Transaction Documents to which such Loan Party is a party have been duly authorized by such Loan Party. This Amendment, the Transaction Documents to which such Loan Party is a party, the Credit Agreement and the Notes (as amended by this Amendment) each constitute the legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar law affecting creditor’s rights generally and general principles of equity;

(b) each Loan Party's representations and warranties set forth in the Credit Agreement, the Notes and in the other Loan Documents are true, correct and complete in all material respects (or, if any such representation or warranty is by its terms qualified by concepts of materiality, such representation or warranty is true and correct in all respects) on and as of the date hereof except to the extent that such representations and warranties expressly related solely to an earlier date, in which case such representations were true, correct and complete in all material respects (or, if any such representation or warranty is by its terms qualified by concepts of materiality, such representation or warranty is true and correct in all respects) on and as of such earlier date;

(c) all Obligations now due or payable by any Loan Party to Lenders or Administrative Agent are unconditionally owing by such Loan Party to Lenders and Administrative Agent, without offset, defense or counterclaim of any kind, nature or description whatsoever; and

(d) No Default or Event of Default shall have occurred and be continuing other than the Specified Defaults (as defined in the Fourth Amendment), and no "Default" or "Event of Default" shall have occurred and be continuing under the Loan Documents, as of the date hereof or shall occur immediately after giving effect to this Amendment.

Each Loan Party acknowledges that Administrative Agent and Lenders are specifically relying upon the representations, warranties and agreements contained in this Amendment and that such representations, warranties and agreements constitute a material inducement to Administrative Agent and Lenders in entering into this Amendment.

5. Release by Loan Parties. In further consideration of the execution of this Amendment by Administrative Agent and Lenders, each Loan Party (on behalf of itself and its shareholders, directors, members, managers, partners, officers, affiliates, successors and assigns) hereby unconditionally, absolutely and irrevocably forever remises, releases, acquits, satisfies and forever discharges Administrative Agent and Lender and their respective successors, assigns, affiliates, parent entities, officers, employees, directors, shareholders, agents and attorneys (collectively, the "Releases") from any and all claims, demands, liabilities, disputes, damages, suits, controversies, penalties, fees, costs, expenses, actions and causes of action (whether at law or in equity) and obligations of every nature whatsoever, whether liquidated or unliquidated, known or unknown, matured or unmatured, fixed or contingent (all of the foregoing, "Claims"), that such Loan Party (or any of its respective shareholders, directors, members, managers, partners, officers, affiliates, successors or assigns) occurring on or before the date hereof, from any or all of the Releases, which arise from or relate to any actions, omissions, conditions, events, or any other circumstances whatsoever on or prior to the date hereof, including, without limitation, with respect to the Obligations, any Collateral, the Credit Agreement, the transactions relating thereto or hereto, and any other Loan Document, other than for the gross negligence or willful misconduct of Administrative Agent as finally determined in a non-appealable order of a court of competent jurisdiction.

6. Reference to Credit Agreement; No Waiver; Reservation of Rights.

(a) References. Upon the effectiveness of this Amendment, (i) each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import shall mean and be a reference to the Credit Agreement, as amended hereby, and (ii) each reference in each of the Notes to "this Note," "hereunder," "hereof," "herein," or words of like import shall mean and be a reference to the respective Note, as amended hereby. The term "Loan Documents" as defined in Section 1.1 of the Credit Agreement shall include (in addition to the Loan Documents described in the Credit Agreement) this Amendment and the other Transaction Documents.

(b) No Waiver. The failure of Administrative Agent (or, as applicable, Lenders), at any time or times hereafter, to require strict performance by Loan Parties of any provision or term of the Credit Agreement, this Amendment or the other Loan Documents shall not waive, affect or diminish any right of Administrative Agent (or, as applicable, Lenders) hereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver by Administrative Agent or Lenders of a breach of this Amendment or any Event of Default under the Credit Agreement shall not, except as expressly set forth herein or in any other writing signed by Administrative Agent, suspend, waive or affect any other breach of this Amendment or any Event of Default under the Credit Agreement, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. None of the undertakings, agreements, warranties, covenants and representations of the Loan Parties contained in this Amendment, shall be deemed to have been suspended or waived by Administrative Agent or Lenders unless such suspension or waiver is (i) in writing and signed by Administrative Agent and (ii) delivered to the Loan Parties. In no event shall Administrative Agent's and Lenders' execution and delivery of this Amendment establish a course of dealing among Administrative Agent, Lenders, Loan Parties or any other obligor, or in any other way obligate Administrative Agent or Lenders to hereafter provide any amendments or waivers with respect to the Credit Agreement. The terms and provisions of this Amendment shall be limited precisely as written and shall not be deemed (x) to be a consent to any amendment or modification of any other term or condition of the Credit Agreement, the Notes or of any of the Loan Documents, including, without limitation, the Fourth Amendment (except as expressly provided herein); or (y) to prejudice any right or remedy which Administrative Agent or any Lender may now have under or in connection with the Credit Agreement, the Notes or any of the Loan Documents. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Administrative Agent or any Lender under the Credit Agreement, the Notes or any of the Loan Documents, or any Default or Event of Default under the Credit Agreement. It is the intention of the parties hereto that the execution and delivery of this Amendment does not effectuate a novation of the liabilities and obligations of the Loan Parties to Administrative Agent or Lenders with respect to the Loans, but merely serves as a modification of certain terms thereof.

(c) Reservation of Rights. Nothing in this Amendment shall amend, supplement or otherwise modify, or shall be construed to amend, supplement or otherwise modify, the terms and conditions set forth in the Credit Agreement or any of the other Loan Documents, including, without limitation, the Fourth Amendment, except as expressly set forth in Section 1 above. Administrative Agent and the Lenders specifically reserve all of their rights, powers and remedies available under and pursuant to the Credit Agreement and each of the other Loan Documents, at law and in equity. Additional events may have occurred that would constitute further Events of Default or defaults. Administrative Agent and the Lenders hereby reserve the right to declare any such events as defaults or Events of Default, as applicable, at any time in the future. Any failure to specify such events in this Amendment shall in no way constitute a waiver of any default or Event of Default resulting from such events.

(d) Full Force and Effect. The Credit Agreement, the Notes and all of the other Loan Documents, in each case as amended hereby, shall remain in full force and effect and are hereby ratified and confirmed.

(e) Reaffirmation of Security Interest. Each Loan Party hereby ratifies and reaffirms any and all grants of Liens to Administrative Agent in, to and on the Collateral as security for the Obligations, and the Company acknowledges and confirms that the grants of the Liens to Administrative Agent for the benefit of itself and Lenders in, to and on the Collateral: (i) represent continuing Liens on all of the Collateral, (ii) secure the indefeasible payment in full in cash all of the Obligations when due or declared due in accordance with the terms of the Credit Agreement, and (iii) represent valid and first priority perfected Liens on all of the Collateral (subject only to Permitted Liens).

7. Miscellaneous. Titles and headings herein are solely for the convenience of the parties and are without substantive legal meaning. This Amendment may only be amended or modified by a writing signed by Administrative Agent, Required Lenders and the Loan Parties. Neither this Amendment nor any uncertainty or ambiguity herein shall be construed or resolved against Administrative Agent or Lenders, whether under any rule of construction or otherwise.

8. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, the Loan Parties may not assign any of its rights or obligations under this Amendment without the prior written consent of Administrative Agent.

9. Severability. Wherever possible, each provision of this Amendment shall be interpreted in such a manner so as to be effective and valid under applicable law, but if any provision of this Amendment is held to be prohibited by or invalid under applicable law, such provision or provisions shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Amendment.

10. Counterparts. This Amendment may be executed in one or more counterparts, each of which taken together shall constitute one and the same instrument, admissible into evidence.

11. Facsimile. A signature hereto sent or delivered by facsimile or other electronic means shall be as legally binding and enforceable as a signed original for all purposes.

12. Governing Law. This Amendment and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

13. Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AMENDMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF NEW YORK COUNTY, THE STATE OF NEW YORK, OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; OR, IF THE ADMINISTRATIVE AGENT INITIATES SUCH ACTION, IN ADDITION TO THE FOREGOING COURTS, ANY COURT IN WHICH THE ADMINISTRATIVE AGENT SHALL INITIATE OR TO WHICH THE ADMINISTRATIVE AGENT SHALL REMOVE SUCH ACTION, TO THE EXTENT SUCH COURT OTHERWISE HAS JURISDICTION. EACH LOAN PARTY HEREBY EXPRESSLY AND IRREVOCABLY CONSENTS AND SUBMITS IN ADVANCE TO THE JURISDICTION OF SUCH COURTS IN ANY ACTION OR PROCEEDING COMMENCED IN OR REMOVED BY THE ADMINISTRATIVE AGENT TO ANY OF SUCH COURTS, HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS AND COMPLAINT, OR OTHER PROCESS OR PAPERS ISSUED THEREIN, AND HEREBY AGREES THAT SERVICE OF SUCH SUMMONS AND COMPLAINT OR OTHER PROCESS OR PAPERS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH LOAN PARTY AT THE ADDRESS SET FORTH IN SECTION 15.3 OF THE CREDIT AGREEMENT. EACH LOAN PARTY WAIVES ANY CLAIM THAT ANY COURT HAVING SITUS IN NEW YORK COUNTY, NEW YORK, IS AN INCONVENIENT FORUM OR AN IMPROPER FORUM BASED ON LACK OF VENUE. SHOULD ANY LOAN PARTY, AFTER BEING SO SERVED, FAIL TO APPEAR OR ANSWER ANY SUMMONS, COMPLAINT, PROCESS OR PAPERS SO SERVED WITHIN THE PERIOD OF TIME PRESCRIBED BY LAW AFTER THE MAILING THEREOF, SUCH LOAN PARTY SHALL BE DEEMED IN DEFAULT AND AN ORDER AND/OR JUDGMENT MAY BE ENTERED BY THE ADMINISTRATIVE AGENT AGAINST SUCH LOAN PARTY AS DEMANDED OR PRAYED FOR IN SUCH SUMMONS, COMPLAINT, PROCESS OR PAPERS. THE EXCLUSIVE CHOICE OF FORUM FOR THE LOAN PARTIES SET FORTH IN THIS SECTION SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT, BY THE ADMINISTRATIVE AGENT, OF ANY JUDGMENT OBTAINED IN ANY OTHER FORUM OR THE TAKING, BY THE ADMINISTRATIVE AGENT, OF ANY ACTION TO ENFORCE THE SAME IN ANY OTHER APPROPRIATE JURISDICTION, AND EACH LOAN PARTY HEREBY IRREVOCABLY WAIVES THE RIGHT TO COLLATERALLY ATTACK ANY SUCH JUDGMENT OR ACTION.

14. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[Signature pages follow.]

IN WITNESS WHEREOF, the undersigned have duly executed this Fifth Amendment to Credit Agreement as of the date first above written.

COMPANY:

T3 COMMUNICATIONS, INC., a Nevada corporation, as
the Company

By: _____

Name: Arthur L. Smith

Title: President and Chief Executive Officer

[Signature Page to Fifth Amendment to Credit Agreement]

GUARANTORS:

T3 COMMUNICATIONS, INC.,

a Florida corporation

By: _____

Name: Arthur L. Smith

Title: President and Chief Executive Officer

SHIFT8 NETWORKS, INC., a Texas Corporation

By: _____

Name: Arthur L. Smith

Title: President and Chief Executive Officer

NEXOBY, INC., a Florida corporation

By: _____

Name: Arthur L. Smith

Title: President and Chief Executive Officer

NEXT LEVEL INTERNET, INC.,

a California corporation

By: _____

Name: Arthur L. Smith

Title: Chief Executive Officer

[Signature Page to Fifth Amendment to Credit Agreement]

ADMINISTRATIVE AGENT:

POST ROAD ADMINISTRATIVE LLC

By: _____

Name: Michael Bogdan

Title: Authorized Signatory

LENDERS:

POST ROAD SPECIAL OPPORTUNITY FUND II LP

By: _____

Name: Michael Bogdan

Title: Authorized Signatory

[Signature Page to Fifth Amendment to Credit Agreement]

ACKNOWLEDGED AND AGREED:

Digerati Technologies, Inc., a Nevada corporation

By: _____

Name: Arthur L. Smith

Title: President and Chief Executive Officer

[Fifth Amendment to Credit Agreement]

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this “**Agreement**”), effective as of March 7, 2023 (the “**Effective Date**”), is made by and among **T3 COMMUNICATIONS, INC.**, a Nevada corporation (“**T3**”) and **THE JERRY AND LISA MORRIS REVOCABLE TRUST DATED NOVEMBER 18, 2002** (“**Holder**”) (each a “**Party**” and collectively the “**Parties**”).

RECITALS

WHEREAS, the Parties entered into that certain Equity Purchase Agreement dated February 4, 2022 (the “**Purchase Agreement**”), pursuant to which Holder agreed to sell to T3 and T3 agree to purchase Holder’s interest in Next Level Internet, Inc., a California corporation;

WHEREAS, in connection with the Purchase Agreement, T3 executed that certain Unsecured Adjustable Promissory Note dated February 4, 2022, in favor of Holder in the original principal amount of \$1,800,000 (the “**Note**”);

WHEREAS, under the terms of the Note, a payment of principal in the amount of \$225,000 is due and payable on March 7, 2023 (the “**Deferred Payment**”) and, if such payment is not made on such date Holder would have the right, pursuant to the Note and applicable law, to exercise any and all rights and remedies available to it, including without limitation, the right to accelerate all amounts under the Note such that the remaining unpaid balance thereof and all accrued and unpaid interest and late fees thereon would be immediately due and payable; and

WHEREAS, T3 has requested and Holder has agreed that Holder will forbear for a limited period of time in the exercise and enforcement of such rights, powers and remedies otherwise available to Holder with respect to T3 in connection with the failure to pay the Deferred Payment pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the agreements, promises and covenants set forth below, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Acknowledgements. T3 hereby acknowledges and agrees that:

(a) The obligations of T3 under the Note are legal, valid and binding obligations enforceable by Holder against T3 in accordance with the terms of the Note; and

(b) The failure of T3 to make the Deferred Payment on the date required is an Event of Default as defined in the Note.

2. Agreement. T3 agrees to pay the Deferred Payment, together with interest at the rate of 18% per annum (based upon the number of days elapsed between March 15, 2023 and the date the Deferred Payment is actually paid and a year of 360 days), on or before April 30, 2023 (the period from the Effective Date through April 30, 2023, being the “**Forbearance Period**”), an extension fee of \$6,750 on March 15, 2023, and interest accrued between March 7, 2023 and March 15, 2023 of \$900 (calculated at 0.05% per day for 8 days outstanding) on March 15, 2023.

3. Limited Forbearance. Holder hereby agrees to forbear from exercising and enforcing its rights, powers and remedies afforded under the Note or at law, in equity or by statute, with respect to Event of Default occurring as a result of the failure to pay the Deferred Payment on the date due; provided, however, that Holder shall be immediately entitled to exercise and enforce its rights, powers and remedies afforded under the Note or at law, in equity or by statute with respect to such Event of Default if the Deferred Payment is not made, together with interest thereon in accordance with this Agreement, on the expiration of the Forbearance Period.

4. Representations and Warranties.

(a) The execution and delivery of this Agreement and the performance by T3 of its obligations hereunder are within his power and authority, have been duly authorized by all necessary entity action and do not and will not contravene or conflict with the formation documents of T3;

(b) The execution, delivery and performance of this Agreement by T3 does not and will not violate any law, governmental regulation, judgment, order or decree applicable to T3, and does not and will not violate the provisions of, or constitute a default or any event of default under, or result in the creation of any security interest or lien upon any property of T3 pursuant to any indenture, mortgage, instrument, contract, agreement or other undertaking to which T3 is a party or is subject or by which T3 or any or all of its real or personal property may be bound;

(c) Upon the execution of this Agreement, T3 hereby reaffirms all covenants, representations and warranties made in the Note by T3, except to the extent expressly modified hereby, and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the execution of this Agreement.

5. Releases. In the event T3 breaches, or defaults in the performance of, its obligations under this Agreement, all fees, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Holder in connection with the enforcement of this Agreement and the Note or any documents executed in connection therewith, and Holder's rights hereunder and thereunder, shall be payable by T3 upon demand.

6. Amendments. No amendment or modification of any provision of this Agreement shall be effective without the written agreement of Holder and T3, and no termination or waiver or any provision of this Agreement, or consent to any departure by T3 therefrom, shall in any event be effective without the written concurrence of Holder. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

7. Waiver. Holder's failure, at any time or times hereafter, to require strict performance by T3 of any provision or term of this Agreement or the Promissory Note shall not waive, affect or diminish any right of Holder thereafter or demand strict compliance and performance therewith.

8. Governing Law. This Agreement and all claims or causes of action arising hereunder shall be governed by and construed in accordance with the laws of the State of New York, excluding its conflicts of laws provisions, and in the event of a dispute arising under this Agreement, the Parties hereby submit to exclusive jurisdiction in the federal or state courts located in the Borough of Manhattan, New York, and agree that venue is proper and convenient in such forum.

9. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns, and no other person shall have any right, benefit or interest under or because of the existence of this Agreement.

10. Waiver of Jury Trial. T3 AND HOLDER HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE PROMISSORY NOTE, OR ANY DOCUMENTS EXECUTED IN CONNECTION THEREWITH. T3 AND HOLDER WARRANT AND REPRESENT THAT THEY HAVE REVIEWED THE FOREGOING WAIVER WITH THEIR RESPECTIVE LEGAL COUNSELS AND HAVE KNOWINGLY AND VOLUNTARILY WAIVED THEIR RESPECTIVE RIGHT TO A JURY TRIAL FOLLOWING SUCH CONSULTATION. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. Notices. Except as otherwise provided herein, all notices, requests and demands to or upon a Party shall be in writing and shall be sent to the addresses and by the means specified in the Note.

12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. Integration. This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior oral or written negotiations, agreements and understandings of the parties with respect to the subject matter hereof, except the agreements embodied in the Promissory Note and any other documents executed in connection herewith.

[Remainder of Page Left Blank; Signatures follow]

IN WITNESS WHEREOF, the Parties have executed this Forbearance Agreement as of the date first above written by their undersigned duly authorized representatives.

T3 COMMUNICATIONS, INC.,
a Nevada Corporation

By: /s/ Arthur L. Smith
Printed Name: Arthur L. Smith
Title: President and Chief Executive Officer

THE JERRY AND LISA MORRIS REVOCABLE TRUST
DATED NOVEMBER 18, 2002

By: /s/ Jerry Morris
Printed: Jerry Morris
Title: Trustee

[Signature Page to Forbearance Agreement]

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT (this “**Agreement**”), effective as of March 7, 2023 (the “**Effective Date**”), is made by and among **T3 COMMUNICATIONS, INC.**, a Nevada corporation (“**T3**”) and **JEFFREY POSNER** (“**Holder**”) (each a “**Party**” and collectively the “**Parties**”).

RECITALS

WHEREAS, the Parties entered into that certain Equity Purchase Agreement dated February 4, 2022 (the “**Purchase Agreement**”), pursuant to which Holder agreed to sell to T3 and T3 agree to purchase Holder’s interest in Next Level Internet, Inc., a California corporation; and

WHEREAS, in connection with the Purchase Agreement, T3 executed that certain Unsecured Adjustable Promissory Note dated February 4, 2022, in favor of Holder in the original principal amount of \$200,000 (the “**Note**”); and

WHEREAS, under the terms of the Note, a payment of principal in the amount of \$25,000 is due and payable on March 7, 2023 (the “**Deferred Payment**”) and, if such payment is not made on such date Holder would have the right, pursuant to the Note and applicable law, to exercise any and all rights and remedies available to it, including without limitation, the right to accelerate all amounts under the Note such that the remaining unpaid balance thereof and all accrued and unpaid interest and late fees thereon would be immediately due and payable; and

WHEREAS, T3 has requested and Holder has agreed that Holder will forbear for a limited period of time in the exercise and enforcement of such rights, powers and remedies otherwise available to Holder with respect to T3 in connection with the failure to pay the Deferred Payment pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the agreements, promises and covenants set forth below, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Acknowledgements. T3 hereby acknowledges and agrees that:

(a) The obligations of T3 under the Note are legal, valid and binding obligations enforceable by Holder against T3 in accordance with the terms of the Note; and

(b) The failure of T3 to make the Deferred Payment on the date required is an Event of Default as defined in the Note.

2. Agreement. T3 agrees to pay the Deferred Payment, together with interest at the rate of 18% per annum (based upon the number of days elapsed between March 15, 2023 and the date the Deferred Payment is actually paid and a year of 360 days), on or before April 30, 2023 (the period from the Effective Date through April 30, 2023, being the “**Forbearance Period**”), an extension fee of \$750 on March 15, 2023, and interest accrued between March 7, 2023 and March 15, 2023 of \$100 (calculated at 0.05% per day for 8 days outstanding) on March 15, 2023.

3. Limited Forbearance. Holder hereby agrees to forbear from exercising and enforcing its rights, powers and remedies afforded under the Note or at law, in equity or by statute, with respect to Event of Default occurring as a result of the failure to pay the Deferred Payment on the date due; provided, however, that Holder shall be immediately entitled to exercise and enforce its rights, powers and remedies afforded under the Note or at law, in equity or by statute with respect to such Event of Default if the Deferred Payment is not made, together with interest thereon in accordance with this Agreement, on the expiration of the Forbearance Period.

4. Representations and Warranties.

(a) The execution and delivery of this Agreement and the performance by T3 of its obligations hereunder are within his power and authority, have been duly authorized by all necessary entity action and do not and will not contravene or conflict with the formation documents of T3;

(b) The execution, delivery and performance of this Agreement by T3 does not and will not violate any law, governmental regulation, judgment, order or decree applicable to T3, and does not and will not violate the provisions of, or constitute a default or any event of default under, or result in the creation of any security interest or lien upon any property of T3 pursuant to any indenture, mortgage, instrument, contract, agreement or other undertaking to which T3 is a party or is subject or by which T3 or any or all of its real or personal property may be bound;

(c) Upon the execution of this Agreement, T3 hereby reaffirms all covenants, representations and warranties made in the Note by T3, except to the extent expressly modified hereby, and agrees that all such covenants, representations and warranties shall be deemed to have been remade as of the execution of this Agreement.

5. Releases. In the event T3 breaches, or defaults in the performance of, its obligations under this Agreement, all fees, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) incurred by Holder in connection with the enforcement of this Agreement and the Note or any documents executed in connection therewith, and Holder's rights hereunder and thereunder, shall be payable by T3 upon demand.

6. Amendments. No amendment or modification of any provision of this Agreement shall be effective without the written agreement of Holder and T3, and no termination or waiver or any provision of this Agreement, or consent to any departure by T3 therefrom, shall in any event be effective without the written concurrence of Holder. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

7. Waiver. Holder's failure, at any time or times hereafter, to require strict performance by T3 of any provision or term of this Agreement or the Promissory Note shall not waive, affect or diminish any right of Holder thereafter or demand strict compliance and performance therewith.

8. Governing Law. This Agreement and all claims or causes of action arising hereunder shall be governed by and construed in accordance with the laws of the State of New York, excluding its conflicts of laws provisions, and in the event of a dispute arising under this Agreement, the Parties hereby submit to exclusive jurisdiction in the federal or state courts located in the Borough of Manhattan, New York, and agree that venue is proper and convenient in such forum.

9. Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns, and no other person shall have any right, benefit or interest under or because of the existence of this Agreement.

10. Waiver of Jury Trial. T3 AND HOLDER HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, PROCEEDING OR COUNTERCLAIM OF ANY KIND ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE PROMISSORY NOTE, OR ANY DOCUMENTS EXECUTED IN CONNECTION THEREWITH. T3 AND HOLDER WARRANT AND REPRESENT THAT THEY HAVE REVIEWED THE FOREGOING WAIVER WITH THEIR RESPECTIVE LEGAL COUNSELS AND HAVE KNOWINGLY AND VOLUNTARILY WAIVED THEIR RESPECTIVE RIGHT TO A JURY TRIAL FOLLOWING SUCH CONSULTATION. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

11. Notices. Except as otherwise provided herein, all notices, requests and demands to or upon a Party shall be in writing and shall be sent to the addresses and by the means specified in the Note.

12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

13. Integration. This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior oral or written negotiations, agreements and understandings of the parties with respect to the subject matter hereof, except the agreements embodied in the Promissory Note and any other documents executed in connection herewith.

[Remainder of Page Left Blank; Signatures follow]

IN WITNESS WHEREOF, the Parties have executed this Forbearance Agreement as of the date first above written by their undersigned duly authorized representatives.

T3 COMMUNICATIONS, INC.,

a Nevada Corporation

By: /s/ Arthur L. Smith

Printed Name: Arthur L. Smith

Title: President and Chief Executive Officer

JEFFERY POSNER

By: /s/ Jeffery Posner

Printed: Jeffery Posner

[Signature Page to Forbearance Agreement]

CERTIFICATION

I, Arthur L. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Digerati Technologies, Inc., a Nevada Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 17, 2023

/s/ Arthur L. Smith

Arthur L. Smith
Chief Executive Officer

CERTIFICATION

I, Antonio Estrada, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Digerati Technologies, Inc., a Nevada Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 17, 2023

/s/ Antonio Estrada, Jr.
Antonio Estrada, Jr.
Chief Financial Officer

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SS. 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report (the "Report") of Digerati Technologies, Inc. (the "Company") on Form 10-Q for the period ending January 31, 2023, as filed with the Securities and Exchange Commission on the date hereof, I, Arthur L. Smith, President, and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that,

- 1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By /s/ Arthur L. Smith
Arthur L. Smith
President and Chief Executive Officer
March 17, 2023

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SS. 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report (the “Report”) of Digerati Technologies, Inc. (the “Company”) on Form 10-Q for the period ending January 31, 2023, as filed with the Securities and Exchange Commission on the date hereof, I, Antonio Estrada Jr., the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002,

- 1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) the information in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By /s/ Antonio Estrada Jr.
Antonio Estrada Jr.
Chief Financial Officer
March 17, 2023