

Reconciliation of Net Loss to Adjusted EBITDA

	Three months ended April 30,				Nine months ended April 30,			
	2023	2022	Variances	%	2023	2022	Variances	%
OPERATING REVENUES:								
Cloud-based hosted services	\$ 7,837	\$ 8,163	\$ (326)	-4%	\$ 23,908	\$ 15,959	\$ 7,949	50%
Total operating revenues	7,837	8,163	(326)	-4%	23,908	15,959	7,949	50%
Cost of services (exclusive of depreciation and amortization)	2,879	3,161	(282)	-9%	8,698	6,203	2,495	40%
Selling, general and administrative expense	4,299	4,268	31	1%	12,852	8,136	4,716	58%
Stock compensation expense	23	28	(5)	-18%	69	75	(6)	-8%
Legal and professional fees	681	756	(75)	-10%	2,311	2,505	(194)	-8%
Bad debt	37	36	1	3%	106	51	55	108%
Depreciation and amortization expense	993	1,540	(547)	-36%	2,912	2,514	398	16%
Total operating expenses	8,912	9,789	(877)	-9%	26,948	19,484	7,464	38%
OPERATING LOSS	(1,075)	(1,626)	551	-34%	(3,040)	(3,525)	485	-14%
OTHER INCOME (EXPENSE):								
Gain (loss) on derivative instruments	2,120	6,827	(4,707)	-69%	2,893	7,835	(4,942)	-63%
Gain (loss) on extinguishment of debt	55	-	55		55	(5,480)	5,535	-101%
Other income (expense)	(1)	2	(3)	-150%	455	-	455	
Interest expense	(3,701)	(1,676)	(2,025)	121%	(8,137)	(4,563)	(3,574)	78%
Income tax expense	(51)	(167)	116	-69%	(128)	(285)	157	-55%
Total other income (expense)	(1,578)	4,986	(6,564)	-132%	(4,862)	(2,493)	(2,369)	95%
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	(2,653)	3,360	(6,013)	-179%	(7,902)	(6,018)	(1,884)	31%
Less: Net loss attributable to the noncontrolling interests	409	546	(137)	-25%	898	1,306	(408)	-31%
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	\$ (2,244)	\$ 3,906	\$ (6,150)	-157%	\$ (7,004)	\$ (4,712)	\$ (2,292)	49%
Deemed dividend on Series A Convertible preferred stock	-	(4)	4	-100%	(8)	(14)	6	-43%
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	\$ (2,244)	\$ 3,902	\$ (6,146)	-158%	\$ (7,012)	\$ (4,726)	\$ (2,286)	48%

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	\$ (2,244)	\$ 3,906	\$ (6,150)	-157%	\$ (7,004)	\$ (4,712)	\$ (2,292)	49%
EXCLUDING NON-CASH ITEMS TRANSACTIONAL COSTS & CORP EXP ADJUSTMENTS:								
Stock compensation & warrant expense	23	28	(5)	-18%	69	75	(6)	-8%
Corp Expenses (Net of stock compensation, Legal fees & Transactional cost)	378	255	123	48%	1,043	657	386	59%
Legal, professional fees & transactional costs	680	862	(182)	-21%	2,308	2,730	(422)	-15%
Depreciation and amortization expense	993	1,540	(547)	-36%	2,912	2,514	398	16%
OTHER ADJUSTMENTS								
Gain (loss) on derivative instruments	(2,120)	(6,827)	4,707	-69%	(2,893)	(7,835)	4,942	-63%
Gain (loss) on extinguishment of debt	(55)	-	(55)		(55)	5,480	(5,535)	-101%
Other income (expense)	1	(2)	3	-150%	(455)	-	(455)	
Interest expense	3,701	1,676	2,025	121%	8,137	4,563	3,574	78%
Income tax expense	51	167	(116)	-69%	128	285	(157)	-55%
Less: Net loss attributable to the noncontrolling interests	(409)	(546)	137	-25%	(898)	(1,306)	408	-31%
ADJUSTED EBITDA - OPCO	\$ 999	\$ 1,059	\$ (60)	-6%	\$ 3,292	\$ 2,451	\$ 841	34%
ADD-BACKS Expenses								
Corp Expenses (Net of stock compensation & Transactional cost)	378	255	123	48%	1,043	657	386	59%
ADJUSTED EBITDA - INCOME	\$ 621	\$ 804	\$ (183)	-23%	\$ 2,249	\$ 1,794	\$ 455	25%