

Reconciliation of Net Income (Loss) to Adjusted EBITDA
DIGERATI TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Three months ended July 31,		For the Years ended July 31,	
	2022	2021	2022	2021
OPERATING REVENUES:				
Cloud software and service revenue	\$ 8,195	\$ 3,787	\$ 24,154	\$ 12,416
Total operating revenues	<u>8,195</u>	<u>3,787</u>	<u>24,154</u>	<u>12,416</u>
OPERATING EXPENSES:				
Cost of services (exclusive of depreciation and amortization)	3,143	1,427	9,346	5,135
Selling, general and administrative expense	4,448	2,050	12,434	7,019
Legal and professional fees	306	177	3,036	894
Bad debt	47	8	98	17
Depreciation and amortization expense	402	545	2,916	1,749
Total operating expenses	<u>8,346</u>	<u>4,207</u>	<u>27,830</u>	<u>14,814</u>
OPERATING LOSS	<u>(151)</u>	<u>(420)</u>	<u>(3,676)</u>	<u>(2,398)</u>
OTHER INCOME (EXPENSE):				
Gain (loss) on derivative instruments	(1,649)	925	6,186	(9,935)
Gain (loss) on settlement of debt	(1)	213	(5,481)	560
Income tax benefit (expense)	(134)	(61)	(419)	(183)
Other income (expense)	26	(294)	26	(294)
Interest expense	(1,427)	(1,686)	(5,990)	(4,765)
Total other income (expense)	<u>(3,185)</u>	<u>(903)</u>	<u>(5,678)</u>	<u>(14,617)</u>
NET INCOME (LOSS) INCLUDING NONCONTROLLING INTEREST	<u>(3,336)</u>	<u>(1,323)</u>	<u>(9,354)</u>	<u>(17,015)</u>
Less: Net loss attributable to the noncontrolling interests	35	109	1,341	332
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S SHAREHOLDERS	<u>(3,301)</u>	<u>(1,214)</u>	<u>(8,013)</u>	<u>(16,683)</u>
Deemed dividend on Series A Convertible preferred stock	(5)	(5)	(19)	(20)
NET INCOME (LOSS) ATTRIBUTABLE TO DIGERATI'S COMMON SHAREHOLDERS	<u>\$ (3,306)</u>	<u>\$ (1,219)</u>	<u>\$ (8,032)</u>	<u>\$ (16,703)</u>
INCOME (LOSS) PER COMMON SHARE - BASIC	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>	<u>\$ (0.13)</u>
LOSS PER COMMON SHARE - DILUTED	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>	<u>\$ (0.13)</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	<u>140,512,215</u>	<u>137,950,308</u>	<u>139,594,358</u>	<u>129,411,947</u>
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	<u>140,512,215</u>	<u>137,950,308</u>	<u>139,594,358</u>	<u>129,411,947</u>

See notes to consolidated unaudited financial statements

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>\$ (3,301)</u>	<u>\$ (1,214)</u>	<u>\$ (8,013)</u>	<u>\$ (16,683)</u>
<u>EXCLUDING NON-CASH ITEMS TRANSACTIONAL COSTS & CORP EXP ADJUSTMENTS:</u>				
Stock compensation & warrant expense	148	66	224	972
Corp Expenses (Net of stock compensation, Legal fees & Transactional cost)	1,052	384	1,385	1,066
Legal and professional fees & transactional costs	(115)	326	2,703	815
Depreciation and amortization expense	402	545	2,916	1,749
<u>OTHER ADJUSTMENTS:</u>				
Gain (loss) on derivative instruments	1,649	(925)	(6,186)	9,935
Gain (loss) on settlement of debt	1	(213)	5,481	(560)
Other income (expense)	(26)	294	(26)	294
Interest expense	1,427	1,686	5,990	4,765
Income tax	134	61	419	183
Less: Net loss attributable to the noncontrolling interest	(35)	(109)	(1,341)	(332)
ADJUSTED EBITDA - OPCO	<u>\$ 1,336</u>	<u>\$ 902</u>	<u>\$ 3,552</u>	<u>\$ 2,204</u>
ADD-BACKS Expenses				
Corp Expenses (Net of stock compensation, Legal fees & Transactional cost)	1,052	384	1,385	1,066
ADJUSTED EBITDA - INCOME	<u>\$ 284</u>	<u>\$ 517</u>	<u>\$ 2,167</u>	<u>\$ 1,138</u>