Digerati Reports Financial Results for the Fourth Quarter and Year Ended July 31, 2018

- Revenue up 2755% Quarter Over Quarter -
- Revenue up 937% Year Over Year -
- Company Achieves Positive Adjusted EBITDA in 4th Quarter -

SAN ANTONIO, TX -- November 19, 2018 – Digerati Technologies, Inc. (OTCQB: DTGI) ("Digerati" or the "Company"), a provider of cloud services specializing in UCaaS (Unified Communications as a Service) solutions for the small to medium-sized business ("SMB") market, today announced financial results for the three and twelve months ended July 31, 2018. The Company is highlighting its fourth and final quarter of FY2018 as it is the first reporting period that reflects consolidated results for the acquisitions of both Synergy Telecom ("Synergy") and T3 Communications, Inc. ("T3").

Financial highlights for the fourth quarter of Fiscal Year 2018 (ended July 31, 2018)

- Consolidated total revenue for the fourth quarter of 2018 increased to $1.59 million, compared to $56,000 for the fourth quarter of 2017.

- Gross profit for the fourth quarter of 2018 increased to $795,000, compared to $28,000 for the fourth quarter of 2017, resulting in a gross margin of 50%.

- Including non-cash items and one-time transactional expenses, SG&A expenses for the fourth quarter of 2018 increased by $855,000 to $1.506 million, compared to $651,000 for the fourth quarter of 2017.

- The Company incurred $671,000 in SG&A expense for non-cash items and one-time transactional expenses for the fourth quarter of 2018 that includes stock compensation and warrant expense and one-time costs associated with its acquisition of T3.

- Excluding all non-cash items and one-time transactional expenses, non-GAAP net income or Adjusted EBITDA was $17,000 for the fourth quarter of 2018.

- Average monthly revenue per customer (ARPU) was $857 for the fourth quarter of 2018, compared to $300 for the fourth quarter of 2017.

Financial highlights for the fiscal year ended July 31, 2018

- Consolidated total revenue for the year ended July 31, 2018 increased 937% to $2.0 million, compared to $193,000 for the year ended July 31, 2017.

- Gross profit for the year ended July 31, 2018 increased to $948,000 compared to $59,000 for the year ended July 31, 2017, resulting in a gross margin of 47%.

- Including non-cash items and one-time transactional expenses, SG&A expenses for the year ended July 31, 2018 increased by $1.612 million to $3.589 million, compared to $1.977 million for the year ended July 31, 2017.

- The Company incurred $1.741 million in SG&A expense for non-cash items and one-time transactional expenses for the year ended July 31, 2018 that includes stock compensation and warrant expense and one-time costs associated with its acquisition of Synergy and T3.

- Excluding all non-cash items and one-time transactional expenses, non-GAAP net loss or Adjusted EBITDA was $(992,000) for the year ended July 31, 2018.

- Cash used by operating activities for the year ending July 31, 2018 was $985,000, compared to cash used for operating activities of $1.0 million for the year ended July 31, 2017. Cash used by investing activities for the year ending July 31, 2018 was $1.5 million, compared to $40,000 for the year ended July 31, 2017. Cash provided by financing activities for the year ending July 31, 2018 was $2.2 million, compared to $560,000 for the year ended July 31, 2017.

“The fourth quarter marked an important milestone for Digerati, as we are reporting our first full quarter of consolidated results that reflects the integration of T3 and Synergy. We ended the year strong with a revenue trend that is now largely stabilized with the foundation we built in FY2018,” said Arthur L. Smith, Digerati’s CEO.

“We have some exciting opportunities ahead of us thanks to our strong positioning in the market,” Mr. Smith continued. “Our Only in the Cloud™ approach, combined with the benefits of greater scale after completing key acquisitions, has significantly enhanced our competitive advantage. The investments we are making in our sales channels, service delivery and customer care are paying dividends. We are seeing more sales opportunities than ever and adding new products and services which we anticipate will increase gross margins and our ARPU.”

Antonio Estrada, Jr., Digerati’s Chief Financial Officer, said, “The strength of the fourth quarter results including a substantial increase in consolidated revenue and achieving positive Adjusted EBITDA clearly illustrates execution of our strategic plan. Digerati is positioned to deliver on increasing levels of cash flow as we seek to stack profitable recurring revenue from accretive acquisitions while keeping capital expenditures low as a cloud-based provider.”

Further details about the Company’s financial results are available in its annual report on Form 10K, which will be available in the investor relations section of the Company’s website at [www.digerati-inc.com.](http://www.digerati-inc.com)

Use of Non-GAAP Financial Measurements

EBITDA (defined as earnings before interest, taxes, depreciation and amortization) is useful to investors as it is commonly used in the cloud communications industry to evaluate companies on the basis of operating performance and leverage. Adjusted EBITDA provides an adjusted view of EBITDA that takes into account certain significant non-recurring transactions, if any, such as impairment losses and expenses associated with pending acquisitions, which vary significantly between periods and are not recurring in nature, as well as certain recurring non-cash charges such as changes in fair value of the Company's derivative liabilities and stock-based compensation. Adjusted EBITDA provides investors with a measure of the Company's operational and financial progress that corresponds with the measurements used by management as a basis for allocating resources and making other operating decisions. The Company uses Adjusted EBITDA as one of several financial measures to assess its operating performance. EBITDA and Adjusted EBITDA are 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").

About Digerati Technologies, Inc.

Digerati Technologies, Inc. (OTCQB: DTGI) is a provider of cloud services specializing in UCaaS (Unified Communications as a Service) solutions for the business market. Through its subsidiaries Synergy Telecom (www.synergytele.com) and T3 Communications (www.T3com.com), the Company is meeting the needs of businesses seeking simple, flexible, reliable, and cost-effective communication and network solutions, including cloud PBX, cloud mobile, Internet broadband, cloud WAN, SIP trunking, and customized VoIP services, all delivered on its global carrier-grade network and ***Only in the Cloud™***. For more information about Digerati Technologies, please visit www.digerati-inc.com.

Forward-Looking Statements

The information in this news release includes certain forward-looking statements that are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties, including statements related to the future financial performance of the Company. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that such expectations or any of its forward-looking statements will prove to be correct. Factors that could cause results to differ include, but are not limited to, successful execution of growth strategies, product development and acceptance, the impact of competitive services and pricing, general economic conditions, and other risks and uncertainties described in the Company's periodic filings with the Securities and Exchange Commission.

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