

SurgePays Reports First Quarter 2025 Financial Results

AT&T Integration Complete; Nationwide Launch Positions Company for Most Aggressive Growth Phase to Date

Company Ships Over 250,000 SIM Cards and Secures \$6 Million in Cash to Accelerate Expansion

BARTLETT, Tenn., May 13, 2025 /PRNewswire/ -- SurgePays, Inc. (Nasdaq: SURG) ("SurgePays" or the "Company"), a wireless and point-of-sale technology company, today announced its financial results for the first quarter ended March 31, 2025. Following the successful nationwide launch and full integration with AT&T, the Company is reaffirming its outlook of generating over \$200 million in revenue for the twelve months beginning April 1, 2025, with positive operating cash flow expected before year-end.

Brian Cox, Chairman and CEO, commented:

"The investments we've made in our team, technology, distribution, and strategic partnerships have set the stage for the most significant growth phase in SurgePays' history. With our AT&T integration now complete, we've launched nationwide across our wireless ecosystem as both a Mobile Virtual Network Operator (MVNO) and Enabler (MVNE). To accelerate this expansion, we recently closed a \$7 million financing, including \$6 million in cash, with one of our largest shareholders. This transition from a reseller model to a direct carrier partner is a transformative milestone, positioning us to scale rapidly and profitably in both retail and wholesale."

Operational Highlights

- Nationwide launch complete on the AT&T network, with over 250,000 SIM cards shipped to customers and retail partners. An additional 290,000 SIMs are in inventory, with another 250,000 expected by June to meet increasing demand.
- Finalized MVNO integration and full network cutover on April 1, including subscriber migrations and full validation of provisioning, billing, and API systems by AT&T.
- MVNE pipeline expanded, with 3 MVNOs fully integrated and 2 more in the onboarding process.
- "Phone in a Box" launch exceeded expectations, selling out of 2,600 ready-to-retail smartphones in under 30 days.
- Secured \$7 million in financing from a large institutional shareholder to accelerate growth initiatives.
- Derron Winfrey promoted to President, Sales, and Operations, overseeing growth of LinkUp Mobile, prepaid top-ups, Lifeline programs, and ClearLine.

First Quarter 2025 Financial Results

The first quarter results tracked closely with Q4 2024 and were in line with expectations. The Company continues to transition from the federally funded ACP era, which concluded in 2024. Investments made in the first quarter — including the AT&T integration, MVNE platform development, and expansion of the POS software network — have laid the foundation for our goal of a return to growth and profitability in 2025.

Cash, cash equivalents and investments balances as of March 31, 2025, were \$5.4 million. Subsequent to the end of the quarter, the Company closed on a \$7 million senior secured convertible note (the "Note") with interest rate of 15% per annum that matures 24-months from the date of closing. Amortization of the Note begins at month eight with a prepayment option in excess of amortization in whole or in part at any time with five days' advance notice at a 2% premium to the principal amount plus accrued interest. The Note has a fixed conversion price of \$4 per share beginning at month eight from the date of issuance, subject to monthly conversion limits. Included in the Note is a dilution offset clause in which the investor will exchange 333,333 shares of the Company's common stock previously held by the investor for \$999,999 of principal at \$3 per share. Additionally, the Company will issue 700,000 5-year warrants at an exercise price of \$6.00 per share.

2025 Financial Guidance:

With the nationwide launch of LinkUp Mobile and a growing pipeline of MVNE partnerships, SurgePays expects to surpass \$200 million in revenue over the next 12 months beginning April 1, 2025. The Company also anticipates generating positive operating cash flow before the end of the year, marking a pivotal shift toward sustained profitability and scalable growth.

This guidance is based solely on the monetization of core MVNO and POS platforms already deployed. As these platforms scale, both through direct customer acquisition and wholesale MVNE relationships, the Company anticipates significant revenue growth as well as margin expansion.

First Quarter 2025 Financial Results Conference Call:

SurgePays management will host a webcast today at 5 p.m. ET / 2 p.m. PT to discuss these results.

The live webcast of the call can be accessed on the Company's investor relations website at ir.surgepays.com, or by registering at the following link: [SurgePays First Quarter Earnings Conference Call](#).

Telephone access:

- U.S.: 877-545-0523
- International: 973-528-0016
- Participant Access Code: 877643

A telephone replay will be available approximately one hour following completion of the call until May 27, 2025.

Replay: 877-481-4010 (U.S.) or 919-882-2331 (Intl.)

Replay Passcode: 52439

About SurgePays, Inc.

SurgePays, Inc. is a wireless and fintech company focused on delivering mobile connectivity and financial services to underserved communities. As both a mobile virtual network operator (MVNO) and mobile virtual network enabler (MVNE), SurgePays operates its own wireless brand while also providing back-end infrastructure, including provisioning and billing, to other wireless providers. The Company's proprietary point-of-sale platform is used nationwide in thousands of retail locations, enabling SIM activations, top-ups, and digital financial services. SurgePays is built to scale and uniquely positioned to grow across both retail and wholesale wireless channels. Visit www.SurgePays.com for more information.

Cautionary Note Regarding Forward-Looking Statements

This press release includes express or implied statements that are not historical facts and are considered forward-looking within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. Forward-looking statements involve substantial risks and uncertainties and generally relate to future events or our future financial or operating performance. These statements may include projections, guidance, or other estimates regarding revenue, cash flow, business growth, market expansion, or customer acquisition. In some cases, you can identify forward-looking statements by the following words: "may," "will," "could," "would," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue," "ongoing," "attempting," or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

Although we believe the expectations reflected in these forward-looking statements, such as regarding our revenue, margins, expectations for customer demand, and profitability potential are reasonable, these statements relate to future events or our future operational or financial performance and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control, including, without limitation, the assumption that the Company will be able to obtain high-margin recurring revenues, statements about our future financial performance, including our revenue, cash flows, costs of revenue and operating expenses; our anticipated growth; and our predictions about our industry and customer demand. These include, but are not limited to, our ability to scale our prepaid wireless business, transition ACP subscribers to Lifeline, maintain our MVNE partnerships, and achieve financial targets. The forward-looking statements contained in this release are also subject to other risks and uncertainties, including those more fully described in our filings with the Securities and Exchange Commission ("SEC"), including in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024. The forward-looking statements in this press release speak only as of the date on which the statements are made. We undertake no obligation to update, and expressly disclaim the obligation to update, any forward-looking statements made in this press release to reflect events or circumstances after the date of this press release or to reflect new information or the occurrence of unanticipated events, except as required by law.

SurgePays, Inc. and Subsidiaries Consolidated Balance Sheets

	March 31, 2025 (Unaudited)	December 31, 2024
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 5,397,770	\$ 11,790,389
Restricted cash - held in escrow	-	1,000,000
Accounts receivable - net	2,486,889	3,000,209
Inventory	1,781,365	1,781,365
Prepays and other	184,596	298,360
Total Current Assets	9,850,620	17,870,323
 Property and equipment - net	 523,556	 591,088

Other Assets		
Note receivable	176,851	176,851
Intangibles - net	1,309,510	1,472,962
Goodwill	3,300,000	3,300,000
Operating lease - right of use asset - net	503,502	564,781
Total Other Assets	<u>5,289,863</u>	<u>5,514,594</u>
Total Assets	<u><u>\$ 15,664,039</u></u>	<u><u>\$ 23,976,005</u></u>
<u>Liabilities and Stockholders' Equity</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,760,820	\$ 3,929,195
Accounts payable and accrued expenses - related party	-	192,845
Operating lease liability	248,069	248,069
Note payable - related party	1,731,366	1,689,367
Total Current Liabilities	<u>5,740,255</u>	<u>6,059,476</u>
Long Term Liabilities		
Note payable - related party	1,416,513	1,866,288
Notes payable - SBA government	466,627	469,396
Operating lease liability	259,205	319,232
Total Long Term Liabilities	<u>2,142,345</u>	<u>2,654,916</u>
Total Liabilities	<u>7,882,600</u>	<u>8,714,392</u>
Stockholders' Equity		
Common stock, \$0.001 par value, 500,000,000 shares authorized 20,431,549 shares issued and 20,068,929 shares outstanding, respectively, at March 31, 2025 and December 31, 2024	20,435	20,435
Additional paid-in capital	76,997,997	76,842,878
Treasury stock - at cost (362,620 and 0 shares, respectively)	(631,967)	(631,967)
Accumulated deficit	(68,550,511)	(60,915,427)
Stockholders' equity	<u>7,835,954</u>	<u>15,315,919</u>
Non-controlling interest	(54,515)	(54,306)
Total Stockholders' Equity	<u>7,781,439</u>	<u>15,261,613</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 15,664,039</u></u>	<u><u>\$ 23,976,005</u></u>

**Consolidated Statements of Operations
(Unaudited)**

	2025	2024
	For the Three Months Ended March 31,	
	2025	2024
Revenues	\$ 10,577,429	\$ 31,429,135
Costs and expenses		
Cost of revenues	13,519,775	23,246,468
General and administrative expenses	4,637,556	6,430,806
Total costs and expenses	<u>18,157,331</u>	<u>29,677,274</u>
Income (loss) from operations	<u>(7,579,902)</u>	<u>1,751,861</u>
Other income (expense)		

Interest expense	(119,434)	(132,583)
Interest income	56,903	-
Other income	7,140	-
Gain on investment in CenterCom	-	16,153
Total other income (expense) - net	<u>(55,391)</u>	<u>(116,430)</u>
Net income (loss) before provision for income taxes	(7,635,293)	1,635,431
Provision for income tax (expense)	<u>-</u>	<u>(423,000)</u>
Net income (loss) including non-controlling interest	(7,635,293)	1,212,431
Non-controlling interest	<u>(209)</u>	<u>(12,164)</u>
Net income (loss) available to common stockholders	<u>\$ (7,635,084)</u>	<u>\$ 1,224,595</u>
Earnings per share - attributable to common stockholders		
Basic	<u>\$ (0.38)</u>	<u>\$ 0.07</u>
Diluted	<u>\$ (0.38)</u>	<u>\$ 0.07</u>
Weighted average number of shares outstanding - attributable to common stockholders		
Basic	20,068,929	17,693,283
Diluted	<u>20,068,929</u>	<u>18,678,136</u>

Consolidated Statements of Cash Flows
(Unaudited)

	2025	2024
	For the Three Months Ended March 31,	
	2025	2024
Operating activities		
Net income (loss) - including non-controlling interest	\$ (7,635,293)	\$ 1,212,431
Adjustments to reconcile net income (loss) to net cash provided by (used in) operations		
Depreciation and amortization	249,574	233,760
Amortization of right-of-use assets	61,279	23,363
Amortization of internal use software development costs	-	55,707
Stock issued for services	-	411,740
Recognition of stock based compensation - unvested shares - related parties	155,119	1,497,417
Recognition of share based compensation - options - related party	-	6,196
Interest expense adjustment - SBA loans	-	19,750
Right-of-use asset lease payment adjustment true up	-	(46,338)
Gain on equity method investment - CenterCom	-	(16,153)
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	513,320	1,264,196
Inventory	-	1,702,855
Prepays and other	113,764	(337,975)
Deferred income taxes - net	-	293,000
Increase (decrease) in		
Accounts payable and accrued expenses	(168,375)	(2,433,059)
Accounts payable and accrued expenses - related party	(192,845)	15,156
Accrued income taxes payable	-	130,000
Deferred revenue	-	(20,000)

Operating lease liability	(60,027)	28,012
Net cash provided by (used in) operating activities	(6,963,484)	4,040,058
Investing activities		
Purchase of leasehold improvements	(18,590)	-
Net cash used in investing activities	(18,590)	-
Financing activities		
Proceeds from stock issued for cash	-	17,249,994
Proceeds from exercise of common stock warrants	-	8,799,257
Cash paid as direct offering costs	-	(1,395,000)
Repayments of loans - related party	(407,776)	(368,421)
Repayments on notes payable - SBA government	(2,769)	(2,870)
Net cash provided (used in) by financing activities	(410,545)	24,282,960
Net increase (decrease) in cash, cash equivalents and restricted cash	(7,392,619)	28,323,018
Cash, cash equivalents and restricted cash - beginning of period	12,790,389	14,622,060
Cash, cash equivalents and restricted cash - end of period	\$ 5,397,770	\$ 42,945,078
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 90,860	\$ 129,003
Cash paid for income tax	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities		
Reclassification of accrued interest - related party to note payable - related party	\$ -	\$ 498,991
Exercise of warrants - cashless	\$ -	\$ 41
Goodwill (ClearLine Mobile, Inc.)	\$ -	\$ 2,500,000
Right-of-use asset obtained in exchange for new operating lease liability	\$ -	\$ 98,638

SOURCE SurgePays

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