

SurgePays Announces Second Quarter 2022 Financial Results

Bartlett, TN, August 11, 2022 -- SurgePays, Inc. (Nasdaq: SURG) (“SurgePays” or the “Company”), a technology and telecommunications company focused on the underbanked and underserved, today announced its financial results for the second quarter ended June 30, 2022.

Second Quarter 2022 Financial Highlights

- Revenue of \$28.0 million in the second quarter, an increase of 146% compared to the second quarter of 2021
- Gross profit of \$2.2 million in the second quarter, an increase of 65% compared to the second quarter of 2021
- Net loss of \$(973) thousand in the second quarter compared to a net loss of \$(214) thousand in the year ago period
- EBITDA loss of \$(86) thousand in the second quarter of 2022

Chairman and CEO Brian Cox commented on second quarter results, “The second quarter built on the progress we’ve made as SurgePays continues to grow revenue and wireless subscribers. Our focus has been capitalizing on the Torch Wireless acquisition to further expand our mobile broadband network. The cash we are generating is being instantly re-invested in the business to help accelerate our mobile broadband subscribers which has now eclipsed 150,000 subscribers.

“Our efforts to expand our broadband footprint should be enhanced by our recent acquisition of a CRM tool that helps set up new subscribers, houses customer information and is integrated with wireless carriers. This CRM allows us to better serve our customer base while ultimately lowering costs.”

Mr. Cox concluded: “We continue to balance the immediate term opportunities to sign up new customers with the long-term opportunities of being a larger, more efficient and better organization.”

Business Outlook

For the full year 2022, the Company expects to achieve the following financial targets:

- Total revenues of at least \$130 million.
- EBITDA is expected to be at least \$15 million.
- Greater than 200,000 subscribers in the mobile broadband business.

Conference Call and Webcast Information

SurgePays will host a conference call today to review its results and discuss its performance at 5:00 p.m. ET / 2:00 p.m. PT. Participants may join the conference call by dialing 1-888-221-3881 (United States) or 1-323-794-2588 (International). A telephonic replay of the call will also be available shortly after the completion of the call, until 11:59 pm ET on August 25, 2022, by dialing 1-844-512-2921 (United States) or 1-412-317-6671 (International) and entering the replay pin number: 7518553.

A live webcast will be available on SurgePays, Inc Investor Relations site under the Upcoming Event section at <http://ir.surgepays.com> and will be archived online upon completion of the conference call.

About SurgePays, Inc.

SurgePays, Inc. is a technology and telecommunications company focused on the underbanked and underserved communities. SurgePhone Wireless provide mobile broadband to low-income consumers nationwide. SurgePays blockchain fintech platform utilizes a suite of financial and prepaid products to convert corner stores and bodegas into tech-hubs for underbanked neighborhoods. Please visit SurgePays.com for more information.

About Non-GAAP Financial Measures

The Company believes that EBITDA (earnings before interest, taxes, depreciation and amortization) is useful to investors because it is commonly used 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. The Company believes that 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.

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"). In accordance with SEC Regulation G, the non-GAAP measurements in this press release have been reconciled to the nearest GAAP measurement, which can be viewed under the heading "Reconciliation of Net Income (loss) from Operations to EBITDA and Adjusted EBITDA" in the financial tables included in this press release.

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. Forward-looking statements generally relate to future events or our future financial or operating performance and may contain projections of our future results of operations or of our financial information or state other forward-looking information. 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," or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

Although we believe that the expectations reflected in these forward-looking statements such as regarding our market potential along with the statements under the heading Business Outlook 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 our 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, statements about our future financial performance, including our revenue, cash flows, costs of revenue and operating expenses; our anticipated growth; our predictions about our industry; the impact of the COVID-19 pandemic on our business and our ability to attract, retain and cross-sell to clients. 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, 2021. 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.

Investor Relations

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