Press Releases

# SurgePays Reports Third Quarter 2021 Financial Results and Provides Corporate Update

BARTLETT, Tenn., November 16, 2021 – SurgePays, Inc. (Nasdaq: SURG) ("SurgePays" or the "Company"), a fintech company providing essential financial services and products to the underbanked population and software applications to a number of industry verticals, today announces financial results for the third quarter ended September 30, 2021 and provides a corporate update.

**Recent Corporate Highlights:**

- Uplisted to the Nasdaq Capital Market and completed a $19.8 million public offering.
- Received approval from the Emergency Broadband Benefit (EBB) Program to provide discounted broadband services through the Company's SurgePhone mobile virtual network operator (MVNO) subsidiary to qualified users in 14 states.
- Acquired Commander Communication, a provider of prepaid wireless payment products to approximately 500 convenience stores with intent to cross-sell other products and services into Commander's customer base.
- Launched new custom private label gift card program for retail stores on the SurgePays fintech platform to provide additional convenience and loyalty opportunities for these locations' customers
- Continued to progress towards an IPO of the Company's enterprise software subsidiary LogicsIQ, Inc. (formerly Surge Logics, Inc.)
- Appointed Anthony P. Nuzzo, Jr. as CEO of LogicsIQ subsidiary

"The third quarter showed increasing revenue, margin expansion and a narrowing in the net loss. What I'm really excited about, though, is we are now trading on NASDAQ with a significant infusion of capital which should allow us to take advantage of multiple growth initiatives and better execute on things in our pipeline," commented SurgePays CEO Brian Cox.

"Our core mission has not changed: We are focused on utilizing our blockchain fintech software platform to bring essential financial services and products to the underbanked communities by targeting the stores most frequented by these customers. To this end, and with our newly available capital, we plan to shift from independent sales reps to building out a nationwide in-house sales team to more aggressively engage convenience stores, bodegas and community stores in order to expand beyond the 8,000 stores on our network. We have already identified an additional 30,000 stores for targeting, and over time the addressable market is literally hundreds of thousands of additional stores that could be transacting on the SurgePays network," Mr. Cox continued. "The combination of increasing the number of stores within our network and increasing average sales per store is really the 'deep and wide' approach at the heart of our growth strategy."

"The capital generated from our recent NASDAQ listing allows us to greatly accelerate the rollout of the Emergency Broadband Benefit, or EBB, Program through our SurgePhone Wireless subsidiary. The successful limited launch in a handful of states suggests that a wider and more aggressive rollout can be the catalyst to our march towards profitability. We have ordered an additional 21,000 tablets to cover the remainder of 2021 and are aggressively putting more sales teams in place while exploring opportunities to expand our footprint beyond 14 states. We have already surpassed our short term goal of 15,000 EBB subscribers, ahead of schedule, which is a baseline of $750,000 per month in relatively higher-margin reoccurring revenue.

"Our LogicsIQ subsidiary had its strongest quarter ever in the third quarter and generated nearly $7.5 million in revenue. This is on the heels of its second-best quarter ever in the second quarter of 2021 when it delivered approximately $4.5 million in revenue. The leaner COVID periods allowed the LogicsIQ team to essentially strengthen the underlying engine of its software platform and allow for the successful development of applications to target new verticals outside the core legal industry.

"In summary, the uplist and capital raising process took a significant amount of our team's bandwidth for almost a year. Now that this is finally behind us, our focus is on efficient deployment of our capital to achieve maximum revenue growth and reach profitability in the near term. We believe being a profitable blockchain fintech will significantly increase overall shareholder value. Our team is encouraged with the opportunities immediately ahead of us across all business segments. I would like to thank the shareholders for their loyalty, patience and for believing in the management team. I have enjoyed preparing this update, and based on my view of the near future, I will enjoy the next corporate update even more as we execute on our growth strategy," Mr. Cox concluded.

**Financial Results for Third Quarter 2021**

Revenue in the third quarter of 2021 was $14.54 million vs. $12.80 million in the year-ago period. General and administrative expenses declined from $3.21 million in the third quarter of 2020 to $2.28 million in the third quarter of 2021. Net loss in the third quarter of 2021 improved to ($1.66 million) from ($2.50 million) in the year-ago period.

Cash and cash equivalents as of September 30, 2021 was $635,527, as compared to $673,995 as of December 31, 2020. Subsequent to the end of the third quarter, the company raised $19.8 million in gross proceeds from a public offering.

**About SurgePays, Inc.**

SurgePays, Inc. is a B2B fintech with other verticals in the underbanked and software development space. SurgePays utilizes its blockchain software platform to offer a comprehensive suite of essential financial services for the underbanked, and top selling consumable products to convenience stores, mini-marts, tiendas, and bodegas more cost efficiently than existing wholesale distribution models. Please visit www.SurgePays.com for more information.

**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 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, 2020. 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.