

May 16, 2019



Surge Provides Update on Rollout of SurgePays Network and Announces 15% Increase in Revenue to \$3.9 Million for the First Quarter of 2019

Announces initial placement order for SurgePhones and SIM Starter Kits valued at over \$17.5 million

Memphis, TN, May 16, 2019 (GLOBE NEWSWIRE) -- Surge Holdings, Inc. ("Surge") (OTCQB: SURG), developer of the SurgePays™ Network for independent retailers, today provided a business update and announced financial results for the first quarter ended March 31, 2019.

Brian Cox, CEO and Chairman of Surge Holdings, commented, "I am pleased to report we are making tremendous progress in the development and rollout of the SurgePays Network, which empowers independent retailers as profit partners to access products and services through our secure, blockchain-based technology platform. This system reinvents the retail supply chain by providing independent retailers seamless access to global products and the ability to select, order and fulfill delivery of wholesale goods from around the country. Our system also provides a cost-effective and efficient platform for regional manufacturers to access retailers nationwide."

"Through our recently announced partnership with AATAC, one of the nation's largest private trade associations, we expect to rollout the SurgePays Network into nearly 40,000 independent retail stores within 9 months. We plan to leverage this massive distribution channel by introducing proprietary products such as our SurgePays Visa Card as well as our SurgePhone and SIM Starter Kit. Under our initial agreement with AATAC, the participating retailers will purchase a minimum of 6 Surge Android smartphones and 10 SurgePhone SIM Starter Kits per store. We estimate the minimum guaranteed value of the initial purchase order alone to be well in excess of \$17.5 million. In addition, we anticipate a high replenishment rate based on market feedback and preferred in-store product placement utilizing our custom countertop displays. We will be introducing the SurgePays Visa Card in June, as well as other high margin products and services from other manufacturers."

"I am also pleased to report that we achieved 15% growth in revenue to \$3.9 million for the first quarter of 2019. Through our subsidiary True Wireless, we provide subsidized wireless service to low income individuals in 5 states limited to one phone per household. We are gradually transitioning towards our SurgePhone Wireless and SIM Starter Kit model, which offers the first completely free wireless service supported by ad revenue and available in all 50 states with no limits per household. We believe this represents an enormous, untapped and highly scalable market opportunity that is not dependent on government subsidies."

"Most recently, we announced that we achieved another major milestone with the integration of UPS into the SurgePays fulfillment module, which is now live on the system. We believe this integration will streamline the process of ordering, fulfilling and delivering products. In addition, we can lower distribution costs for manufacturers by allowing them to leverage the mass purchasing power available through UPS on our network. We plan to begin onboarding manufacturers to the SurgePays network during the second quarter."

"Finally, in March we announced that we filed an application to list on the NASDAQ Capital Market. If approved, we believe this listing will help broaden awareness of the company within the investment community as we continue to execute on our business model."

First Quarter 2019 Financial Highlights

For the three months ended March 31, 2019 and 2018, revenues were approximately \$3.9 million and \$3.4 million, respectively. Operating loss for the three months ended March 31, 2019 was approximately \$(1.1) million versus operating income of approximately \$0.4 million for the quarter ended March 31, 2018, reflecting increased expenses following the True Wireless merger and investment to build out the SurgePays Network. Net loss for the three months ended March 31, 2019 was approximately \$(1.6) million, or \$(0.02) per share, versus a net income of \$0.4 million, or \$0.01 per share, in the prior period.

A copy of the Company's quarterly report on Form 10-Q has been filed with the Securities and Exchange Commission (www.sec.gov) and posted on the Company's website at <https://surgeholdings.com/>.

About Surge Holdings, Inc:

Surge Holdings, Inc. is a retail supply chain company leveraging blockchain technology to provide a virtual distribution hub for retailers, as well as offer telecom services for low income customers and financial payment services for the unbanked and under-banked. Surge products are delivered through a nationwide network of convenience stores and corner markets connected to the SurgePays™ retail blockchain network. This retail platform is designed to transform the traditional supply chain by providing local retailers seamless access to global products, and empowers the corner store to select, order and fulfill delivery of wholesale goods from around the country. This platform also provides manufacturers a cost-effective and efficient platform to access local retailers. For more information on Surge Holdings and its subsidiaries, please visit: <https://surgeholdings.com>.

Forward Looking Statements

This press release contains information that constitutes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Any such forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from any future results described by the forward-looking statements. Risk factors that could contribute to such differences include those matters more fully disclosed in the Company's reports filed with the U.S. Securities and Exchange Commission. The forward-looking information provided herein represents the Company's estimates as of the date of the press release, and subsequent events and developments may cause the Company's estimates to change. The Company specifically disclaims any obligation to update the forward-looking information in the future. Therefore, this forward-looking information should not be relied upon as representing the Company's estimates of its future financial performance as of any date subsequent to the date of this press release.

Investor Contact:

Crescendo Communications, LLC

Tel: 212-671-1020

Email: SURG@crescendo-ir.com



Source: Surge Holdings, Inc.