

August 15, 2019



Surge Holdings Reports Progress on Phase 1 Rollout of SurgePays™ Network and Expansion of Facilities for Accelerated Growth; Provides Update for the Second Quarter of 2019

Completes installation of SurgePays™ Network in first stores

Initial product placement orders for 250,000 SurgePhones and 500,000 SIM Starter Kits. for planned deployment into 40,000 stores

Announces \$2.8 million of purchase orders related to SurgePays™ Network

Memphis, TN, Aug. 15, 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 second quarter ended June 30, 2019.

Brian Cox, CEO and Chairman of Surge Holdings, commented, “I am pleased that we have commenced our rollout with AATAC, one of the largest private trade associations, representing over 110,000 retail locations. They are truly an ideal partner—providing the ability to accelerate our rollout across the United States. The first 750 stores being installed in Tampa provide us the real data to refine the installation process and create efficiencies to ramp to over 3,000 stores a month. We have invested in the expansion of both our Memphis fulfillment facilities and our Centercom operations center in Central America to accommodate our expected growth. Having built industry leading operations in the past, our team had the experience to foresee what we believe will be necessary to support our growth. We believe we now have everything in place to execute and are focused on growing both our retail distribution base as well as adding additional products to the SurgePays™ Network, a first of its kind fintech network connecting independent retailers, manufacturers and consumers. Our phase one with AATAC has already resulted in approximately \$2.8 million in purchase orders and we look forward to quickly scaling into phase two and additional target markets.”

“Additionally, AATAC representatives are providing their network of retailers our point-of-sale display to prominently showcase the SurgePhone and SIM Card products in store, while training merchants on the SurgePays™ Network. Our SurgePays™ Network offers the merchant a wholesale marketplace to order products from regional manufacturers. At the same time, manufacturers are now able to distribute their products nationwide in a more efficient and effective manner. The platform will also allow us to market a wide variety of our own value-added products including SurgePhone Wireless, and, upon launch, the SurgePays™ Prepaid Visa® card. In fact, the initial product placement orders to deploy into

40,000 stores is 250,000 SurgePhones and 500,000 SIM Starter Kits.”

“During the quarter, we announced the signing of two distribution agreements for products we have added to our platform. In early June, we reported signing an agreement with Weekend Warrior Wellness, a brand of Contigo Products, LLC, to distribute its ‘5-Hour Hemp Energy Shots,’ ‘Energy Mints with CBD’ and ‘Mint Strips with CBD’ through our SurgePays™ Network. In addition to Weekend Warrior Wellness, we announced in late June that we entered into an agreement with Brimhall Foods Company, Inc., a leading regional manufacturer and distributor of quality snack food items throughout the Southeast under the BRIM’S brand, to distribute its BRIM’S snack foods nationwide through our SurgePays™ Network. We are excited about expanding the products we distribute as we believe this will provide us an important incremental revenue stream, in addition to providing a new profit center for the independent store owners.”

“It is important to note that we have begun to transition our telecom business away from True Wireless. As per our plan, we expect to see a steady decline in True Wireless as SurgePhone and SurgePays™ revenues increase, due to the fact we are reallocating resources towards those businesses. While the True Wireless business played an important role in the past and has generated valuable cash flow to fund our activities, we believe the opportunities presented by the SurgePays™ Network dwarf those of True Wireless, while also eliminating our reliance on government subsidies and replacing it in short order with high margin recurring revenue. I have spent years developing an ad driven free service that yields equivalent or higher revenues than our government subsidized reimbursements. I cannot imagine a better offering to rapidly grow our customer base than a free basic plan. As a result, we are extremely encouraged by the outlook for the Company and feedback we have received from the stores that have already implemented our platform,” concluded Mr. Cox.

Second Quarter 2019 Financial Results

For the three months ended June 30, 2019, revenues were approximately \$3.5 million compared to approximately \$4.0 million for the same period last year, reflecting the Company’s planned transition from its True Wireless business towards its SurgePays™ Network and related products including SurgePhone™ Wireless, the yet to be launched SurgePays™ Prepaid Visa® card, and other consumer products to be offered through the SurgePays™ Network. Operating loss for three months ended June 30, 2019 was approximately \$(2.5) million versus operating loss of approximately \$(192,000) for the quarter ended June 30, 2018. Net loss for the three months ended June 30, 2019 was approximately \$(2.5) million, or \$(0.03) per share, versus a net loss of approximately \$(375,000), or \$(0.00) per share, in the same period last year.

About Surge Holdings, Inc:

Surge Holdings, Inc. is a retail supply chain company that provides a virtual distribution hub for retailers, as well as offers 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™ Network. This retail platform is designed to transform the traditional supply chain by providing local retailers seamless access to global products and to empower 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.

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