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# Surge Holdings Provides Year-End Business Update; Annual Revenue Increases 68.9% to \$25.7 Million for 2019 Versus \$15.2 Million for 2018

## Reports favorable outlook for continued revenue growth and cash flow in 2020

Memphis, TN, May 13, 2020 (GLOBE NEWSWIRE) -- Surge Holdings, Inc. ("Surge") (OTCQB: SURG), today provided a business update and reported financial results for the twelve months ended December 31, 2019.

Brian Cox, Chairman and CEO of Surge Holdings, commented, "While the 69% increase in sales for 2019 is clear confirmation of our accomplishments, our true progress was marked by the dramatic transformation of the business, as we laid the foundation for accelerated growth in 2020. In the fourth quarter, we generated \$13.4 million in sales, which puts us at a revenue run rate of more than \$50 million at year end—substantially above our full year 2019 results. For the year, revenue associated with our SurgePays™ Marketplace increased more than three-fold to \$4.2 million; revenue from Surge Logics increased eighteen-fold to \$7.2 million; and we added \$10.7 million in new revenue via the fourth quarter acquisition of ECS. Heading into 2020, we expect each of these business lines will continue to be significant contributors to our growth. With the addition of 9,800 ECS retail locations to our network, we have a significant opportunity to cross-sell additional products to these stores. These products include our newly launched Loco Rabbit Brand "Grab-n-Go" Phones and other targeted consumer products, which we believe will help drive further growth through the SurgePays™ Marketplace. Importantly, 2019 was a year in which we invested heavily in software development, our infrastructure, and new initiatives, which temporarily impacted our profitability. More recently, we added key members to our management team, such as Tony Evers as CFO and Tod Farnan as National Sales Director for SurgePays™. We look forward to seeing all these initiatives take hold in 2020, with the expectation of driving meaningful increases in both revenues and cash flow. We will also be looking at additional strategic acquisitions to bolster our network and prepaid wireless base. I am more encouraged than ever in the outlook for our business and look forward to reporting our first quarter results in the coming weeks."

For the twelve months ended December 31, 2019, revenue increased approximately 69% to approximately \$25.7 million, compared to approximately \$15.2 million for the same period last year. Net loss for the twelve months ending December 31, 2019 was approximately \$8.4 million or (\$0.09) per basic and diluted share, versus a loss of \$1.5 million or (\$0.02) per basic and diluted share for the twelve months ending December 31, 2018.

**About Surge Holdings, Inc:**

Surge Holdings, Inc. and its subsidiaries engage in diverse business activities including telecommunications and fintech with a focus on the underbanked, media and software development. Surge leverages its value driven prepaid wireless and fintech products to build relationships with convenience stores, bodegas, tiendas and community markets that serve the underbanked and unbanked - approximately 25% of the US population. Once a store has been set up as a customer, Surge upsells other consumable goods through its e-commerce marketplace, thereby cutting out the middleman supply chain through drop-shipping regional manufacturers' goods directly to these retail stores. 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. Forward-looking terminology such as “believes”, “expects”, “may”, “will”, “should”, “anticipates”, “plans”, or similar expressions or the negative of these terms and similar expressions are intended to identify forward-looking statements. 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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Source: Surge Holdings, Inc.