UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2022**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file number **001-40992**

SURGEPAYS, INC.
(Exact name of registrant as specified in its charter)

Nevada	**98-0550352**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
3124 Brother Blvd, Suite 104 Bartlett TN	**38133**
(Address of principal executive offices)	(Zip Code)

847-648-7541
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SURG	The Nasdaq Stock Market LLC (Nasdaq Capital Market)
Common Stock Purchase Warrants	SURGW	The Nasdaq Stock Market LLC (Nasdaq Capital Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes ☐No ☒

The number of shares of the registrant's common stock outstanding as of May 2, 2022 was12,246,528 shares.

SurgePays, Inc. and Subsidiaries

SurgePays, Inc. and Subsidiaries
Consolidated Balance Sheets

	March 31, 2022 (Unaudited)	December 31, 2021
Assets		
Current Assets		
Cash	$ 3,442,926	$ 6,283,496
Accounts receivable - net	5,644,120	3,249,889
Inventory	3,075,529	4,359,296
Prepaids	239,400	-
Total Current Assets	12,401,975	13,892,681
Property and equipment - net	204,158	200,448
Other Assets		
Note receivable	176,851	176,851
Intangibles - net	3,270,107	3,433,484
Goodwill	866,782	866,782
Investment in CenterCom - former related party	418,105	443,288
Operating lease - right of use asset - net	462,716	486,668
Total Other Assets	5,194,561	5,407,073
Total Assets	$ 17,800,694	$ 19,500,202
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	$ 5,645,134	$ 6,602,577
Accounts payable and accrued expenses - related party	1,369,611	1,389,798
Deferred revenue	317,700	276,250
Operating lease liability	36,871	49,352
Loans payable - related parties	1,086,413	1,553,799
Notes payable - SBA government	-	126,418
Notes payable - net	461,047	-
Total Current Liabilities	8,916,776	9,998,194
Long Term Liabilities		
Loans payable - related parties	4,974,403	4,507,017
Notes payable - SBA government	1,125,572	1,004,767
Operating lease liability	429,354	438,903
Total Long Term Liabilities	6,529,329	5,950,687
Total Liabilities	15,446,105	15,948,881
Commitments and Contingencies (Note 8)		
Stockholders' Equity		
Series A, Convertible Preferred stock, $0.001 par value, 100,000,000 shares authorized, 13,000,000 and 13,000,000 shares issued and outstanding, respectively	260	260
Common stock, $0.001 par value, 500,000,000 shares authorized 12,063,834 and 12,063,834 shares issued and outstanding, respectively	12,064	12,064
Additional paid-in capital	38,710,587	38,662,340
Accumulated deficit	(36,335,677)	(35,123,343)
Stockholders' equity before non-controlling interest	2,387,234	3,551,321
Non-controlling interest	(32,645)	-
Total Stockholders' Equity	2,354,589	3,551,321
Total Liabilities and Stockholders' Equity	$ 17,800,694	$ 19,500,202

The accompanying notes are an integral part of these consolidated financial statements

SurgePays, Inc. and Subsidiaries
Consolidated Statements of Operations

	For the Three Months Ended March 31,	
	2022	2021
	(Unaudited)	(Unaudited)
Revenues	$ 21,141,372	$ 10,988,948
Costs and expenses		
Cost of revenue	18,507,741	9,859,434
General and administrative expenses	3,683,782	3,237,684
Total costs and expenses	22,191,523	13,097,118
Loss from operations	(1,050,151)	(2,108,170)
Other income (expense)		
Interest expense	(169,645)	(599,636)
Derivative expense	-	(1,775,057)
Change in fair value of derivative liabilities	-	303,850
Loss on investment in CenterCom - former related party	(25,183)	(73,773)
Gain on settlement of liabilities	-	141,578
Amortization of debt discount	-	(704,223)
Total other income (expense) - net	(194,828)	(2,707,261)
Net loss including non-controlling interest	$ (1,244,979)	$ (4,815,431)
Non-controlling interest	(32,645)	-
Net loss available to common stockholders	$ (1,212,334)	$ (4,815,431)
Loss per share - basic and diluted	$ (0.10)	$ (1.85)
Weighted average number of shares - basic and diluted	12,063,834	2,604,456

The accompanying notes are an integral part of these consolidated financial statements

SurgePays, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Three Months Ended March 31, 2022
(Unaudited)

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Non-Controlling	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Interest	Equity
December 31, 2021	**260,000**	**$ 260**	**-**	**$ -**	**12,063,834**	**$ 12,064**	**$ 38,662,340**	**$ (35,123,343)**	**$ -**	**$ 3,551,321**
Recognition of stock based compensation	-	-	-	-	-	-	9,294	-	-	9,294
Warrants issued as debt issue costs	-	-	-	-	-	-	38,953	-	-	38,953
Non-controlling interest	-	-	-	-	-	-	-	-	(32,645)	(32,645)
Net loss	-	-	-	-	-	-	-	(1,212,334)	-	(1,212,334)
March 31, 2022	**260,000**	**$ 260**	**-**	**$ -**	**12,063,834**	**$ 12,064**	**$ 38,710,587**	**$ (36,335,677)**	**$ (32,645)**	**$ 2,354,589**

The accompanying notes are an integral part of these consolidated financial statements

SurgePays, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' (Deficit)
For the Three Months Ended March 31, 2021
(Unaudited)

	Series A Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
December 31, 2020	**260,000**	**$ 260**	**721,598**	**$ 722**	**2,542,624**	**$ 2,543**	**$ 10,862,708**	**$ (21,592,199)**	**$ (10,725,966)**
Stock issued for services rendered and recognition of share based compensation	-	-	-	-	63,000	63	61,508	-	61,571
Stock issued for cash	-	-	-	-	13,000,000	13,000	1,497,000	-	1,510,000
Stock and warrants issued with debt recorded as a debt discount	-	-	-	-	900,000	900	2,037,735	-	2,038,635
Conversion of debt	-	-	-	-	6,614,537	6,615	851,543	-	858,158

Stock issued under make-whole arrangement	-	-	-	-	757,345	757	89,644	-	90,401
Stock issued in connection with debt modification	-	-	-	-	695,818	696	108,235	-	108,931
Stock issued in settlement of liabilities	-	-	-	-	3,586,850	3,587	461,126	-	464,713
Stock issued for acquisition of membership interest in ECS	-	-	-	-	100,000	100	17,800	-	17,900
Net loss	-	-	-	-	-	-	-	(4,815,431)	(4,815,431)
March 31, 2021	**260,000**	**$ 260**	**721,598**	**$ 722**	**28,260,174**	**$ 28,261**	**$ 15,987,299**	**$ (26,407,630)**	**$ (10,391,088)**

The accompanying notes are an integral part of these consolidated financial statements

SurgePays, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	For the Three Months ended March 31,	
	2022	**2021**
	(Unaudited)	**(Unaudited)**
Operating activities		
Net loss - including non-controlling interest	$ (1,244,979)	$ (4,815,431)
Adjustments to reconcile net loss to net cash used in operations		
Depreciation and amortization	171,068	217,958
Amortization of right-of-use assets	23,952	64,854
Amortization of debt discount/debt issue costs	-	704,223
Recognition of share based compensation	9,294	61,571
Change in fair value of derivative liabilities	-	(303,850)
Derivative expense	-	1,775,057
Gain on settlement of liabilities	-	(201,778)
Gain on equity method investment - Centercom - former related party	25,183	73,773
Changes in operating assets and liabilities		
(Increase) decrease in		
Accounts receivable	(2,394,231)	(308,938)
Lifeline revenue - due from USAC	-	(9,169)
Inventory	1,283,767	(55,500)
Prepaids	(239,400)	(816)
Increase (decrease) in		
Accounts payable and accrued expenses	(957,443)	(851,492)
Accounts payable and accrued expenses - related party	(20,187)	-
Deferred revenue	41,450	281,900
Operating lease liability	(22,030)	(67,716)
Net cash used in operating activities	(3,323,556)	(3,435,354)
Investing activities		
Purchase of property and equipment	(11,401)	(2,615)
Net cash used in investing activities	(11,401)	(2,615)
Financing activities		
Proceeds from stock and warrants issued for cash	-	1,510,000
Proceeds from loans - related party	-	1,255,000
Proceeds from notes payable	500,000	768,167
Repayments on notes payable	-	(1,466,719)
Repayments on SBA notes	(5,613)	-
Proceeds from convertible notes	-	2,300,000
Net cash provided by financing activities	494,387	4,366,448
Net increase (decrease) in cash	(2,840,570)	928,479
Cash - beginning of period	6,283,496	673,995
Cash - end of period	$ 3,442,926	$ 1,602,474
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 8,552	$ -
Cash paid for income tax	$ -	$ -
Supplemental disclosure of non-cash investing and financing activities		
Debt issue costs recorded in connection with notes payable	$ 38,953	$ -
Debt discount/issue costs recorded in connection with debt/derivative liabilities	$ -	$ 2,038,635
Right-of-use asset obtained in exchange for new operating lease liability	$ -	$ 515,848
Stock issued in connection with debt modification	$ -	$ 108,931
Stock issued under make-whole arrangement	$ -	$ 90,401

The accompanying notes are an integral part of these consolidated financial statements

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Note 1 - Organization and Nature of Operations

Organization and Nature of Operations

SurgePays, Inc. (“SurgePays,” “SP,” “we,” “our” or “the Company”), and its operating subsidiaries, is a technology-driven company building a next generation supply chain software platform that can offer wholesale goods and services more cost efficiently than traditional and existing wholesale distribution models.

The parent (SurgePays, Inc.) and subsidiaries are organized as follows:

Company Name		Incorporation Date	State of Incorporation
SurgePays, Inc.		August 18, 2006	Tennessee
KSIX Media, Inc.		November 5, 2014	Nevada
KSIX, LLC		September 14, 2011	Nevada
Surge Blockchain, LLC		January 29, 2009	Nevada
Injury Survey, LLC		July 28, 2020	Nevada
DigitizeIQ, LLC		July 23, 2014	Illinois
Surge Logics, Inc.		October 2, 2018	Nevada
Surge Payments, LLC		December 17, 2018	Nevada
Surgephone Wireless, LLC		August 29, 2019	Nevada
SurgePays Fintech, Inc.		August 22, 2019	Nevada
True Wireless, Inc.	*	October 29, 2020	Oklahoma
ECS Prepaid, LLC		June 9, 2009	Missouri
Torch Wireless, LLC	**	January 29, 2019	Wyoming
Central States Legal Services, Inc.		August 1, 2003	Missouri
Electronic Check Services, Inc.		May 19, 1999	Missouri

* Entity was disposed of on May 7, 2021.
** As of January 1, 2022, this was accounted for as a variable interest entity

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Impact of COVID-19

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability. The COVID-19 pandemic has the potential to significantly impact the Company’s supply chain, distribution centers, or logistics and other service providers.

In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including weakened demand for products and services and a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor market conditions and respond accordingly.

We have implemented adjustments to our operations designed to keep employees safe and comply with international, federal, state, and local guidelines, including those regarding social distancing. The extent to which COVID-19 may further impact the Company’s business, results of operations, financial condition and cash flows will depend on future developments, which are highly uncertain and cannot be predicted with confidence. In response to COVID-19, the United States government has passed legislation and taken other actions to provide financial relief to companies and other organizations affected by the pandemic.

The ultimate impact of the COVID-19 pandemic on the Company’s operations is unknown and will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the COVID-19 outbreak, new information which may emerge concerning the severity of the COVID-19 pandemic, and any additional preventative and protective actions that governments, or the Company, may direct, which may result in an extended period of continued business disruption, reduced customer traffic and reduced operations.

Any resulting financial impact cannot be reasonably estimated at this time but is anticipated to have a material adverse impact on our business, financial condition, and results of operations.

To date, the Company has not experienced any significant negative economic impact due to COVID-19.

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements ("U.S. GAAP") and with the instructions to Form 10-Q and Article 8 of Regulation S-X of the United States Securities and Exchange Commission ("SEC"). Accordingly, they do not contain all information and footnotes required by accounting principles generally accepted in the United States of America for annual financial statements. In the opinion of the Company's management, the accompanying unaudited consolidated financial statements contain all of the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as of March 31, 2022 and the results of operations and cash flows for the periods presented. The results of operations for the three months ended March 31, 2022 are not necessarily indicative of the operating results for the full fiscal year or any future period. These unaudited consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 24, 2022.

Management acknowledges its responsibility for the preparation of the accompanying unaudited consolidated financial statements which reflect all adjustments, consisting of normal recurring adjustments, considered necessary in its opinion for a fair statement of its consolidated financial position and the consolidated results of its operations for the periods presented.

Liquidity, Going Concern and Management's Plans

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business.

As reflected in the accompanying consolidated financial statements, for the three months ended March 31, 2022, the Company had:

- Net loss available to common stockholders of $1,212,334; and
- Net cash used in operations was $3,323,556

Additionally, at March 31, 2022, the Company had:

- Accumulated deficit of $36,335,677
- Stockholders' equity of $2,354,589, and
- Working capital of $3,485,199

We manage liquidity risk by reviewing, on an ongoing basis, our sources of liquidity and capital requirements. The Company has cash on hand of $3,442,926 at March 31, 2022.

The Company has incurred significant losses since its inception and has not demonstrated an ability to generate sufficient revenues from the sales of its products and services to achieve profitable operations. There can be no assurance that profitable operations will ever be achieved, or if achieved, could be sustained on a continuing basis. In making this assessment we performed a comprehensive analysis of our current circumstances including: our financial position, our cash flows and cash usage forecasts for the twelve months ended March 31, 2022, and our current capital structure including equity-based instruments and our obligations and debts.

Without sufficient revenues from operations, if the Company does not obtain additional capital, the Company will be required to reduce the scope of its business development activities or cease operations. The Company may explore obtaining additional capital financing and the Company is closely monitoring its cash balances, cash needs, and expense levels.

These factors create substantial doubt about the Company's ability to continue as a going concern within the twelve-month period subsequent to the date that these consolidated financial statements are issued. The consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

<u>Management's strategic plans include the following:</u>

- Continue the hyper growth of the Affordable Connectivity Program revenue stream,
- Execution of business plan and significant revenue growth from prior period,
- Pursuing a line of credit to achieve the hyper growth of the Affordable Connectivity Program,
- Expand product and services offerings to a larger surrounding geographic area.
- Continuing to explore and execute prospective partnering or distribution opportunities; and
- Identifying unique market opportunities that represent potential positive short-term cash flow.

<u>Note 2 - Summary of Significant Accounting Policies</u>

Principles of Consolidation and Non-Controlling Interest

These consolidated financial statements have been prepared in accordance with U.S. GAAP and include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

For entities that are consolidated, but not 100% owned, a portion of the income or loss and corresponding equity is allocated to owners other than the Company. The aggregate of the income or loss and corresponding equity that is not owned by us is included in Non-controlling Interests in the consolidated financial statements.

Variable Interest Entities

A variable interest entity ("VIE") is an entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured such that equity investors lack the ability to control the entity's activities or do not substantially participate in the gains and losses of the entity. Upon inception of a contractual agreement, and thereafter, if a reconsideration event occurs, the Company performs an assessment to determine whether the arrangement contains a variable interest in an entity and whether that entity is a VIE. The primary beneficiary of a VIE is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Under Accounting Standards Codification ("ASC") 810 – *Consolidations*, where the Company concludes that it is the primary beneficiary of a VIE, the Company consolidates the accounts of that VIE.

Effective January 1, 2022, the Company executed a management agreement with Torch Wireless ("Torch"). Generally, the Company was engaged to handle the following services:

- Oversee management of the business being conducted by Torch,
- Involved in the performance of Torch's obligations under contracts regarding its business operations and maintenance of Torch's customer relationships,
- Assist Torch with regulatory compliance,
- Manage all billing and collection functions, including the right to collect revenues related to Torch's business operations, as part of the agreement, Torch may not participate in this function
- Manage all payment functions related to the business, including the right to disburse funds, as part of the agreement, Torch may not participate in this function; and

On April 6, 2022, the Company acquired 100% of the equity of Torch in exchange for $800,000, resulting in Torch becoming a wholly-owned subsidiary in a transaction accounted for as a business combination. Payment for Torch is expected to be completed during the second quarter of 2022.

In addition, the Company will pay the Sellers monthly residual payments for customers enrolled by the Company through December 31, 2022 of either $2 or $3 per customer (depending on the category of customer). While Torch has existing operations, it has not yet generated material revenues. This transaction does not involve the purchase of a "significant amount of assets" as defined in the Instructions to Item 2.01 of Form 8-K.

Torch is a provider of subsidized mobile broadband services to consumers qualifying under the federal guidelines of the U.S. Federal Communication Commission's Affordable Connectivity Program ("ACP"). The ACP provides the Company up to a $100 reimbursement for the cost of each tablet device distributed and a $30 per customer, per month subsidy for mobile broadband (internet connectivity) services. With the purchase of Torch, the Company now has approval to offer subsidized mobile broadband in all fifty states.

At March 31, 2022, Torch is a VIE and has been consolidated with the Company's financial position, results of operations, and cash flows.

The following table summarizes the carrying amounts of Torch's assets and liabilities (after the elimination of intercompany transactions and balances) included in the Company's consolidated balance sheet at March 31, 2022:

Assets		
Cash	$	1,017,756
Accounts receivable		1,665,906
Inventory		923,415
Total Assets	$	3,607,077
Liabilities		
Accounts payable	$	63,254
Total Liabilities	$	63,254

Business Combinations

The Company accounts for business acquisitions using the acquisition method of accounting, in accordance with which assets acquired and liabilities assumed are recorded at their respective fair values at the acquisition date.

The fair value of the consideration paid, including contingent consideration, is assigned to the assets acquired and liabilities assumed based on their respective fair values. Goodwill represents excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed.

Significant judgments are used in determining fair values of assets acquired and liabilities assumed, as well as intangibles. Fair value and useful life determinations are based on, among other factors, estimates of future expected cash flows, and appropriate discount rates used in computing present values. These judgments may materially impact the estimates used in allocating acquisition date fair values to assets acquired and liabilities assumed, as well as the Company's current and future operating results. Actual results may vary from these estimates which may result in adjustments to goodwill and acquisition date fair values of assets and liabilities during a measurement period or upon a final determination of asset and liability fair values, whichever occurs first. Adjustments to fair values of assets and liabilities made after the end of the measurement period are recorded within the Company's operating results.

At December 31, 2021 and 2020, goodwill was $866,782, respectively. There were no impairment losses for the years ended December 31, 2021 and 2020, respectively.

Deconsolidation of Subsidiary

In accordance with ASC Topic 810-10-40, a parent company must deconsolidate a subsidiary as of the date the parent ceases to have a controlling interest in that subsidiary and recognize a gain or loss in net income at that time.

On May 7, 2021, the Company disposed of its subsidiary True Wireless, Inc. ("TW"), however we retained $1,097,659 in liabilities which consisted of $1,077,659 in accounts payable and accrued expenses as well as $20,000 in related party loans. During 2021, the $20,000 was forgiven. In connection with the sale, the Company received an unsecured note receivable for $176,851, bearing interest at 0.6%, with a default interest rate of 10%. The Company will receive twenty-five (25) payments of principal and accrued interest totaling $7,461 commencing in June 2023. Payments are scheduled as follows:

For the Year Ended December 31, 2021		
2022	$	-
2023		52,227
2024		89,532
2025		44,766
		186,525
Less: amount representing interest		(9,674)
Total	$	176,851

As a result of the sale, we deconsolidated our entire ownership interest in TW from our consolidated financial statements on May 7, 2021, the effective date of the sale agreement, and recognized a gain on deconsolidation of $1,895,871 as follows:

Consideration		
Note receivable	$	176,851
Fair value of consideration received		176,851
Recognized amounts of identifiable assets sold and liabilities assumed by buyer:		
Cash		325,316
Lifeline revenue due from USAC		74,650
Inventory		107,089
Property and equipment - net		20,645
Operating lease - right of use asset - net		10,981
Total assets sold		538,681
Accounts payable and accrued expenses		1,183,850
Line of credit		912,870
Note payable - SBA government		150,000
Operating lease liability		10,981
Total liabilities assumed by buyer		2,257,701
Total net liabilities assumed by buyer		1,719,020
Gain on deconsolidation of True Wireless		1,895,871

Business Segments and Concentrations

The Company uses the "management approach" to identify its reportable segments. The management approach requires companies to report segment financial information consistent with information used by management for making operating decisions and assessing performance as the basis for identifying the Company's reportable segments. The Company manages its business as multiple reportable segments.

Customers in the United States accounted for 100% of our revenues. We do not have any property or equipment outside of the United States.

See Note 10 regarding segment disclosure.

Use of Estimates

Preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates, and those estimates may be material.

Significant estimates during the three months ended March 31, 2022 and the year ended December 31, 2021, respectively, include, allowance for doubtful accounts and other receivables, inventory reserves and classifications, valuation of loss contingencies, valuation of derivative liabilities, valuation of stock-based compensation, estimated useful lives related to intangible assets and property and equipment, implicit interest rate in right-of-use operating leases, uncertain tax positions, and the valuation allowance on deferred tax assets.

Risks and Uncertainties

The Company operates in an industry that is subject to intense competition and change in consumer demand. The Company's operations are subject to significant risk and uncertainties including financial and operational risks including the potential risk of business failure.

The Company has experienced, and in the future expects to continue to experience, variability in sales and earnings. The factors expected to contribute to this variability include, among others, (i) the cyclical nature of the industry, (ii) general economic conditions in the various local markets in which the Company competes, including a potential general downturn in the economy, and (iii) the volatility of prices in connection with the Company's distribution of the product. These factors, among others, make it difficult to project the Company's operating results on a consistent basis.

Fair Value of Financial Instruments

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements*. ASC 820 provides a framework for measuring fair value and requires disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, based on the Company's principal or, in absence of a principal, most advantageous market for the specific asset or liability.

The Company uses a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. The hierarchy requires the Company to use observable inputs when available, and to minimize the use of unobservable inputs, when determining fair value.

The three tiers are defined as follows:

- Level 1 —Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—Observable inputs other than quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and
- Level 3—Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

The determination of fair value and the assessment of a measurement's placement within the hierarchy requires judgment. Level 3 valuations often involve a higher degree of judgment and complexity. Level 3 valuations may require the use of various cost, market, or income valuation methodologies applied to unobservable management estimates and assumptions. Management's assumptions could vary depending on the asset or liability valued and the valuation method used. Such assumptions could include estimates of prices, earnings, costs, actions of market participants, market factors, or the weighting of various valuation methods. The Company may also engage external advisors to assist us in determining fair value, as appropriate.

Although the Company believes that the recorded fair value of our financial instruments is appropriate, these fair values may not be indicative of net realizable value or reflective of future fair values.

The Company's financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, and accounts payable and accrued expenses – related party, are carried at historical cost. At March 31, 2022 and December 31, 2021, respectively, the carrying amounts of these instruments approximated their fair values because of the short-term nature of these instruments.

ASC 825-10 *"Financial Instruments"* allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value ("fair value option"). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. The Company did not elect to apply the fair value option to any outstanding financial instruments.

Cash and Cash Equivalents and Concentration of Credit Risk

For purposes of the consolidated statements of cash flows, the Company considers all highly liquid instruments with a maturity of three months or less at the purchase date and money market accounts to be cash equivalents.

At March 31, 2022 and December 31, 2021, respectively, the Company did not have any cash equivalents.

The Company is exposed to credit risk on its cash and cash equivalents in the event of default by the financial institutions to the extent account balances exceed the amount insured by the FDIC, which is $250,000. At March 31, 2022 and December 31, 2021, the Company did not experience any losses on cash balances in excess of FDIC insured limits.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding customer balances. Credit is extended to customers based on an evaluation of their financial condition and other factors. Interest is not accrued on overdue accounts receivable. The Company does not require collateral.

Management periodically assesses the Company's accounts receivable and, if necessary, establishes an allowance for estimated uncollectible amounts. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. Accounts determined to be uncollectible are charged to operations when that determination is made.

Allowance for doubtful accounts was $137,218 and $137,218 at March 31, 2022 and December 31, 2021, respectively.

For the three months ended March 31, 2022 and 2021, the Company recorded a bad debt expense of $0 and $0, respectively.

Bad debt expense (recovery) is recorded as a component of general and administrative expenses in the accompanying consolidated statements of operations.

Inventory

Inventory primarily consists of primarily of tablets and sim cards. Inventories are stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) valuation method. At March 31, 2022 and December 31, 2021, the Company had inventory of $3,075,529 and $4,359,296, respectively.

Impairment of Long-lived Assets

Management evaluates the recoverability of the Company's identifiable intangible assets and other long-lived assets when events or circumstances indicate a potential impairment exists, in accordance with the provisions of ASC 360-10-35-15 *"Impairment or Disposal of Long-Lived Assets."* Events and circumstances considered by the Company in determining whether the carrying value of identifiable intangible assets and other long-lived assets may not be recoverable include but are not limited to significant changes in performance relative to expected operating results; significant changes in the use of the assets; significant negative industry or economic trends; and changes in the Company's business strategy. In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of these assets.

If impairment is indicated based on a comparison of the assets' carrying values and the undiscounted cash flows, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

There were no impairment losses for the three months ended March 31, 2022 and 2021, respectively.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

Expenditures for repair and maintenance which do not materially extend the useful lives of property and equipment are charged to operations. When property or equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts with the resulting gain or loss reflected in operations.

Management reviews the carrying value of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

There were no impairment losses for the three months ended March 31, 2022 and 2021, respectively.

Right of Use Assets and Lease Obligations

The Right of Use Asset and Lease Liability reflect the present value of the Company's estimated future minimum lease payments over the lease term, which may include options that are reasonably assured of being exercised, discounted using a collateralized incremental borrowing rate.

Typically, renewal options are considered reasonably assured of being exercised if the associated asset lives of the building or leasehold improvements exceed that of the initial lease term, and the performance of the business remains strong. Therefore, the Right of Use Asset and Lease Liability may include an assumption on renewal options that have not yet been exercised by the Company. At March 31, 2022, the Company's operating leases contained renewal options for periods ranging from three to five years that expire at various dates with no residual value guarantees. Future obligations relating to the exercise of renewal options is included in the measurement if, based on the judgment of management, the renewal option is reasonably certain to be exercised. Factors in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of leasehold improvements, the value of the renewal rate compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option is not exercised. Management reasonably plans to exercise all options, and as such, all renewal options are included in the measurement of the right-of-use assets and operating lease liabilities.

As the rate implicit in leases are not readily determinable, the Company uses an incremental borrowing rate to calculate the lease liability that represents an estimate of the interest rate the Company would incur to borrow on a collateralized basis over the term of a lease within a particular currency environment. See Note 8.

Derivative Liabilities

The Company analyzes all financial instruments with features of both liabilities and equity under FASB ASC Topic No. 480, ("ASC 480"), "*Distinguishing Liabilities from Equity"* and FASB ASC Topic No. 815, ("ASC 815") "*Derivatives and Hedging"*. Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as adjustments to fair value of derivatives. The Company uses a binomial model to determine fair value.

Upon conversion of a note where the embedded conversion option has been bifurcated and accounted for as a derivative liability, the Company records the shares at fair value, relieves all related notes, derivatives, and debt discounts, and recognizes a net gain or loss on debt extinguishment. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

Debt Issue Cost

Debt issuance cost paid to lenders, or third parties are amortized to interest expense in the consolidated statements of operations, over the life of the underlying debt instrument.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 to align revenue recognition more closely with the delivery of the Company's services and will provide financial statement readers with enhanced disclosures. In accordance with ASC 606, revenue is recognized when a customer obtains control of promised services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these services. To achieve this core principle, the Company applies the following five steps:

Identify the contract with a customer

A contract with a customer exists when (i) the Company enters into an enforceable contract with a customer that defines each party's rights regarding the services to be transferred and identifies the payment terms related to these services, (ii) the contract has commercial substance and, (iii) the Company determines that collection of substantially all consideration for services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or, in the case of a new customer, published credit and financial information pertaining to the customer.

Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised services, the Company must apply judgment to determine whether promised services are capable of being distinct and distinct in the context of the contract. If these criteria are not met the promised services are accounted for as a combined performance obligation.

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring services to the customer. To the extent the transaction price includes variable consideration, the Company estimates the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. None of the Company's contracts as of March 31, 2022 and December 31, 2021, respectively, contained a significant financing component.

Allocate the transaction price to performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. However, if a series of distinct services that are substantially the same qualifies as a single performance obligation in a contract with variable consideration, the Company must determine if the variable consideration is attributable to the entire contract or to a specific part of the contract. For example, a bonus or penalty may be associated with one or more, but not all, distinct services promised in a series of distinct services that forms part of a single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct service that forms part of a single performance obligation. The Company determines standalone selling price based on the price at which the performance obligation is sold separately. If the standalone selling price is not observable through past transactions, the Company estimates the standalone selling price taking into account available information such as market conditions and internally approved pricing guidelines related to the performance obligations.

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Recognize revenue when or as the Company satisfies a performance obligation

The Company satisfies performance obligations either over time or at a point in time. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer.

The following reflects additional discussion regarding our revenue recognition policies for each of our material revenue streams. For each revenue stream we do not offer any returns, refunds or warranties, and no arrangements are cancellable. Additionally, all contract consideration is fixed and determinable at the initiation of the contract. Performance obligations for Torch, TW and LogicsIQ are satisfied when services are performed. Performance obligations for ECS and SB are satisfied at point of sale.

For each revenue stream we only have a single performance obligation.

Surge Phone Wireless (SPW)

SPW is licensed to provide subsidized mobile broadband services through the FCC's Affordable Connectivity Program (ACP) to qualifying low-income customers in fourteen states. Revenues are recognized when an ACP application is completed and accepted. Each month we reconcile subscriber usage to ensure the service was utilized. A monthly file is submitted to the Universal Service Administrative Company for review and approval, at which time we have completed our performance obligation and recognize accounts receivable and revenue. Revenues are recorded in the month when services were rendered, with payment typically received on the 28th of the following month.

Torch Wireless

Torch Wireless is licensed to provide subsidized mobile broadband services through the FCC's Affordable Connectivity Program (ACP) to qualifying low-income customers in all fifty states. Revenues are recognized when an ACP application is completed and accepted. Each month we reconcile subscriber usage to ensure the service was utilized. A monthly file is submitted to the Universal Service Administrative Company for review and approval, at which time we have completed our performance obligation and recognize accounts receivable and revenue. Revenues are recorded in the month when services were rendered, with payment typically received on the 28th of the following month.

Surge Blockchain

Revenues are generated through the sale of various products such as energy drinks, CBD products, and other top selling products in convenience store and bodega nationwide. At the time in which our products are sold at the store our performance obligation is considered complete. At point of sale, our web portal platform initiates an automated clearing house transaction (ACH) resulting in the recording revenue.

LogicsIQ

LogicsIQ is an enterprise software development company providing marketing business intelligence ("BI"), plaintiff generation and case load management solutions for law firms representing plaintiffs in Mass Tort legal cases. Revenues are earned from our lead generation and retained services offerings.

Lead generation consist of sourcing leads, which requires us to drive traffic to our landing pages for a specific marketing campaign. We also achieve this in certain marketing campaigns by using third-party preferred vendors to meet the needs of our clients. Revenues are recognized at the time the lead is delivered to the client. If payment is received in advance of the delivery of services, it is included in deferred revenue, and subsequently recognized once the performance obligation has been completed.

Retained service offerings consist of turning leads into a retained legal case. To provide this service to our customers, we qualify leads through verification of information collected during the lead generation process. Additionally, we further qualify these leads using a client questionnaire which assists in determining the services to be provided. The qualification process is completed using our call center operations.

If payment is received in advance of the delivery of services, it is included in deferred revenue, and subsequently recognized once the performance obligation has been completed. At the time of delivery of leads and the creation of retained cases (customers are qualified at this point), our performance obligation has been completed and revenues are recognized. Arrangements with customers do not provide the customer with the right to take possession of our software or platform at any time. Once the advertising is delivered, it is non-refundable.

Surge Fintech and ECS

Revenues are generated through the sale of telecommunication products such as mobile phones, wireless top-up refills, and other mobile related products. At the time in which our products are sold through our online web portal (point of sale), our performance obligation is considered complete. At point of sale, our web portal platform initiates an automated clearing house transaction (ACH) resulting in the recording revenue.

True Wireless (TW) (Former Subsidiary)

TW was licensed to provide wireless services to qualifying low-income customers in five states. Revenues were recognized when a lifeline application was completed and accepted. Each month we reconciled subscriber usage to ensure the service was utilized. A monthly file was submitted to the Universal Service Administrative Company for review and approval, at which time we completed our performance obligation and recognized accounts receivable and revenue. Revenues were recorded in the month when services were rendered, with payment typically received on the 15th of the following month. If the subscriber did not utilize the Lifeline service during the month, we had 15-days to cure usage. If not cured, the subscriber was de-enrolled from the lifeline program at day 45. This process to verify usage and de-enrollment had been temporarily suspended due to the COVID-19 pandemic. Historically, we had had an insignificant amount of subscribers de-enrolled.

TW was sold in May 2021 and has been deconsolidated as of the disposal date.

Contract Liabilities (Deferred Revenue)

Contract liabilities represent deposits made by customers before the satisfaction of performance obligation and recognition of revenue. Upon completion of the performance obligation(s) that the Company has with the customer based on the terms of the contract, the liability for the customer deposit is relieved and revenue is recognized.

At March 31, 2022 and 2021, the Company had deferred revenue of $317,700 and $276,250, respectively.

The following represents the Company's disaggregation of revenues for the three months ended March 31, 2022 and 2021:

	Three Months Ended			
	2022		2021	
Revenue	**Revenue**	**% of Revenues**	**Revenue**	**% of Revenues**
Surge Phone Wireless	$ 10,985,878	52%	$ 1,077	0%
Surge Fintech and ECS	4,770,440	23%	6,914,486	63%
Torch Wireless	3,062,153	14%	-	0%
LogicsIQ, Inc.	2,293,072	11%	3,408,403	31%
Surge Blockchain, LLC	29,829	0%	35,887	0%
True Wireless	-	0%	628,325	6%
Other	-	0%	770	0%
Total Revenues	$ 21,141,372	100%	$ 10,988,948	100%

Cost of Revenues

Cost of revenues primarily consists of purchased telecom services and access to wireless networks.

Income Taxes

The Company accounts for income tax using the asset and liability method prescribed by ASC 740,*"Income Taxes".* Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the year in which the differences are expected to reverse. The Company records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized as income or loss in the period that includes the enactment date.

The Company follows the accounting guidance for uncertainty in income taxes using the provisions of ASC 740 "Income Taxes". Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. As of March 31, 2022 and December 31, 2021, respectively, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

The Company recognizes interest and penalties related to uncertain income tax positions in other expense.No interest and penalties related to uncertain income tax positions were recorded for the three months ended March 31, 2022 and 2021, respectively.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("*CARES Act*") was signed into law in March 2020. The CARES Act lifts certain deduction limitations originally imposed by the Tax Cuts and Jobs Act of 2017 (" *2017 Tax Act*"). Corporate taxpayers may carryback net operating losses (NOLs) originating between 2018 and 2020 for up to five years, which was not previously allowed under the 2017 Tax Act. The CARES Act also eliminates the 80% of taxable income limitations by allowing corporate entities to fully utilize NOL carryforwards to offset taxable income in 2018, 2019 or 2020. Taxpayers may generally deduct interest up to the sum of 50% of adjusted taxable income plus business interest income (30% limit under the 2017 Tax Act) for 2019 and 2020. The CARES Act allows taxpayers with alternative minimum tax credits to claim a refund in 2020 for the entire amount of the credits instead of recovering the credits through refunds over a period of years, as originally enacted by the 2017 Tax Act.

In addition, the CARES Act raises the corporate charitable deduction limit to 25% of taxable income and makes qualified improvement property generally eligible for 15-year cost-recovery and 100% bonus depreciation. The enactment of the CARES Act did not result in any material adjustments to our income tax provision for the three months ended March 31, 2022 and 2021, respectively.

Investment – Former Related Party

On January 17, 2019, we announced the completion of an agreement to acquire a40% equity ownership of CenterCom Global, S.A. de C.V. ("CenterCom"). CenterCom is a dynamic operations center currently providing sales support, customer service, IT infrastructure design, graphic media, database programming, software development, revenue assurance, lead generation, and other various operational support services. Our CenterCom team is based in El Salvador. CenterCom also provides call center support for various third-party clients.

Anthony N. Nuzzo, a director and officer and the holder of approximately 10% of our voting equity had a controlling interest in CenterCom Global. During 2022, Mr. Nuzzo passed away. See Form 8-K filed on March 24, 2022.

The strategic partnership with CenterCom as a bilingual operations hub has powered our growth and revenue. CenterCom has been built to support the infrastructure required to rapidly scale in synergy and efficiency to support our sales growth, customer service and development.

We account for this investment under the equity method. Investments accounted for under the equity method are recorded based upon the amount of our investment and adjusted each period for our share of the investee's income or loss. All investments are reviewed for changes in circumstance or the occurrence of events that suggest an other than temporary event where our investment may not be recoverable.

At March 31, 2022 and December 31, 2021, our investment in CenterCom was $418,105 and $443,288, respectively.

During the three months ended March 31, 2022 and 2021, we recognized a loss of $25,183 and $73,773, respectively.

During 2021, CenterCom forgave $429,010 of accounts payable owed by SurgePays to CenterCom. As a result of this debt forgiveness, occurring with a related party, accordingly, there is no gain that is recorded, the Company has increased additional paid in capital.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs are included as a component of general and administrative expense in the consolidated statements of operations.

The Company recognized $86,637 and $446,760 in marketing and advertising costs during the three months ended March 31, 2022 and 2021, respectively.

Stock-Based Compensation

The Company accounts for our stock-based compensation under ASC 718 *"Compensation – Stock Compensation"* using the fair value-based method. Under this method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. This guidance establishes standards for the accounting for transactions in which an entity exchanges it equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments.

The Company uses the fair value method for equity instruments granted to non-employees and use the Black-Scholes model for measuring the fair value of options.

The fair value of stock based compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

When determining fair value of stock based compensation, the Company considers the following assumptions in the Black-Scholes model:

- Exercise price,
- Expected dividends,
- Expected volatility,
- Risk-free interest rate; and
- Expected life of option

Stock Warrants

In connection with certain financing, consulting and collaboration arrangements, the Company may issue warrants to purchase shares of its common stock. The outstanding warrants are standalone instruments that are not puttable or mandatorily redeemable by the holder and are classified as equity awards. The Company measures the fair value of the awards using the Black-Scholes option pricing model as of the measurement date. Warrants issued in conjunction with the issuance of common stock are initially recorded at fair value as a reduction in additional paid-in capital of the common stock issued. All other warrants are recorded at fair value as expense over the requisite service period or at the date of issuance if there is not a service period.

Basic and Diluted Earnings (Loss) per Share and Reverse Stock Split

Pursuant to ASC 260-10-45, basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding for the periods presented.

Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during the period. Potentially dilutive common shares may consist of common stock issuable for stock options and warrants (using the treasury stock method), convertible notes and common stock issuable. These common stock equivalents may be dilutive in the future. In the event of a net loss, diluted loss per share is the same as basic loss per share since the effect of the potential common stock equivalents upon conversion would be anti-dilutive.

The following potentially dilutive equity securities outstanding as of March 31, 2022 and 2021 were as follows:

	March 31, 2022	March 31, 2021
Convertible notes payable and related accrued interest(1)	-	314,765
Warrants (2)	5,852,127	308,210
Stock options (3)	6,801	3,401
Series A, convertible preferred stock (4)	26,000	26,000
Series C, convertible preferred stock (5)	-	3,607,980
Total common stock equivalents	5,884,928	4,260,356

1- exercise prices variable

2- weighted average exercise price - $8.58/share and $30/share, respectively

3- weighted average exercise price - $16/share and $16/share, respectively

4- each share converts to 1/10 of a share of common stock

5- each share converts to 250 shares of common stock

The convertible notes contain exercise prices that had a discount to market ranging from 70% - 75% of the 10 or 20 days (See Note 5). As a result, the amount computed for common stock equivalents could have changed given the quoted closing trading price at each reporting period.

Warrants and stock options included as commons stock equivalents represent those that are vested and exercisable.

Based on the potential common stock equivalents noted above at March 31, 2022 and December 31, 2021, respectively, the Company has sufficient authorized shares of common stock (500,000,000) to settle any potential exercises of common stock equivalents.

Related Parties

Parties are considered to be related to the Company if the parties, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal with if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Recent Accounting Standards

Changes to accounting principles are established by the FASB in the form of ASU's to the FASB's Codification. We consider the applicability and impact of all ASU's on our consolidated financial position, results of operations, stockholders' deficit, cash flows, or presentation thereof. Management has evaluated all recent accounting pronouncements as issued by the FASB in the form of Accounting Standards Updates ("ASU") through the date these financial statements were available to be issued and found no recent accounting pronouncements issued, but not yet effective accounting pronouncements, when adopted, will have a material impact on the consolidated financial statements of the Company.

In June 2016, the FASB issued ASU 2016-13 - Financial Instruments-Credit Losses-Measurement of Credit Losses on Financial Instruments. Codification Improvements to Topic 326, Financial Instruments – Credit Losses, have been released in November 2018 (2018-19), November 2019 (2019-10 and 2019-11) and a January 2020 Update (2020-02) that provided additional guidance on this Topic. This guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For SEC filers meeting certain criteria, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

For SEC filers that meet the criteria of a smaller reporting company (including this Company) and for non-SEC registrant public companies and other organizations, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022. Early adoption will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.

We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have a material effect on the Company's consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, "Simplifying the Accounting for Income Taxes." This guidance, among other provisions, eliminates certain exceptions to existing guidance related to the approach for intra period tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also requires an entity to reflect the effect of an enacted change in tax laws or rates in its effective income tax rate in the first interim period that includes the enactment date of the new legislation, aligning the timing of recognition of the effects from enacted tax law changes on the effective income tax rate with the effects on deferred income tax assets and liabilities. Under existing guidance, an entity recognizes the effects of the enacted tax law change on the effective income tax rate in the period that includes the effective date of the tax law. ASU 2019-12 is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted.

We adopted this pronouncement on January 1, 2021; however, the adoption of this standard did not have a material effect on the Company's consolidation financial statements.

In August 2020, FASB issued ASU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity; Own Equity ("ASU 2020-06"), as part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements. Among other changes, the new guidance removes from GAAP separation models for convertible debt that require the convertible debt to be separated into a debt and equity component, unless the conversion feature is required to be bifurcated and accounted for as a derivative or the debt is issued at a substantial premium. As a result, after adopting the guidance, entities will no longer separately present such embedded conversion features in equity and will instead account for the convertible debt wholly as debt. The new guidance also requires use of the "if-converted" method when calculating the dilutive impact of convertible debt on earnings per share, which is consistent with the Company's current accounting treatment under the current guidance. The guidance is effective for financial statements issued for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years, with early adoption permitted, but only at the beginning of the fiscal year.

We adopted this pronouncement on January 1, 2022; however, the adoption of this standard did not have a material effect on the Company's consolidated financial statements.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the consolidated results of operations, stockholders' equity (deficit), or cash flows.

Note 3 – Property and Equipment

Property and equipment consisted of the following:

Type	March 31, 2022	December 31, 2021	Estimated Useful Lives (Years)
Computer equipment and software	$ 293,130	$ 283,484	3 - 5
Furniture and fixtures	84,507	82,752	5 - 7
	377,637	366,236	
Less: accumulated depreciation	(173,479)	(165,788)	
Property and equipment - net	$ 204,158	$ 200,448	

Depreciation expense for the three months ended March 31, 2022 and 2021 was $7,691 and $15,831, respectively.

These amounts are included as a component of general and administrative expenses in the accompanying consolidated statements of operations.

Note 4 – Intangibles

Intangibles consisted of the following:

Type	March 31, 2022	December 31, 2021	Estimated Useful Lives (Years)
Proprietary Software	$ 4,286,402	$ 4,286,402	7
Tradenames/trademarks	617,474	617,474	15
ECS membership agreement	465,000	465,000	1
Noncompetition agreement	201,389	201,389	2
Customer Relationships	183,255	183,255	5
	5,753,520	5,753,520	
Less: accumulated amortization	(2,483,413)	(2,320,036)	
Intangibles - net	$ 3,270,107	$ 3,433,484	

ECS has been a financial technology and wireless top-up platform for over 15 years. On October 1, 2019, we acquired ECS primarily for the favorable ACH banking relationships and a fintech transactions platform (proprietary software) processing over 20,000 transactions a day at approximately 8,000 independently owned retail stores. The goal was to incorporate our blockchain components into the existing ECS network (proprietary software). After a year of development and integration, we believe the ECS platform has been successfully merged into our platform with secure ledger data backups and will continue to serve as the proven backbone for wireless top-up transactions and wireless product aggregation. The majority of the purchase price was allocated to the "Proprietary Software" category being amortized straight-line over seven years.

Amortization expense for the three months ended March 31, 2022 and 2021 was $163,377 and $202,127, respectively.

Estimated amortization expense for each of the five (5) succeeding years is as follows:

For the Year Ended December 31, 2022:	
2022 (9 months)	$ 490,131
2023	653,508
2024	653,508
2025	653,508
2026	653,508
2027	165,944
Total	$ 3,270,107

Note 5 – Debt

The following represents a summary of the Company's notes payable – SBA government, loans payable – related parties, notes payable and convertible notes, key terms, and outstanding balances at March 31, 2022 and December 31, 2021, respectively:

Notes Payable – SBA government

(1) Paycheck Protection Program - PPP Loan

Pertaining to the Company's eighteen (18) month loan and in accordance with the Paycheck Protection Program ("PPP") and Conditional Loan Forgiveness, the promissory note evidencing the loan contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in the repayment of all amounts outstanding, collection of all amounts owing from the Company, and/or filing suit and obtaining judgment against the Company.

Under the terms of the PPP loan program, all or a portion of this Loan may be forgiven upon request from Borrower to Lender, provided the Loan proceeds are used in accordance with the terms of the Coronavirus Aid, Relief and Economic Security Act (the "Act" or "CARES"), Borrower is not in default under the Loan or any of the Loan Documents, and Borrower has provided documentation to Lender supporting such request for forgiveness that includes verifiable information on Borrower's use of the Loan proceeds, to Lender's satisfaction, in its sole and absolute discretion.

(2) Economic Injury Disaster Loan ("EIDL")

This program was made available to eligible borrowers in light of the impact of the COVID-19 pandemic and the negative economic impact on the Company's business. Proceeds from the EIDL are to be used for working capital purposes.

Installment payments, including principal and interest, are due monthly (beginning twelve (12) months from the date of the promissory note) in amounts ranging from $09 - $751/month. The balance of principal and interest is payable over the next thirty (30) years from the date of the promissory note. There are no penalties for prepayment. Based upon guidance issued by the SBA on June19, 2020, the EIDL Loan is not required to be refinanced by the PPP loan.

Terms	PPP SBA	EIDL SBA	EIDL SBA	PPP SBA	
Issuance dates of SBA loans	April 2020	May 2020	July 2020	March 2021	
Term	18 months	30 Years	30 Years	5 Years	
Maturity date	October 2021	May 2050	July 2050	March 2026	
Interest rate	1%	3.75%	3.75%	1%	
Collateral	Unsecured	Unsecured	Unsecured	Unsecured	
Conversion price	N/A	N/A	N/A	N/A	
					Total
Principal	$ 498,082	$ 150,000	$ 486,600	$ 518,167	$ 1,652,849
Balance - December 31, 2020	$ 498,082	$ 150,000	$ 486,600	$ -	$ 1,134,682
Gross proceeds	-	-	-	518,167	518,167
Forgiveness of loan	(371,664)	-	-	-	(371,664) **1**
Deconsolidation of subsidiary ("TW")	-	-	(150,000)	-	(150,000) **2**
Balance - December 31, 2021	126,418	150,000	336,600	518,167	1,131,185
Repayments	-	(2,176)	(3,437)	-	(5,613)
Balance - March 31, 2022	$ 126,418	$ 147,824	$ 333,163	$ 518,167	$ 1,125,572

1 During 2021, the Company received a partial forgiveness on a PPP loan totaling $377,743, of which $371,664 was for principal and $6,079 for accrued interest. The Company recorded this forgiveness as other income in the accompanying consolidated statements of operations.

2 In connection with the deconsolidation of TW in 2021, $150,000 was assumed by the buyer.

On April 27, 2022, the Company received forgiveness on a PPP loan of $524,144, of which $518,167 was for principal and $5,977 was for accrued interest. The Company will record the loan forgiveness as other income during the second quarter of 2022.

Notes Payable – Related Parties

Terms	1 Loan Payable Related Party	2 Loan Payable Related Party	3 Loan Payable Related Party
Issuance dates of notes	Various	May 2020/January 2021	August 2021
Maturity date	January 1, 2025	March 2021 and	August 2031
Interest rate	10%	15%	10%
Collateral	Unsecured	Unsecured	Unsecured
Conversion price	N/A	N/A	N/A

Balance - December 31, 2020	$ 3,341,940	$ 147,500	$ -	$ 3,489,440
Gross proceeds	3,825,000	63,000	467,385	4,355,385
Accrued interest included in note balance	692,458	-	-	692,458
Conversion of debt into common stock	(2,265,967)	-	-	(2,265,967)
Repayments	-	(210,500)	-	(210,500)
Balance - December 31, 2021	5,593,431	-	467,385	6,060,816
No activity - 2022	-	-	-	-
Balance - March 31, 2022	$ 5,593,431	$ -	$ 467,385	$ 6,060,816

1 Activity is with the Company's Chief Executive Officer and Board Director (Kevin Brian Cox). Prior to September 30, 2021, these notes were either due on demand or had a specific due date. Additionally, these advances had interest rates from 6% - 15%. On September 30, 2021, all notes and related accrued interest were combined into two (2) new notes.

The new notes had due dates of June 30, 2022 or January 1, 2023. In April 2022, the notes were extended to January 1, 2023 and January 1, 2024, respectively. All notes bear interest at 10%. At September 30, 2021, the Company included $692,458 of accrued interest in the new note balance. In 2021, the Company issued 561,758 shares of common stock at $4.30/share to settle $2,415,560 of debt including principal of $2,265,967 and accrued interest of $149,593. As a result of the debt conversion with a related party, accordingly gains/losses are not recognized, however, the Company increased additional paid-in capital for $2,415,560.

2 Activity was with the Company's former President, Chief Operating Officer and Board Director (Anthony Nuzzo). Mr. Nuzzo passed away in 2022.

3 Activity is with David May, who is a Board Member.

Notes Payable

Terms	**Notes Payable**	**Note Payable**	**Notes Payable**	**Total**	**In-Default**
Issuance dates of notes	March 2022	November 2019	August/September/October 2021		
Maturity date	September 2022	November 2020	August/September/October 2022		
Interest rate	19%	18%	10%		
Default interest rate	26%	0%	0%		
Collateral	Unsecured	Unsecured	Unsecured		
Conversion price	N/A	N/A	N/A		
Warrants issued as discount/issue costs	15,000	N/A	2,406,250		
Principal	$ 500,000	$ 250,000	$ 1,101,000*	$ 1,851,000	
Balance - December 31, 2020	-	250,000	-	250,000	$ 250,000
Gross proceeds	-	-	1,101,000	1,101,000	
Debt discount	-	-	(672,254)	(672,254)	
Amortization of debt discount	-	-	698,511	698,511	
Repayments	-	(250,000)	(1,127,257)	(1,377,257)	
Balance - December 31, 2021	-	-	-	-	-
Gross proceeds	500,000	-	-	500,000	
Debt issue costs	(38,953)	-	-	(38,953)	
Balance - March 31, 2022	$ 461,047	$ -	$ -	$ 461,047	-

* In the event of default, these notes were convertible at 75% of the market price based upon the VWAP in preceding 10 days. There were defaults.

Convertible Notes Payable – Net

Terms	**Convertible Notes Payable**	**Convertible Notes Payable**	**Convertible Notes Payable**	**Total**	**In-Default**
Issuance dates of notes	2019 and Prior	February 2020 - December 2020	January 2021 - March 2021		
Maturity date	2020	February 2021 - September 2021	May 2021 - March 2022		
Interest rate	14%	10% - 14%	5% - 12%		
Collateral	Unsecured	Unsecured	Unsecured		
Conversion price	**A**	**A**	**B**		

Principal	$ -	$ 2,347,000	$ 2,550,000	$ 4,897,000	
Balance - December 31, 2020	$ -	$ 1,516,170	$ -	$ 1,516,170	-
Gross proceeds	-	-	2,550,000	2,550,000	
Debt discount	-	-	(2,460,829)	(2,460,829)	
Amortization of debt discount	-	517,781	2,460,829	2,978,610	
Repayments - cash	-	-	(2,550,000)**D**	(2,550,000)	
Conversion to equity/debt modification	-	(2,110,898)	-	(2,110,898)	
Reclassified to receivable	-	76,947**C**	-	76,947	
Balance - December 31, 2021	$ -	$ -	$ -	$ -	$ -

A – Convertible at 65% multiplied by the lowest one (1) day volume weighted average price ("VWAP") of the Company's common stock during the ten (10) trading days prior to conversion.

B – Convertible at 70% - 75% multiplied by the lowest one (1) day volume weighted average price ("VWAP") of the Company's common stock during the ten (10) trading days prior to conversion.

C - During 2021, the Company over paid a note holder by $76,947 when settling the outstanding balance. This overpayment had been recorded as a receivable and was repaid in full in April 2021.

D - During 2021, the Company repaid the $2,550,000 of notes in full, however, one of the notes, having a principal of $2,300,000 was prepaid early. As a result, the Company paid an additional prepayment penalty equal to 120% of the amount due, resulting in additional interest expense of $465,239. Also, at the time of repayment, the embedded derivative liability ceased to exist.

Line of Credit

The Company had a $1,000,000 line of credit with a bank, bearing interest at 6%, which was due in April 2021. The line of credit was secured by all of the Company's assets and was personally guaranteed by the owner of the majority of the Company's voting shares. The balance at March 31, 2022 and December 31, 2021 was $0 and $0, respectively. In connection with the deconsolidation of TW in May 2021, the buyer assumed the line of credit.

Note 6 – Derivative Liabilities

During 2021, the above convertible notes contained embedded conversion options with a conversion price that could result in issuing an undeterminable amount of future common stock to settle the host contract. Accordingly, the embedded conversion option is required to be bifurcated from the host instrument (convertible note) and treated as a liability, which is calculated at fair value, and marked to market at each reporting period.

The Company used the binomial pricing model to estimate the fair value of its embedded conversion option liabilities with the following inputs:

	December 31, 2021
Expected term (years)	0.20 - 1 year
Expected volatility	143% - 291%
Expected dividends	0%
Risk free interest rate	0.03% - 0.09%

A reconciliation of the beginning and ending balances for the derivative liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows at December 31, 2021:

Derivative liability - December 31, 2020	$ 1,357,528
Fair value at commitment date	1,877,250
Fair value mark to market adjustment	(1,806,763)
Gain on derivative liability upon related debt settled	(1,428,015)
Derivative liability - December 31, 2021	$ -

Changes in fair value of derivative liabilities are included in other income (expense) in the accompanying consolidated statements of operations.

During the three months ended March 31, 2022 and 2021, the Company recorded a change in fair of derivative liabilities of $0 and $303,850, respectively. These amounts reflect a mark to market adjustment recorded to the accompanying consolidated statements of operations.

In connection with bifurcating the embedded conversion option and accounting for this instrument at fair value, the Company computed a fair value on the commitment date, and upon the initial valuation of this instrument, determined that the fair value of the liability exceeded the proceeds of the debt host instrument. As a result, the Company recorded a debt discount at the maximum amount allowed (the face amount of the debt), which required the overage to be recorded as a derivative expense.

For the three months years ended March 31, 2022 and 2021, the Company recorded a derivative expense of $0 and $1,775,057, respectively.

During the year ended December 31, 2021, in connection with the repayment of convertible notes which contained embedded conversion features, the related derivative liabilities ceased to exist.

During the three months ended March 31, 2022 and 2021, the Company recorded a gain of $0 and $141,578, respectively, related to the settlement of convertible debt which contained an embedded conversion feature and was separately bifurcated and classified as a derivative liability. The Company has recorded these gains in the accompanying consolidated statements of operations as a component of gain on settlement of liabilities.

Note 7 – Fair Value of Financial Instruments

The Company evaluates its financial assets and liabilities subject to fair value measurements on a recurring basis to determine the appropriate level in which to classify them for each reporting period. This determination requires significant judgments to be made.

The Company did not have any assets or liabilities measured at fair value on a recurring basis at March 31, 2022 and December 31, 2021, respectively

Note 8 – Commitments and Contingencies

Operating Lease

We have entered into various operating lease agreements, including our corporate headquarters. We account for leases in accordance with ASC Topic 842:*Leases,* which requires a lessee to utilize the right-of-use model and to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classification affecting the pattern of expense recognition in the statement of operations. In addition, a lessor is required to classify leases as either sales-type, financing or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as financing. If the lessor does not convey risk and rewards or control, the lease is treated as operating. We determine if an arrangement is a lease, or contains a lease, at inception and record the lease in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments over the lease term. Lease right-of-use assets and liabilities at commencement are initially measured at the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at commencement to determine the present value of lease payments except when an implicit interest rate is readily determinable. We determine our incremental borrowing rate based on market sources including relevant industry data.

We have lease agreements with lease and non-lease components and have elected to utilize the practical expedient to account for lease and non-lease components together as a single combined lease component, from both a lessee and lessor perspective with the exception of direct sales-type leases and production equipment classes embedded in supply agreements. From a lessor perspective, the timing and pattern of transfer are the same for the non-lease components and associated lease component and, the lease component, if accounted for separately, would be classified as an operating lease.

We have elected not to present short-term leases on the balance sheet as these leases have a lease term of 12 months or less at lease inception and do not contain purchase options or renewal terms that we are reasonably certain to exercise. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date. Because most of our leases do not provide an implicit rate of return, we used our incremental borrowing rate based on the information available at lease commencement date in determining the present value of lease payments.

Our leases, where we are the lessee, do not include an option to extend the lease term. Our lease also includes an option to terminate the lease prior to the end of the agreed upon lease term. For purposes of calculating lease liabilities, lease term would include options to extend or terminate the lease when it is reasonably certain that we will exercise such options.

Lease expense for operating leases is recognized on a straight-line basis over the lease term as an operating expense, included as a component of general and administrative expenses, in the accompanying consolidated statements of operations.

Certain operating leases provide for annual increases to lease payments based on an index or rate, our lease has no stated increase, payments were fixed at lease inception. We calculate the present value of future lease payments based on the index or rate at the lease commencement date. Differences between the calculated lease payment and actual payment are expensed as incurred.

At March 31, 2022 and December 31, 2021, respectively, the Company has no financing leases as defined in ASC 842,*"Leases."*

The tables below present information regarding the Company's operating lease assets and liabilities at March 31, 2022 and December 31, 2021, respectively:

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Operating Leases	$ 23,952	$ 73,618
Interest on lease liabilities	5,868	6,542
Total net lease cost	$ 29,820	$ 80,160

Supplemental balance sheet information related to leases was as follows:

	March 31, 2022	December 31, 2021

Operating leases				
Operating lease ROU assets - net	$	462,716	$	486,668
Operating lease liabilities - current		36,871		49,352
Operating lease liabilities - non-current		429,354		438,903
Total operating lease liabilities	$	466,225	$	488,255

Supplemental cash flow and other information related to leases was as follows:

		For the Three Months Ended March 31, 2022		For the Three Months Ended March 31, 2021
Cash paid for amounts included in measurement of lease liabilities Operating cash flows from operating leases	$	22,030	$	67,716
ROU assets obtained in exchange for lease liabilities Operating leases	$	-	$	518,848
Weighted average remaining lease term (in years) Operating leases		8.24		6.09
Weighted average discount rate Operating leases		5%		8%

Future minimum lease payments at March 31, 2022		
2022 (9 months)	$	44,173
2023		60,294
2024		61,876
2025		63,460
Thereafter		349,177
Total lease payments		578,980
Less: amount representing interest		(112,755)
Total lease obligations	$	466,225

In May 2021, the Company and its landlord mutually agreed to terminate the outstanding lease for ECS. The Company had an outstanding ROU liability of $128,752 at the date of termination. There was no gain or loss on lease termination.

Contingencies – Legal Matters

True Wireless and Surge Holdings - Terracom Litigation

Global Reconnect, LLC and Terracom, Inc. v. Jonathan Coffman, Jerry Carroll, True Wireless, & Surge Holdings: In the Chancery Court of Hamilton County, TN, Docket # 20-00058, Filed Jan 21, 2020. On January 21, 2020, a complaint was filed related to a noncompetition dispute. Terracom believes Mr. Coffman and Mr. Carroll are in violation of their non-compete agreements by working for us and True Wireless, Inc. Oklahoma and Tennessee state law does not recognize non-compete agreements and are not usually enforced in the state courts of these states, as such we believe True Wireless has a strong case against Terracom. The matter is entering the discovery process. Both Mr. Carroll and Mr. Coffman are no longer working for True Wireless in sales. Mr. Carroll is off the payroll and Mr. Coffman works for SurgePays, Inc., but not in wireless sales. The complaint requests general damages plus fees and costs for tortious interference with a business relationship in their prayer for relief. They have made no written demand for damages at this point in time. The Company believes this matter is simply an anti-competitive attempt by Terracom to cause distress to True Wireless.

Surge Holdings – Juno Litigation

Juno Financial v. AATAC and Surge Holdings Inc. AND Surge Holdings Inc. v. AATAC; Circuit Court of Hillsborough County, Florida, Case # 20-CA-2712 DIV A: Breach of Contract, Account Stated and Open Account claims against Surge by a factoring company. Surge has filed a cross-complaint against defendant AATAC for Breach of Contract, Account Stated, Open Account and Common Law Indemnity. Case is in discovery. Following analysis by our litigation counsel stating that there is a good defense, management has decided that a reserve is not necessary.

Unimax - Litigation

On July 9, 2020, the Company entered into a settlement and release agreement with Unimax Communications, LLC (“Unimax”). The settlement is related to a complaint filed by Unimax alleging the Company is indebted pursuant to a purchase order and additional financing terms. The Company agreed to pay Unimax the total sum of $785,000 over a 24-month period. The settlement amount is included accounts payable and accrued expenses on the consolidated balance sheets. The balance was repaid in April 2021.

Glen Eagles Litigation

SurgePays, Inc., formerly named as Surge Holdings, Inc., a Nevada corporation, Plaintiff, vs. Glen Eagles Acquisition LP, a Delaware limited partnership, Defendant; District Court Clark County, Nevada; Case No.: A-21-831204-B

ALTCORP TRADING, LLC, a Costa Rica limited liability company; et al, Plaintiffs, vs. Surge Holdings, Inc., a Nevada corporation; VSTOCK Transfer, LLC, a California limited liability company, et al; District Court Clark County, Nevada; Case No.: A-20-823039-B

These two lawsuits involved AltCorp Trading, LLC, Stanley Hills, LLC, and Glen Eagles Acquisition LP (the "AltCorp Parties."). Each of these lawsuits were ultimately disputes relating to the total consideration the Company paid to GBT Technologies, Inc. ("GBT") to acquire all of the assets of the entities that comprise the ECS Business (prior to the Company's January 2020 acquisition of the entities themselves).

On October 18, 2021, the AltCorp Parties, GBT, and the Company entered into a non-binding Memorandum of Understanding (the "MOU") to set up a framework for an attempt to settle the two lawsuits.

On December 22, 2021 (the "Effective Date"), pursuant to the framework in the MOU, the AltCorp Parties, Igor 1 Corp. (an entity related to the AltCorp Parties), the Company, ECS Prepaid LLC ("ECS LLC), and, in his individual capacity, Kevin Brian Cox (the Company's Chief Executive Officer), entered into a Resolution of Purchase, Mutual Release, and Settlement Agreement (the "Settlement Agreement") to settle the two lawsuits and resolve all disputes related to the consideration paid by the Company to GBT.

This Settlement Agreement was entered into pursuant to a resolution of the Board authorizing the negotiation of and entry into of such agreement.

As part of this agreement, the Company has acquired GBT's rights to a certain Master Distribution and Service Agreement between Interactive Communications International, Inc. and W.L. Petrey Wholesale Company, Inc., d/b/a UGO-HUB dated August 29, 2016 (the "MDA"), as amended. The MDA contains sales channel access to a variety of unique wholesale prepaid products with approximately $1,500,000 to $2,500,000 in monthly revenue. The MDA is the subject of a lawsuit between GBT and Robert Warren Jackson, RWJ Advanced Marketing LLC, and Gregory Bauer int federal district court in Nevada (the "GBT Lawsuit").

If the result of the GBT Lawsuit is an assignment of the MDA to GBT or that GBT or an affiliate of GBT is the legal owner of the MDA, GBT or such affiliate will assign the MDA to Surge and GBT shall be entitled to receive the Escrow Amount. If the result of the GBT Lawsuit is a monetary judgment without the assignment or legal decree of ownership of the MDA, GBT shall be entitled to receive the Escrow Amount and shall assign and timely pay to the Company the first one million dollars ($1,000,000) GBT recovers from the defendants in the GBT Lawsuit. In the event that GBT does not prevail in the GBT Lawsuit then it shall be entitled to release of the Escrow Amount but shall be responsible for any fees and costs obligation sought by the defendants in the GBT Lawsuit.

The Company agreed to make total payments of four million two hundred thousand dollars ($4,200,000) to Stanley Hills, LLC on or prior to January 7, 2022. This $4.2 million amount consists of a total of four hundred fifty thousand dollars ($450,000) paid by the Company in November and December 2021, one hundred thousand dollars ($100,000) to be paid on or about January 4, 2022, and three million six hundred fifty thousand dollars ($3,650,000) to be paid on or prior to January 7, 2022 of which three hundred seventy-five thousand dollars ($375,000) will be held in escrow (the "Escrow Amount"). At December 31, 2021, the Company had accrued $3,750,000 as a settlement expense, which was paid on January 7, 2022.

In addition, Igor 1 Corp. as of the Effective Date, held one hundred ten thousand (110,000) shares of the Company's common stock that has a restrictive legend (the "Igor Shares"). The owner of Igor 1 Corp. will be responsible for and shall pay for attempting to have the restrictive legend from the Igor Shares removed (with the Company agreeing to pay seven hundred fifty dollars ($750) to help pay for the legal opinion required). If Igor 1 Corp. is unable to have the legend removed prior to January 30, 2022, the Company will pay Igor 1 Corp. five hundred thousand dollars ($500,000) within five (5) trading days to purchase the Igor Shares back and then cancel them. As of February 4, 2022 (five trading days after January 30th), the Company was not asked to pay Igor 1 Corp. any funds related to this possible share cancellation.

Glen Eagles and a related entity as of the Effective Date, held three thousand (3,000) shares of the Company's common stock (the "Glen Eagles Shares"). The Glen Eagles shares shall be sold on the open market within thirty (30) days following the Effective Date. If for any reason the consideration for the Glen Eagles shares is less than fifteen thousand dollars ($15,000), the Company will have the obligation to compensate Glen Eagles for the difference between the actual amount received and $15,000. Such difference shall be paid within five (5) days of Glen Eagles providing written proof of the proceeds of the sale of the Glen Eagles Shares. Glen Eagles was paid $8,552.25 on February 16, 2022 for full settlement.

The Settlement Agreement replaces all prior agreements between the parties. In addition, within three (3) trading days of the last payment related to the $4.2 million payment to Stanley Hills being made, the parties shall make filings with the state District Court in Clark County, Nevada to dismiss both lawsuits, including, regarding the lawsuit filed by AltCorp Trading, LLC, the dismissal of the lawsuit as to VStock Transfer, LLC, to which the Company owed certain indemnification obligations. The parties agreed to a full mutual release of any disputes or claims between the parties. All matters were dismissed by stipulation of the parties on January 12, 2022.

Crystal Chapman, on behalf of herself and others similarly situated, Plaintiff versus SurgePays, Inc., Defendant; U.S. District Court for the Northern District of Illinois, Case No.: 1:21-cv-04272. On August 11, 2021, the plaintiffs filed a lawsuit alleging violations of the Telephone Consumer Protection Act as a putative class action. The plaintiffs are seeking unspecified damages and an order enjoining the Company or their agents from making autodialed calls. The case alleges contact to consumer(s) whose telephone numbers are on the Federal Do Not Call list, without their consent. There are no other counts under the TCPA or any other statute or tort. The Company vigorously disputes the allegations in this complaint as the Company only contacts consumers who have provided express written consent to be contacted. The Company believes it uses the leading software in the industry for lead verification and believes it can prove consent for all called parties. This matter was settled in the quarter ended December 31, 2021.

SurgePays – Ambess Litigation

On December 17, 2021, Ambess Enterprises, Inc. v SurgePays, Inc., Blair County Pa. case number 2021 GN 3222. Plaintiff alleges breach of contract and prays for damages of approximately $73,000.00, plus fees, costs and interest. Litigation counsel is managing the motion practice and discovery process.

True Wireless and Surge Pays - Litigation

Blue Skies Connections, LLC, and True Wireless, Inc. v. SurgePays, Inc., et. al.: In the District Court of Oklahoma County, OK, CJ-2021-5327, filed on December 13, 2021. Plaintiffs' petition alleges breach of a Stock Purchase Agreement by SurgePays, SurgePhone Wireless, LLC, and Kevin Brian Cox, and makes other allegations related to SurgePays' consulting work with Jonathan Coffman, a True Wireless employee. Blue Skies believes the Defendants are in violation of their non-competition and non-solicitation agreements related to the sale of True Wireless from SurgePays to Blue Skies. Oklahoma state law does not recognize non-compete agreements and non-solicitation agreements in the manner alleged by Plaintiffs, as such we believe SurgePays, SurgePhone, and Cox have a strong defense against the claims asserted by Blue Skies and True Wireless. The matter is in the early stages of the discovery process. Mr. Coffman is no longer working for True Wireless. The petition requests injunctive relief, general damages, punitive damages, attorney fees and costs for alleged breach of contract, tortious interference with a business relationship, and fraud. Plaintiffs have made a written demand for damages and the parties continue to discuss a potential resolution. This matter is an anti-competitive attempt by Blue Skies and True Wireless to damage SurgePays, SurgePhone, and Cox.

Note 9 – Stockholders' Equity

Reverse Stock Split

On November 2, 2021, the Company effected a 1 for 50 reverse stock split of all classes of its stock All share and per share amounts have been retroactively restated to the earliest period presented.

At March 31, 2022, the Company had three (3) classes of stock:

Common Stock

- 500,000,000 shares authorized
- Par value - $0.001
- Voting at 1 vote per share

Series A, Convertible Preferred Stock

- 13,000,000 shares authorized
- 260,000 issued and outstanding
- Par value - $0.001
- Voting at 10 votes per share (2,600,000 votes)
- Ranks senior to any other class of preferred stock
- Dividends - none
- Liquidation preference – none
- Rights of redemption - none
- Conversion into 1/10 of a share of common stock for each share held (26,000 common stock equivalents)

Series C, Convertible Preferred Stock

- 1,000,000 shares authorized
- None issued and outstanding
- Par value - $0.001
- Voting at 250 votes per share
- Ranks junior to any other class of preferred stock
- Dividends – equal to the per share amount (as converted basis) as the common stockholders should the Board of Directors declare a dividend
- Liquidation preference – original issue price plus any declared yet unpaid accrued dividends
- Rights of redemption - none
- Conversion into 250 shares of common stock for each share held

In October 2021, all Series C, Preferred stockholders, representing721,598 shares issued and outstanding, agreed to convert their holdings into3,607,980 shares of common stock. The transaction had a net effect of $0 on stockholders' equity.

Equity Transactions for the Year Ended December 31, 2021

NASDAQ Listing

On November 2, 2021, the Company was approved to be uplisted to NASDAQ. The common stock and warrants are traded on the Nasdaq Capital Market under the symbols SURG and SURGW, respectively.

Stock Issued for Services

The Company issued 13,411 shares of common stock for services rendered, having a fair value of $99,436 ($5 - $14.05/share), based upon the quoted closing trading price.

Stock and Warrants Issued for Cash and Related Direct Offering Costs

The Company issued an aggregate 4,862,247 shares of common stock for $21,294,800 ($4.30 -$8/share). In connection with raising these funds, the Company paid $2,222,952 in direct offering costs, resulting in net proceeds of $19,076,710.

Of the 4,862,247 shares issued in 2021, 4,600,000 shares and 690,000 were sold in connection with the Company's uplist to NASDAQ as follows:

On November 4, 2021, the Company issued 4,600,000 units consisting of one share of common stock and one warrant and 690,000 over-allotment warrants. The units were sold at $4.30 per unit for gross proceeds of $19,786,900 ($19,780,000 from the sale of 4,600,000 units at $4.30 and $6,900 from the sale of 690,000 over-allotment warrants at $0.01). The warrants are exercisable immediately at $4.73/share and expire three (3) years from the issuance date.

In connection with the Company's sale of common stock, the Company incurred direct offering costs of $2,222,952 which were charged to additional paid-in capital. Net proceeds were $19,076,710.

On November 4, 2021, the Company issued 230,000 five (5) year warrants to the underwriters. These warrants are exercisable beginning May 1, 2022 until November 1, 2026. The exercise price is $4.73/share. The fair value of these warrants was $647,897 based upon the following assumptions:

Expected term (years)	5
Expected volatility	118%
Expected dividends	0%
Risk free interest rate	0.53%

Since these warrants were issued as direct offering costs associated with the offering, the Company has accounted for these warrants as both a charge and increase to additional paid-in capital, resulting in a net effect on stockholders' equity of $0.

Exercise of Warrants

The Company issued 2,133 shares of common stock in connection with a cashless exercise of warrants. The transaction had a net effect of $0 on stockholders' equity.

Stock and Warrants Issued as Debt Discount

During 2021, the Company issued stock and warrants in connection with the issuance of debt and derivative liabilities totaling $3,562,829, which were recorded as debt discounts to be amortized over the life of the debt. The Company issued 18,000 shares of common stock along with 137,500 three (3) year warrants, having an exercise price of $8/share. The aggregate discount recorded was $2,645,890 for the stock and warrants which are reflected in the accompanying consolidated statements of stockholders' equity. An additional discount of $102,194 was recorded in connection with the commitment date fair value of derivative liabilities for an aggregate discount of $2,748,084.

Fair value of the warrants was determined using a Black-Scholes option pricing model with the following inputs:

Expected term (years)	3 years
Expected volatility	118%
Expected dividends	0%
Risk free interest rate	0.53%

Conversion of Debt

The Company issued 709,674 shares of common stock in connection with the conversion of convertible debt, having a fair value of $3,363,561($0.05 - $10.38/share), based upon the quoted closing trading price.

Make-whole Arrangement

The Company issued 15,147 shares of common stock to debt holders that were entitled to shares upon the settlement of debt and related accrued interest. The shares had a fair value of $90,401 ($5.60 - $6/share), based upon the quoted closing trading price.

Stock Issued for Debt Modification

The Company issued 13,916 shares of common stock in connection with the modification of debt arrangements. The shares had a fair value of $108,931 ($5.60 - $8/share), based upon the quoted closing trading price.

Stock Issued in Settlement of Liabilities

The Company issued 276,702 shares of common stock to various vendors and debt holders to settle accounts payable, debt and derivative liabilities. The shares had a fair value of $1,997,977 ($4.50 - $15.99/share), based upon the quoted closing trading price. In connection with these debt settlements, the Company recorded a gain of $1,469,641.

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Stock Issued in Acquisition of Membership Interest in ECS

On January 30, 2020, the Company entered into a Membership Interest Purchase Agreement and Stock Purchase Agreement with ECS Prepaid, ECS, CSLS and the Winfrey's. Pursuant to the agreements, the Company acquired all of the membership interests of ECS Prepaid and all of the issued and outstanding stock of each ECS and CSLS. The agreements provide that the consideration is to be paid by the Company through the issuance of 10,000 shares of the Company's Common Stock. In addition, the agreements called for 500 shares of Common Stock to be issued to the Winfrey's on a monthly basis over a 12-month period. During 2021, the Company issued 2,000 shares of common stock in full settlement of the agreements. The shares had a fair value of $17,900 ($8.95/share), based upon the quoted closing trading price. During 2020, the Company issued 5,500 shares.

Stock Options

Stock option transactions under the Company's Plan for the three months ended March 31, 2022 and the year ended December 31, 2021 are summarized as follows:

Stock Options	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value	Weighted Average Grant Date Fair Value
Outstanding - December 31, 2020	17,004	$ 16.00	6.16	$ -	$ -
Vested and Exercisable - December 31, 2020	-	$ -	-	$ -	$ -
Unvested and non-exercisable - December 31, 2020	17,004	$ 16.00	6.16	$ -	$ -
Granted	-	-			$ -
Exercised	-	-			
Cancelled/Forfeited	-	-			
Outstanding - December 31, 2021	17,004	$ 16.00	5.16	$ -	$ -
Vested and Exercisable - December 31, 2021	3,401	$ 16.00	5.16	$ -	$ -
Unvested and non-exercisable - December 31, 2021	13,603	$ 16.00	5.16	$ -	$ -
Granted	-	-			$ -
Exercised	-	-			
Cancelled/Forfeited	-	-			
Outstanding - March 31, 2022	17,004	$ 16.00	4.92	$ -	$ -
Vested and Exercisable - March 31, 2022	6,801	$ 16.00	4.92	$ -	$ -
Unvested and non-exercisable - March 31, 2022	10,202	$ 16.00	4.92	$ -	$ -

During 2022, an additional 3,400 options vested, which were held by the Company's Chief Financial Officer.

SURGEPAYS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022
(UNAUDITED)

Compensation expense recorded for stock-based compensation is as follows for the three months ended March 31, 2022 and 2021, was $9,294 and $9,294, respectively.

As of March 31, 2022, compensation cost related to the unvested options not yet recognized was $71,250.

Weighted average period in which compensation will vest (years) 1.92 years. The unvested stock option expense is expected to be recognized through March 2024.

Warrants

Warrant activity for the three months ended March 31, 2022 and the year ended December 31, 2021 are summarized as follows:

Warrants	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding - December 31, 2020	194,317	$ 32.50	1.52	$ -
Exercisable - December 31, 2020	194,317	$ 32.50	1.52	$ -
Granted	5,935,450	$ 8.01	-	-
Exercised	(2,133)	$ 12.50	-	-
Cancelled/Forfeited	(44,650)	$ 23.49	-	-
Outstanding - December 31, 2021	6,082,984	$ 8.68	2.93	$ -
Exercisable - December 31, 2021	5,852,984	$ 8.70	2.85	$ -
Unvested - December 31, 2021	230,000	$ 8.00	4.85	$ -
Granted	15,000	$ 4.73	-	
Exercised	-	$ -	-	
Cancelled/Forfeited	(15,857)	$ 51.69	-	

Outstanding - March 31, 2022	6,082,127	$ 8.55	2.69	$ -
Vested and Exercisable - March 31, 2022	5,852,127	$ 8.58	2.62	$ -
Unvested and non-exercisable - March 31, 2022	230,000	$ 8.00	4.60	$ -

Warrant Transactions for the Three Months Ended March 31, 2022

In connection with $500,000 in notes issued (See Note 5), the Company issued 15,000 warrants, which are accounted for as debt issue costs, having a fair value of $38,953.

The fair value of these warrants was determined using a Black-Scholes option pricing model with the following inputs:

Expected term (years)	3
Expected volatility	120%
Expected dividends	0%
Risk free interest rate	2.45%

Warrant Transactions for the Year Ended December 31, 2021

During 2021, the Company granted 277,950 warrants to convertible note holders and additional 137,500 warrants to note holders. These warrants were exercisable upon the grant date, had expiration dates ranging from 3 – 5 years, and exercise prices of $8 - $12/share.

Additionally, in connection with the NASDAQ uplisting, 5,290,000 warrants were sold for cash and an additional 230,000 warrants were issued as an underwriters' discount. The 230,000 warrants are exercisable six (6) months from the grant date in May 2022. See above for additional discussion.

In connection with the Company's NASDAQ uplisting, 433,017 warrants were repriced at a lower exercise price to better reflect the current market offering. No other terms had been modified. As a result, for the year ended December 31, 2021, the Company recorded a warrant modification expense of $74,476 in the accompanying consolidated statements of operations with an offsetting increase to additional paid in capital.

The fair value of these warrants was determined using a Black-Scholes option pricing model with the following inputs:

Expected term (years)	3 - 5
Expected volatility	119% - 146%
Expected dividends	0%
Risk free interest rate	0.07% - 1.15%

Note 10 – Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision–making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer.

The Company evaluated performance of its operating segments based on revenue and operating loss. All data below is prior to intercompany eliminations.

Segment information for the three months ended March 31, 2022 and 2021, are as follows:

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Revenues		
SurgePhone Wireless	$ 10,985,878	$ 1,077
Torch Wireless	3,062,153	-
Surge Blockchain	29,829	35,887
LogicsIQ	2,293,072	3,408,403
Surge Fintech & ECS	4,770,440	6,915,256
True Wireless	-	628,325
SurgePays	-	-
Total	$ 21,141,372	$ 10,988,948
Cost of revenues		
SurgePhone Wireless	$ 8,786,793	$ 2,469
Torch Wireless	3,092,209	-
Surge Blockchain	-	1,966
LogicsIQ	2,000,420	2,966,953
Surge Fintech & ECS	4,628,319	6,700,585
True Wireless	-	187,461
SurgePays	-	-

Total	$	18,507,741	$	9,859,434
Operating expenses				
SurgePhone Wireless	$	35,195	$	11,762
Torch Wireless		27,131		-
Surge Blockchain		369		8,475
LogicsIQ		659,894		355,630
Surge Fintech & ECS		342,124		397,540
True Wireless		-		232,066
SurgePays		2,619,069		2,232,211
Total	$	3,683,782	$	3,237,684
Income (loss) from operations				
SurgePhone Wireless	$	2,163,890	$	(13,154)
Torch Wireless		(57,187)		-
Surge Blockchain		29,460		25,446
LogicsIQ		(367,242)		85,820
Surge Fintech & ECS		(200,003)		(182,869)
True Wireless		-		208,798
SurgePays		(2,619,069)		(2,232,211)
Total	$	(1,050,151)	$	(2,108,170)

Segment information for the Company’s assets and liabilities at March 31, 2022 and December 31, 2021, are as follows:

		March 31, 2022		December 31, 2021
Total Assets				
SurgePhone Wireless	$	2,007,044	$	(107,845)
Torch Wireless		6,067		-
Surge Blockchain		(578,728)		(703,014)
LogicsIQ		1,437,247		1,896,130
Surge Fintech & ECS		3,694,102		4,461,210
True Wireless		-		(988,169)
SurgePays		11,234,962		14,941,890
Total	$	17,800,694	$	19,500,202
Total Liabilities				
SurgePhone Wireless	$	10,036	$	28,933
Torch Wireless		63,254		-
Surge Blockchain		197,614		202,045
LogicsIQ		2,577,559		3,181,807
Surge Fintech & ECS		72,043		275,351
True Wireless		-		2,430,268
SurgePays		12,525,599		9,830,477
Total	$	15,446,105	$	15,948,881

Note 11 – Subsequent Events

Stock Issued as Direct Offering Costs

In April 2022, the Company issued 200,000 shares of common stock for services rendered in connection with the Company’s NASDAQ uplisting in 2021. As a result, the Company recorded the par value of the common stock issued with a corresponding charge to additional paid-in capital, resulting in a net effect of $0 to stockholders’ equity.

Notes Payable and Warrants

In April 2022, the Company executed several notes for $3,500,000.

Secured Revolving Debt

Of the total, a maximum of $3,000,000 will be made available to the Company, issued pursuant to a series of 270-day (9 months) revolving notes for purposes of purchasing inventory and factoring accounts receivable.

The notes will accrue interest a monthly rate of 2% (24% annualized). The Company may take drawdowns based upon eligible accounts receivable. In the event that eligible accounts receivable is less than 80% of the loan amount, within four (4) business days, the Company will be required to make a payment to the lender so that the loan amount is no greater than 80% of the then current eligible accounts receivable. The maximum amount outstanding under the loan is the lesser of $3,000,000 or 80% of eligible accounts receivable. Additionally, any related accrued interest associated with this mandatory payment will also be due. These advances are secured by all assets of the Company.

Term Loans

Of the total, $500,000 of these notes are due in six (6) months, had an interest rate of19% and a default interest rate of26%. These notes were issued with an aggregate of 15,000 three (3) year warrants, having an exercise price of $4.73. The warrants are considered a debt issuance cost, which will be amortized over the life of the notes. These notes are unsecured.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This statement contains forward-looking statements within the meaning of the Securities Act. Discussions containing such forward-looking statements may be found throughout this statement. Actual events or results may differ materially from those discussed in the forward-looking statements as a result of various factors, including the matters set forth in this statement. The accompanying consolidated financial statements as of March 31, 2022 and 2021 and for the three months then ended includes the accounts of SurgePays, Inc. and its wholly owned subsidiaries during the period owned by SurgePays, Inc.

SurgePays, Inc ("SurgePays", "we" the "Company") was incorporated in Nevada on August 18, 2006, is a technology-driven company building a next generation supply chain software platform that offers wholesale goods and services in a cost-efficient manner as an alternative to traditional wholesale supply chain distribution models. We offer goods and services direct to convenience stores, bodegas, minimarts, tiendas and other corner stores, providing goods and services primarily to the underbanked community. Our products are currently distributed nationwide using our direct to store distribution ("DSD") system that reaches more than 8,000 outlets. We market our products using a range of marketing mediums, including in-store merchandising and promotions, experiential marketing, sales spiffs and incentives, digital marketing and social media, and internal regional salespeople.

About SurgePays, Inc.

SurgePays, Inc. is a financial technology and telecom company focused on providing essential services to the underbanked community. The Company's blockchain fintech platform utilizes a suite of financial and prepaid products to convert corner stores into tech-hubs for underbanked neighborhoods. The Company's telecom subsidiaries provide mobile broadband, voice and SMS text messaging to both subsidized and direct retail prepaid customers.

SurgePhone Wireless, Torch Wireless and LocoRabbit Wireless

SurgePhone and Torch, wholly owned subsidiaries of SurgePays, are a mobile virtual network operator (MVNO) company with 2 branded channels of business. SurgePhone and Torch are licensed by the U.S. Federal Communications Commission (the "FCC") to provide subsidized mobile broadband services to consumers qualifying under the federal guidelines of the Affordable Connectivity Program (the "ACP"). The ACP (the successor program, as of March 1, 2022 to the Emergency Broadband Benefit program) provides SurgePhone up to a $100 reimbursement for the cost of each tablet device distributed and a $30 per customer, per month subsidy for mobile broadband (internet connectivity) services. SurgePhone has received approval to offer subsidized mobile broadband in these 14 states: California, Colorado, Florida, Illinois, Maryland, Mississippi, Missouri, Nevada, New Jersey, Ohio, Oklahoma, Rhode Island, Tennessee, and Texas. Torch Wireless has received approval to offer subsidized mobile broadband to all fifty states and Puerto Rico.

LocoRabbit is the retail pure prepaid wireless offering with talk, text, and 4G LTE data at prices that are lower than other well-known prepaid competitors. Available nationwide, LocoRabbit is sold online direct to consumers through the nationwide network of convenience stores, gas stations, mini-marts, bodegas and tiendas connected to the SurgePays software platform. The SIM kits usually hang from a peg hook on the SurgePays gift card rack. Due to owning the payment platform, SurgePays is able to exclusively offer an industry high commission to the retailer for top-ups paid monthly at the client's store.

SurgePays Fintech (ECS Business)

We refer to the collective operations of ECS Prepaid, LLC, a Missouri limited liability company, Electronic Check Services, Inc., a Missouri corporation, and Central States Legal Services, Inc., a Missouri corporation, as "SurgePays Fintech." This was previously referred to as the "ECS Business."

SurgePays Fintech has been a financial technology tech and wireless top-up platform for over 15 years. Through a series of transactions between October 2019 and January 2020, we acquired the ECS Business primarily for the favorable ACH banking relationship; a fintech transactions platform processing over 20,000 transactions a day at approximately 8,000 independently owned retail stores. The goal was to incorporate our blockchain components into the existing ECS Business network. As of January 1, 2021, we believe the ECS Business platform has been successfully merged into our platform with secure ledger data backups and will continue to serve as the proven backbone for wireless top-up transactions and wireless product aggregation for the SurgePays nationwide network.

Surge Blockchain

SurgePays Blockchain Software is a back-office marketplace platform offering wholesale consumable goods direct to convenience stores, bodegas, minimarts, tiendas and other corner stores who are transacting on the SurgePays Fintech platform. The wholesale e-commerce platform is easily accessed through the secure app interface – similar to a website. We believe what makes this sales platform unique is that it also offers the merchant the ability to order wholesale consumable goods at a significant discount from traditional distributors with one touch ease. We are able to sell products at a significant discount by using on demand Direct Store Delivery (DSD.) Our platform is connected directly to manufactures, who ship products direct to the store while cutting out the middleman. The goal of the SurgePays Portal is to leverage the competitive advantage and efficiencies of e-commerce to provide as many commonly sold consumable products as possible to convenience stores, corner markets, bodegas, and supermarkets while increasing profit margins for these stores. These products include herbal stimulants, energy pills and shot drinks, dry foods, communication accessories, novelties, PPP products, bagged snacks, processed meats, automotive parts and many more goods, all in one convenient wholesale e-commerce platform.

LogicsIQ, Inc.

LogicsIQ, Inc. is a software development company providing marketing business intelligence ("BI"), lead generation, and case management solutions primarily to law firms in the mass tort industry. The company's CRM "Intake Logics" facilitates the entire life cycle of converting a potential lead into a signed retainer client integrated into the law firms case management software. Our proven strategy of delivering cost-effective retained cases to our attorney and law firm clients means those clients are better able to manage their media and advertising budgets and reach targeted audiences more quickly and effectively when utilizing our proprietary data driven analytics dashboards. Our ability to deliver transparent results has bolstered our reputation as an industry leader and solidified a solid client base.

On April 29, 2022, we confidentially submitted an amended draft registration statement on Form S-1 with the SEC relating to an initial public offering of LogicsIQ's common stock. If, after the SEC completes its review process, and subject to market and other conditions, the registration statement is declared effective and the initial public offering closes, LogicsIQ will still remain majority owned by SurgePays.

Centercom

Since 2019, we have owned a 40% equity interest in Centercom Global, S.A. de C.V. ("Centercom"). Centercom is a bilingual operations center providing the Company with sales support, customer service, IT infrastructure design, graphic media, database programming, software development, revenue assurance, lead generation, and other various operational support services. Centercom is based in El Salvador.

As the Company announced on March 24, 2022 via the filing of a Current Report on Form 8-K, Anthony P. Nuzzo, Jr., the Company's President, a member of the Company's Board of Directors (the "Board"), and the Chief Executive Officer of LogicsIQ, a subsidiary of which we own over 90%, died suddenly on March 18, 2022. The entire Company mourns this terrible loss.

Mr. Nuzzo owned 50% of Centercom.

COMPARISON OF THREE MONTHS ENDED March 31, 2022 AND 2021

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the consolidated results of operations, stockholders' deficit, or cash flows.

At March 31, 2022 and December 31, 2020, respectively, on the consolidated balance sheets, the Company separated its various types of debt into more distinct categories. Certain accounts payable were reclassified from non-current to current.

For the three months ended March 31, 2022 and 2021, respectively, on the consolidated statements of operations, the Company reclassified certain expenses amongst general and administrative and cost of revenues.

Revenues during the three months ended March 31, 2022 and 2021 consisted of the following:

	2022 (unaudited)	2021 (unaudited)
Revenue	$ 21,141,372	$ 10,988,948
Cost of revenue (exclusive of depreciation and amortization)	18,507,741	9,859,434
General and administrative expenses	3,683,782	3,237,684
Loss from operations	$ (1,050,151)	$ (2,082,170)

Revenue increased $10,152,424 (92%) primarily as a result of an increases in revenue for: SurgePhone Wireless of $10,984,801 and Torch Wireless of $3,062,153 offset by a decrease in Surge Fintech/ECS of $2,144,816 and LogicsIQ of $1,115,331. Loss from operations decreased by $1,032,019 (50%) primarily as a result of an increase in operating income in SurgePhone Wireless and Torch Wireless.

General and administrative expenses during the three months ended March 31, 2022 and 2021 consisted of the following:

	2022 (unaudited)	2021 (unaudited)
Depreciation and amortization	$ 171,068	$ 217,958
Selling, general and administration	3,512,714	3,019,726
Total	$ 3,683,782	$ 3,237,684

Depreciation and amortization decreased $46,890 primarily as a result of fully depreciated assets.

Selling, general and administrative expenses during the three months ended March 31, 2022 and 2021 consisted of the following:

	2022 (unaudited)	2021 (unaudited)
Contractors and consultants	$ 552,089	$ 378,549
Professional services	163,791	537,319
Compensation	1,728,482	961,202
Webhosting/internet	93,999	218,400
Advertising and marketing	86,637	446,759
Other	887,716	477,497
Total	$ 3,512,714	$ 3,019,726

Selling, general and administrative costs (S, G & A) increased by $492,988 (16%). The detail changes are discussed below:

* Contractors and consultants increased to $552,089 in 2022 from $378,549 in 2021 primarily due to an increase in call center expenses related to the increase in subscribers of the ACP program. This program did not exist during the first quarter of 2021.

* Professional services decreased from $537,319 in 2021 to $163,791 in 2022 primarily as a result of placement fees for various funding sources paid in 2021.

* Compensation increased from $961,202 in 2021 to $1,728,482 in 2022 primarily as a result of one-time bonuses paid to various management personnel in 2022.

* Webhosting/internet costs decreased to $93,999 in 2022 from $218,400 in 2021.

* Advertising and marketing costs decreased to $86,637 in 2022 from $446,759 in 2021 primarily due to a normalization of advertising costs in 2022. The Company implementing new advertising and marketing campaigns in the first quarter of 2021.

* Other costs increased to $887,716 in 2022 from $477,497 in 2021 primarily due to the following changes period over period:

- Building expenses decreased by $13,922
- insurance expense increased by $353,788 as a result of additional coverages required as part of uplisting to Nasdaq in the fourth quarter of 2021.
- Officed expenses increased by $12,638
- other operating expense decreased by $6,585

Other (expense) income during the three months ended March 31, 2022 and 2021 consisted of the following:

	2022 (unaudited)	2021 (unaudited)
Interest, net	$ (169,645)	$ (599,635)
Change in fair value of derivative liability	-	303,850
Derivative expense	-	(1,775,057)
Amortization of debt discount	-	(704,225)
Gain on equity investment in Centercom	(25,183)	(73,773)
Gain (loss) on settlement of liabilities	-	141,579
Total Other (expense) income	$ (194,828)	$ (2,707,261)

Interest expense decreased due to the repayment of various notes during 2021.

The loss on equity investment in Centercom of $25,183 in 2022 compared to an equity loss of $73,773 in 2021.

Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available and evaluated regularly by the chief operating decision maker, or decision–making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer.

The Company evaluated performance of its operating segments based on revenue and operating loss. Segment information for the three and nine months ended March 31, 2022 and 2021, are as follows:

	For the Three Months Ended March 31,	
	2022 (unaudited)	2021 (unaudited)
Revenues		
SurgePhone Wireless	$ 10,985,878	$ 1,077
Torch Wireless	3,062,153	-
Surge Blockchain	29,829	35,887
LogicsIQ	2,293,072	3,408,403
Surge Fintech & ECS	4,770,440	6,915,256
True Wireless	-	628,325
SurgePays	-	-
Total	$ 21,141,372	$ 10,988,948
Cost of revenues		
SurgePhone Wireless	$ 8,786,793	$ 2,469
Torch Wireless	3,092,209	-
Surge Blockchain	-	1,966
LogicsIQ	2,000,420	2,966,953
Surge Fintech & ECS	4,628,319	6,700,585
True Wireless	-	187,461
SurgePays	-	-
Total	$ 18,507,741	$ 9,859,434
Operating expenses		
SurgePhone Wireless	$ 35,195	$ 11,762
Torch Wireless	27,131	-
Surge Blockchain	369	8,475
LogicsIQ	659,894	355,630
Surge Fintech & ECS	342,124	397,540
True Wireless	-	232,066
SurgePays	2,619,069	2,232,211
Total	$ 3,683,782	$ 3,327,684
Operating income (loss)		
SurgePhone Wireless	$ 2,163,890	$ (13,154)
Torch Wireless	(57,187)	-
Surge Blockchain	29,460	25,446
LogicsIQ	(367,242)	85,820
Surge Fintech & ECS	(200,003)	(182,869)
True Wireless	-	208,798
SurgePays	(2,619,069)	(2,232,211)
Total	$ (1,050,151)	$ (2,108,170)

		March 31, 2022 (unaudited)		December 31, 2021 (audited)
Total Assets				
SurgePhone Wireless	$	2,007,043	$	(161,110)
Torch Wireless		6,067		-
Surge Blockchain		(578,728)		(608,188)
LogicsIQ		1,437,247		1,284,562
Surge Fintech & ECS		3,694,102		3,870,409
True Wireless		-		-
SurgePays		11,234,963		15,114,529
Total	$	17,800,694	$	19,500,202
Total Liabilities				
SurgePhone Wireless	$	10,036	$	5,773
Torch Wireless		63,254		-
Surge Blockchain		197,614		197,614
LogicsIQ		2,577,559		2,056,886
Surge Fintech & ECS		72,043		48,346
True Wireless		-		-
SurgePays		12,525,160		13,640,262
Total	$	15,445,666	$	15,948,881

SurgePhone Wireless and Torch Wireless

The SurgePhone Wireless revenue for the three months ended March 31,2022 increased by $10,984,801 as compared to the three months ended March 31, 2021. The increase was a result of being newly licensed to provide the Emergency Broadband Benefit ("EBB") program and Affordable Connectivity Program ("ACP"). These programs provided $10,985,878 in new revenue for the quarter ended March 31, 2022. Cost of revenues for the three months ended March 31, 2022, increased by $8,784,324 from the same period ended March 31, 2021, as a result of the purchases of devices, data usage expenses and commission paid for the ACP program. The operating income increased from a loss of $13,154 as of the three months ended March 31, 2021, to operating income of $2,163,890 as of three months ended March 31, 2022.

The Torch Wireless revenue for the three months ended March 31,2022 increased by $3,062,153 as compared to the three months ended March 31, 2021. The increase was a result of the acquisition of Torch Wireless on March 31, 2022 which is licensed to provide the Emergency Broadband Benefit ("EBB") program and Affordable Connectivity Program ("ACP"). This program provided $3,062,153in new revenue from the same period ended March 31, 2021, Cost of revenues for the three months ended March 31, 2022 increased by $3,092,209 as a result of the purchases of devices, data usage expenses and commission paid for the ACP program. The operating loss was $57,187 as of three months ended March 31, 2022.

Surge Blockchain

The revenue for the three months ended March 31, 2022 decreased by $6,058 compared to the three months March 31, 2021. The operating income for the three months ended March 31, 2022 increased by $4,014 compared to the same period in 2021.

LogicsIQ

The revenue for the three months ended March 31, 2022 decreased by $1,115,331 compared to the three months ended March 31, 2021. LogicsIQ has two main revenue streams, leads generation and retained services. The lead generation segment decreased by $587,070 as of the three months ended March 31, 2022 from the same period in 2021. The retained services segment decreased by $528,261 as of the three months ended March 31, 2022 from the same period in 2021. Operating income decreased by $453,062 for comparable periods of 2022 to 2021. LogicsIQ ended with an operating loss of $367,242 for the three months ended March 31, 2022 compared to an operating income of $85,820 for the same period in 2021.

Surge Fintech and ECS

The revenue for the three months ended March 31, 2022 was $4,770,440 compared to $6,915,256 for the same period in 2021. The decrease of 31% was a continuing result of the impact of COVID-19 and our strategic plan to move our salesforce from independent contractors to employed salespersons.

True Wireless (TW)

On May 7, 2021, the Company disposed of its subsidiary True Wireless, Inc. ("TW"), however we retained $1,097,659 in liabilities which consisted of $1,077,659 in accounts payable and accrued expenses as well as $20,000 in related party loans. In connection with the sale, the Company received an unsecured note receivable for $176,851, bearing interest at 0.6%, with a default interest rate of 10%. The Company will receive 25 payments of principal and accrued interest totaling $7,461 commencing in September 2023.

Overall

Each segment was impacted by COVID-19 in varying degrees, however, the overall increase in revenue of $10,152,424 from 2021 to 2022 for the three months ended March 31, can be attributable to opening of some markets and the new revenue stream of the EBB program. The net operating loss improved by $1,058,019 from three months ended March 31, 2021 to the three months ended March 31, 2022.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

At March 31, 2022 and December 31, 2021, our current assets were $12,401,975 and $13,892,681, respectively, and our current liabilities were $8,916,776 and $9,998,194, respectively, which resulted in a working capital surplus of $3,485,199 on March 31, 2022 and a working capital deficit of $3,894,487 on December 31, 2021.

Total assets at March 31, 2022 and December 31, 2021 amounted to $17,800,694 and $19,500,202, respectively. At March 31, 2022, assets consisted of current assets of $12,401,975, net property and equipment of $204,158, net intangible assets of $3,270,107, goodwill of $866,782, equity investment in Centercom (related party) of $418,105, note receivable of $176,850 and net operating lease right of use asset of $462,716, as compared to current assets of $13,892,681, net property and equipment of $200,448, net intangible assets of $3,433,484, goodwill of $866,782, equity investment in Centercom (related party) of $443,288, notes receivable of $176,851 and net operating lease right of use asset of $486,668 at December 31, 2021.

At March 31, 2022, our total liabilities of $15,446,105 decreased by $502,776 from $15,948,881 at December 31, 2021.

At March 31, 2022, our total stockholders' equity was $2,354,589 as compared to $3,551,321 at December 31, 2021. The principal reason for the decrease in stockholders' equity was the impact of the net loss for the period.

The following table sets forth the major sources and uses of cash for the three months ended March 31, 2022 and 2021.

	March 31, 2022	March 31, 2021
Net cash used in operating activities	$ (3,323,556)	$ (3,435,354)
Net cash used in investing activities	(11,401)	(2,615)
Net cash provided by financing activities	494,387	4,366,448
Net change in cash and cash equivalents	$ (2,840,570)	$ 928,479

At December 31, 2021, the Company had the following material commitments and contingencies.

Debt See Note 5 to the Consolidated Financial Statements.

Related party transactions - See Notes 2, 5 and 8 to the Consolidated Financial Statements.

Cash requirements and capital expenditures– At the current level of operations, the Company has to borrow funds to meet basic operating costs.

Known trends and uncertainties– The Company is planning to acquire other businesses with similar business operations. The uncertainty of the economy may increase the difficulty of raising funds to support the planned business expansion.

We believe we will have a net income for the three months ended June 30, 2022 and continue to increase net income over the remaining periods of 2022. We expect the ACP revenue stream to increase month over month for the remainder of 2022. Our attention will shift quickly from our hyper growth in the broadband sector to the emphasis of on-boarding merchants and stores on our fintech platform. This will allow us to fully implement our sales strategy, resulting in increased revenue in all segments of our business. At this point in time, the Company does not anticipate the need to raise capital through any equity plays. We may need from time to time a line of credit to enhance the hyper growth in the ACP programs.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was enacted and included a provision for the Small Business Administration ("SBA") to implement its Paycheck Protection Program ("PPP"). The PPP provides small businesses with funds to pay up to eight (8) weeks of payroll costs, including benefits. Funds received under the PPP may also be used to pay interest on mortgages, rent, and utilities. Subject to certain criteria being met, all or a portion of the loans may be forgiven. The loans bear interest at an annual rate of one percent (1%), are due two (2) years from the date of issuance, and all payments are deferred for the first nine (6) months of the loan. Any unforgiven balance of loan principal and accrued interest at the end of the nine (6) month loan deferral period is amortized in equal monthly installments over the remaining 18-months of the loan term. On January 25, 2022, the Company was notified of $371,665 in forgiveness of the $498,082 SBA guaranteed PPP loan with Bank3. The outstanding balance of $126,418 is a 30-year, 1% annual interest rate. In addition, the Company received $636,600 in several Economic Injury Disaster Loans with the Small Business Administration. These loans all carry a 3.75% interest rate payable over 30 years. First payment due 12 months from date of note.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

Under the PCAOB standards, a control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those responsible for oversight of the company's financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act). Our management has determined that, as of March 31, 2022, the Company's disclosure controls are effective, but the Company lacks segregation of duties similar to other companies our size.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

From time to time, we may be engaged in various lawsuits and legal proceedings in the ordinary course of our business. Except as described below, we are currently not aware of any legal proceedings the ultimate outcome of which, in our judgment based on information currently available, would have a material adverse effect on our business, financial condition or results of operations.

The following is summary of threatened, pending, asserted or un-asserted claims against us or any of our wholly owned subsidiaries for which there have been material developments since December 31, 2021.

(1) True Wireless and Surge Holdings - Terracom Litigation

Global Reconnect, LLC and Terracom, Inc. v. Jonathan Coffman, Jerry Carroll, True Wireless, & Surge Holdings: In the Chancery Court of Hamilton County, TN, Docket # 20-00058, Filed Jan 21, 2020. On January 21, 2020, a complaint was filed related to a noncompetition dispute. Terracom believes Mr. Coffman and Mr. Carroll are in violation of their non-compete agreements by working for us and True Wireless, Inc. Oklahoma and Tennessee state law does not recognize non-compete agreements and are not usually enforced in the state courts of these states, as such we believe True Wireless has a strong case against Terracom. The matter is entering the discovery process. Both Mr. Carroll and Mr. Coffman are no longer working for True Wireless in sales. Mr. Carroll is off the payroll and Mr. Coffman works for SurgePays, Inc., but not in wireless sales. The complaint requests general damages plus fees and costs for tortious interference with a business relationship in their prayer for relief. They have made no written demand for damages at this point in time. The Company believes this matter is simply an anti-competitive attempt by Terracom to cause distress to True Wireless.

Surge Holdings – Juno Litigation

Juno Financial v. AATAC and Surge Holdings Inc. AND Surge Holdings Inc. v. AATAC; Circuit Court of Hillsborough County, Florida, Case # 20-CA-2712 DIV A: Breach of Contract, Account Stated and Open Account claims against Surge by a factoring company. Surge has filed a cross-complaint against defendant AATAC for Breach of Contract, Account Stated, Open Account and Common Law Indemnity. Case is in discovery. Following analysis by our litigation counsel stating that there is a good defense, management has decided that a reserve is not necessary.

(2) Unimax - Litigation

On July 9, 2020, the Company entered into a settlement and release agreement with Unimax Communications, LLC ("Unimax"). The settlement is related to a complaint filed by Unimax alleging the Company is indebted pursuant to a purchase order and additional financing terms. The Company agreed to pay Unimax the total sum of $785,000 over a 24-month period. The settlement amount is included accounts payable and accrued expenses on the consolidated balance sheets. The balance was repaid in April 2021.

(3) Glen Eagles Litigation

SurgePays, Inc., formerly named as Surge Holdings, Inc., a Nevada corporation, Plaintiff, vs. Glen Eagles Acquisition LP, a Delaware limited partnership, Defendant; District Court Clark County, Nevada; Case No.: A-21-831204-B

ALTCORP TRADING, LLC, a Costa Rica limited liability company; et al, Plaintiffs, vs. Surge Holdings, Inc., a Nevada corporation; VSTOCK Transfer, LLC, a California limited liability company, et al; District Court Clark County, Nevada; Case No.: A-20-823039-B

These two lawsuits involved AltCorp Trading, LLC, Stanley Hills, LLC, and Glen Eagles Acquisition LP (the "AltCorp Parties."). Each of these lawsuits were ultimately disputes relating to the total consideration the Company paid to GBT Technologies, Inc. ("GBT") to acquire all of the assets of the entities that comprise the ECS Business (prior to the Company's January 2020 acquisition of the entities themselves).

On October 18, 2021, the AltCorp Parties, GBT, and the Company entered into a non-binding Memorandum of Understanding (the "MOU") to set up a framework for an attempt to settle the two lawsuits.

On December 22, 2021 (the "Effective Date"), pursuant to the framework in the MOU, the AltCorp Parties, Igor 1 Corp. (an entity related to the AltCorp Parties), the Company, ECS Prepaid LLC ("ECS LLC"), and, in his individual capacity, Kevin Brian Cox (the Company's Chief Executive Officer), entered into a Resolution of Purchase, Mutual Release, and Settlement Agreement (the "Settlement Agreement") to settle the two lawsuits and resolve all disputes related to the consideration paid by the Company to GBT.

This Settlement Agreement was entered into pursuant to a resolution of the Board authorizing the negotiation of and entry into of such agreement.

As part of this agreement, the Company has acquired GBT's rights to a certain Master Distribution and Service Agreement between Interactive Communications International, Inc. and W.L. Petrey Wholesale Company, Inc., d/b/a UGO-HUB dated August 29, 2016 (the "MDA"), as amended. The MDA contains sales channel access to a variety of unique wholesale prepaid products with approximately $1,500,000 to $2,500,000 in monthly revenue. The MDA is the subject of a lawsuit between GBT and Robert Warren Jackson, RWJ Advanced Marketing LLC, and Gregory Bauer int federal district court in Nevada (the "GBT Lawsuit").

If the result of the GBT Lawsuit is an assignment of the MDA to GBT or that GBT or an affiliate of GBT is the legal owner of the MDA, GBT or such affiliate will assign the MDA to Surge and GBT shall be entitled to receive the Escrow Amount. If the result of the GBT Lawsuit is a monetary judgment without the assignment or legal decree of ownership of the MDA, GBT shall be entitled to receive the Escrow Amount and shall assign and timely pay to the Company the first one million dollars ($1,000,000) GBT recovers from the defendants in the GBT Lawsuit. In the event that GBT does not prevail in the GBT Lawsuit then it shall be entitled to release of the Escrow Amount but shall be responsible for any fees and costs obligation sought by the defendants in the GBT Lawsuit.

The Company agreed to make total payments of four million two hundred thousand dollars ($4,200,000) to Stanley Hills, LLC on or prior to January 7, 2022. This $4.2 million amount consists of a total of four hundred fifty thousand dollars ($450,000) paid by the Company in November and December 2021, one hundred thousand dollars ($100,000) to be paid on or about January 4, 2022, and three million six hundred fifty thousand dollars ($3,650,000) to be paid on or prior to January 7, 2022 of which three hundred seventy-five thousand dollars ($375,000) will be held in escrow (the "Escrow Amount"). The Company paid the $3,750,000 on or prior to January 7, 2022.

In addition, Igor 1 Corp. as of the Effective Date, held one hundred ten thousand (110,000) shares of the Company's common stock that has a restrictive legend (the "Igor Shares"). The owner of Igor 1 Corp. will be responsible for and shall pay for attempting to have the restrictive legend from the Igor Shares removed (with the Company agreeing to pay seven hundred fifty dollars ($750) to help pay for the legal opinion required). If Igor 1 Corp. is unable to have the legend removed prior to January 30, 2022, the Company will pay Igor 1 Corp. five hundred thousand dollars ($500,000) within five (5) trading days to purchase the Igor Shares back and then cancel them. As of February 4, 2022 (five trading days after January 30th), the Company was not asked to pay Igor 1 Corp. any funds related to this possible share cancellation.

Glen Eagles and a related entity as of the Effective Date, held three thousand (3,000) shares of the Company's common stock (the "Glen Eagles Shares"). The Glen Eagles shares shall be sold on the open market within thirty (30) days following the Effective Date. If for any reason the consideration for the Glen Eagles shares is less than fifteen thousand dollars ($15,000), the Company will have the obligation to compensate Glen Eagles for the difference between the actual amount received and $15,000. Such difference shall be paid within five (5) days of Glen Eagles providing written proof of the proceeds of the sale of the Glen Eagles Shares. Glen Eagles was paid $8,552.25 on February 16, 2022 for full settlement.

The Settlement Agreement replaces all prior agreements between the parties. In addition, within three (3) trading days of the last payment related to the $4.2 million payment to Stanley Hills being made, the parties shall make filings with the state District Court in Clark County, Nevada to dismiss both lawsuits, including, regarding the lawsuit filed by AltCorp Trading, LLC, the dismissal of the lawsuit as to VStock Transfer, LLC, to which the Company owed certain indemnification obligations. The parties agreed to a full mutual release of any disputes or claims between the parties. All matters were dismissed by stipulation of the parties on January 12, 2022.

(4) Crystal Chapman, on behalf of herself and others similarly situated, Plaintiff versus SurgePays, Inc., Defendant; U.S. District Court for the Northern District of Illinois, Case No.: 1:21-cv-04272.

On August 11, 2021, the plaintiffs filed a lawsuit alleging violations of the Telephone Consumer Protection Act as a putative class action. The plaintiffs are seeking unspecified damages and an order enjoining the Company or their agents from making autodialed calls. The case alleges contact to consumer(s) whose telephone numbers are on the Federal Do Not Call list, without their consent. There are no other counts under the TCPA or any other statute or tort. The Company vigorously disputes the allegations in this complaint as the Company only contacts consumers who have provided express written consent to be contacted. The Company believes it uses the leading software in the industry for lead verification and believes it can prove consent for all called parties. This matter was settled in the quarter ended December 31, 2021.

(5) SurgePays – Ambess Litigation

On December 17, 2021, Ambess Enterprises, Inc. v SurgePays, Inc., Blair County Pa. case number 2021 GN 3222. Plaintiff alleges breach of contract and prays for damages of approximately $73,000.00, plus fees, costs and interest. Litigation counsel is managing the motion practice and discovery process.

(6) True Wireless and Surge Pays - Litigation

Blue Skies Connections, LLC, and True Wireless, Inc. v. SurgePays, Inc., et. al.: In the District Court of Oklahoma County, OK, CJ-2021-5327, filed on December 13, 2021. Plaintiffs' petition alleges breach of a Stock Purchase Agreement by SurgePays, SurgePhone Wireless, LLC, and Kevin Brian Cox, and makes other allegations related to SurgePays' consulting work with Jonathan Coffman, a True Wireless employee. Blue Skies believes the Defendants are in violation of their non-competition and non-solicitation agreements related to the sale of True Wireless from SurgePays to Blue Skies. Oklahoma state law does not recognize non-compete agreements and non-solicitation agreements in the manner alleged by Plaintiffs, as such we believe SurgePays, SurgePhone, and Cox have a strong defense against the claims asserted by Blue Skies and True Wireless. The matter is in the early stages of the discovery process. Mr. Coffman is no longer working for True Wireless. The petition requests injunctive relief, general damages, punitive damages, attorney fees and costs for alleged breach of contract, tortious interference with a business relationship, and fraud. Plaintiffs have made a written demand for damages and the parties continue to discuss a potential resolution. This matter is an anti-competitive attempt by Blue Skies and True Wireless to damage SurgePays, SurgePhone, and Cox.

ITEM 1A: RISK FACTORS

Not applicable.

ITEM 2: UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three-month period ended March 31, 2022, the Company did not issue any shares not previously reported in Current Report on Form 8-K or a quarterly report on Form 10-Q.

In April 2022, the Company issued 200,000 shares of common stock for services rendered in connection with the Company's NASDAQ uplisting in 2021. As a result, the Company recorded the par value of the common stock issued with a corresponding charge to additional paid-in capital, resulting in a net effect of $0 to stockholders equity. The shares were issued in reliance on the exemption from registration under the Securities Act in Section 4(a)(2) of the Securities Act.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY DISCLOSURES.

Not applicable

ITEM 5: OTHER INFORMATION.

We are reporting the following information in lieu of reporting on a Current Report on Form 8-K under Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Mr. Kevin Brian Cox (the "Executive") has been the Chief Executive Officer of SurgePays, Inc. (the "Company") since July 2017. On May 13, 2022, the Company entered into a new employment agreement (the "Agreement") with the Executive.

Following is a summary of the key provisions of the Agreement.

Term of Employment: The Agreement has an effective date of May 13, 2022 and continues for a period of five years (the "Initial Term"). The Agreement will automatically renew and continue for successive one year terms unless terminated pursuant to qualifying termination events (the "Renewal Term"). In addition, either party may terminate the Agreement by sending written notice to the other party, not more than 270 days and not less than 90 days before the end of the then-existing term of employment, of such party's desire to terminate the Agreement at the end of the then-existing term.

Base Compensation: During the term of the Agreement, the Executive will receive a base salary of $475,000 per year (the "Base") and, provided that the Company's EBITDA was positive in the prior calendar year, the Base will be increased on January 1 of each year by six percent (6%) per annum.

Cash Bonus: The Executive will receive a cash bonus each year of the greater of (i) between 2.5% and 10% of the Company's calendar year EBITDA (with the marginal percentage decreasing as EBITDA increases from $1 million to $3 million). By way of example only, if EBITDA is $1.5 million, Executive will receive $137,500 ((10% of $1 million = $100,000) plus (7.5% of $500,000 = $37,500)) and (ii) between 30% and 150% of base salary determined by the relationship between the Company's annual performance and an annual target performance set each year by mutual agreement between the Board of Directors of the Company (the "Board") and the Executive (with the percentage of base salary increasing as the percentage of target increases from 79% to over 150%).

Stock Bonus: The Company will issue, out of its equity incentive plan to be approved by its shareholders in the future, three different categories of stock bonuses and one category of options:

(i) EBITDA based issuances – 500,000 shares of common stock upon the Company first reaching positive cash flow EBITDA for a quarter of any amount and then reaching positive cash flow EBITDA for a quarter of milestones of $1 million, $3 million, and $5 million.

(ii) Market Capitalization based issuances – 500,000 shares of common stock upon the Company reaching the following market capitalization milestones: $250 million, $500 million, $1 billion, $2 billion, $3 billion, $4 billion, and $5 billion.

(iii) Business Metrics Growth based issuances – award incentives for achieving 25,000, 50,000, 100,000 active stores on the SurgePays network and 250,000, 500,000, 1,000,000 Wireless MVNO/Mobile broadband or digital content customers – up to a total of 2.75 million shares of common stock. In addition, Executive will be issued 500,000 shares of common stock per increment of 500,000 total subscribers (Wireless MVNO, Mobile Broadband or digital content customers) of the Company beyond 1 million total subscribers.

(iv) Options to purchase 250,000 shares of common stock on January 1st of each year from 2023 through 2026. In addition, the Company will issue 250,000 options to Executive in 2022 following shareholder approval of the Company's equity incentive plan.

Benefits: The Executive will be eligible to participate in all health, medical, dental, and life insurance employee benefits as are available from time to time to other key executive employees and their families. The Executive will be entitled to receive an annual car allowance of up to $15,000 per year, home office expense reimbursement of up to $5,000 per month, and a remote housing allowance of up to $10,000 per month. The Executive is also entitled to be reimbursed for up to $10,000 per year in costs associated with income tax preparation and estate planning.

Termination and Severance: The Company or the Executive may terminate the Agreement and the Executive's employment in various circumstances and, depending on the circumstances, the benefits that may be due following such termination are described below.

For a termination by the Company with Cause (as defined in the Agreement), no severance benefits are payable.

For a termination due to death, disability, by Executive following a Change in Control, or by Executive due to Constructive Termination (both as defined in the Agreement), the Executive will be entitled to (a) a payment equal to the greater of (i) two (2) years' worth of the then-existing Base and the last year's bonus and (ii) the Base payable through the remaining Initial Term (if applicable). The Executive will also be entitled to retain his benefits for the remainder of the Initial Term or Renewal Term, as then applicable.

Executive Covenants: In consideration of the Executive's continued employment with the Company and the benefits and payments described in the Agreement, the Executive agrees to (i) nondisclosure of Company confidential information during his term of employment with the Company and for five years thereafter; (ii) not to compete with the Company during the term of his employment (owning up to 10% of a publicly traded company that competes with the Company is permitted); (iii) for 12 months following termination of his Employment, not to solicit customers and not to recruit or hire the Company's employees. The non-solicit and non-compete provisions are not applicable if termination of Employment was by Executive following a Change in Control or by Executive due to Constructive Termination; and (iv) not to disparage the Company or its officers, executives or Board members.

The preceding description of the Agreement is a summary of its material terms, does not purport to be complete, and is qualified in its entirety by reference to the Agreement, a copy of which is being filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description
10.1+*	Employment Agreement between SurgePays, Inc. and Kevin Brian Cox
31.1*	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer
31.2*	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer
32.1**	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer
32.2**	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.

*Filed herewith.

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SURGEPAYS, INC.

Date: May 16, 2022

By: */s/ Kevin Brian Cox*
Kevin Brian Cox
Chief Executive Officer
(Principal Executive Officer)

Date: May 16, 2022

/s/ Anthony Evers
Anthony Evers
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into as of May 13, 2022, by and between SurgePays, Inc., a corporation incorporated under the laws of the State of Nevada with a principal place of business at 3124 Brother Blvd., Suite 104, Bartlett, TN 38133 (the "Company"), and Kevin Brian Cox, an individual residing at ("Executive").

RECITALS

A. Executive is knowledgeable with respect to the business of the Company

B. Company desires to offer employment to Executive and Executive desires to be employed by Company.

C. Company and Executive agree to enter into an Employment Agreement providing for the term set forth in Article I below, on the terms and conditions herein provided.

In consideration of the mutual promises set forth in this Agreement the parties hereto agree as follows:

ARTICLE I

Term of Employment

Subject to the provisions of Article V, and upon the terms and subject to the conditions set forth herein, the Company will employ Executive for the period beginning on the date hereof (the "Commencement Date") and ending on the five (5) year anniversary of the date hereof (the "Initial Term"). The Initial Term shall be automatically renewed for successive consecutive one (1) year periods (each, a "Renewal Term" and the Initial Term and Renewal Term are collectively referred to as the "term of employment") thereafter unless either party sends written notice to the other party, not more than 270 days and not less than 90 days before the end of the then-existing term of employment, of such party's desire to terminate the Agreement at the end of the then-existing term, in which case this Agreement will terminate at the end of the then-existing term. Executive will serve the Company during the term of employment.

ARTICLE II

Duties

2.01 (a) During the term of employment, Executive will:

(i) Promote the interests, within the scope of his duties, of the Company and devote his full working time and efforts to the Company's business and affairs;

(ii) Serve as the Chief Executive Officer of the Company; and

(iii) Perform the duties and services consistent with the title and function of such office, including without limitation, those set forth in the By-Laws of the Company.

(b) Notwithstanding anything contained in clause 2.01(a)(i) above to the contrary, nothing contained herein or under law shall be construed as preventing Executive from (i) investing Executive's personal assets in such form or manner as will not require any services on the part of Executive in the operation or the affairs of the companies in which such investments are made and in which his participation is solely that of an investor; (ii) engaging (whether or not during normal business hours) in any other professional, civic, or philanthropic activities, provided that Executive's engagement does not result in a violation of his covenants under this Section or Article VI hereof; or (iii) accepting appointments to the boards of directors of other companies provided that the Board of Directors of the Company reasonably approves of such appointments and Executive's performance of his duties on such boards does not result in a violation of his covenants under this Section or Article VI hereof.

ARTICLE III

Base Compensation

3.01 The Company will compensate Executive for the duties performed by him hereunder by payment of a base salary at the rate of Four Hundred Seventy Five Thousand Dollars ($475,000) per annum (the "Base"), payable in equal semimonthly installments, subject to customary withholding for federal, state, and local taxes and other normal and customary withholding items. Provided that the Company's EBITDA is positive with respect to the prior calendar year, the Base will be increased on January 1 of each year by six percent (6%) per annum (which figure shall act as a surrogate for the service cost of living increases) over the then-existing Base. All dollar references contained herein shall be references to United States dollars.

3.02 Reserved.

3.03 Cash Bonus. In addition to the Base, for each year during the Initial Term and Renewal Term, the Company shall pay to the Executive a bonus determined by the relationship between the Company's annual performance and an annual target performance set each year by mutual agreement between the Board of Directors and the Executive (the "Target") as follows: The greater of the Cash Percentage or:

% of Target	>150%	149-120%	119-100%	99-80%	79-60%	Under 60%
% of Base Salary	150%	149-120%	119-100%	60%	30%	0%

Such bonus shall be paid no later than March 15 of the next calendar year.

"Cash Percentage" means 10% of the Company's calendar year EBITDA for amounts of EBITDA between $0 and $1,000,000; 7.5% of the Company's calendar year EBITDA for amounts of EBITDA between $1,000,001 and $2,000,000; 5% of the Company's calendar year EBITDA for amounts of EBITDA between $2,000,001 and $3,000,000; and 2.5% of the Company's calendar year EBITDA for amounts of EBITDA greater than $3,000,000.

3.04 Stock Bonus. The Executive will participate in the Company's executive equity incentive plan (the "Plan") consistent with other C-level officers, once adopted by the Company. In addition, Executive will receive the following stock-based bonuses:

(A) EBITDA based issuances. The first time the Company reaches i) positive cash flow EBITDA for a quarter, Executive will receive 500,000 shares of the Company's common stock, ii) positive cash flow of over $1,000,000 EBITDA for a quarter, Executive will receive 500,000 shares of the Company's common stock, iii) positive cash flow of over $3,000,000 EBITDA for a quarter, Executive will receive 500,000 shares of the Company's common stock, and iv) positive cash flow of over $5,000,000 EBITDA for a quarter, Executive will receive 500,000 shares of the Company's common stock. Such issuance to be issued before the last business day of the following quarter in which such milestone is achieved.

(B) Market Capitalization Based Issuances. The Executive shall qualify to receive (i) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $250,000,000, (ii) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $500,000,000, (iii) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $1,000,000,000, (iv) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $2,000,000,000, (v) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $3,000,000,000, (vi) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $4,000,000,000, and (vii) an issuance of 500,000 shares immediately upon the market capitalization of the Company reaching $5,000,000,000; in each case such issuance to be issued on the last business day of the quarter in which such milestone is achieved so long as the Executive is employed by the Company on such day,

---

(C) Business Metrics Growth Based Issuances. The Executive shall qualify to receive (i) an issuance of 250,000 shares immediately upon 25,000 stores becoming active on SurgePays network, (ii) an issuance of 250,000 shares immediately upon 50,000 stores becoming active on SurgePays network, (iii) an issuance of 250,000 shares immediately upon 100,000 stores becoming active on SurgePays network (iv) an issuance of 500,000 shares immediately upon the total subscribers (Wireless MVNO, Mobile Broadband or digital content customers) of the Company reaching 250,000, (v) an issuance of 500,000 shares immediately upon the total subscribers (Wireless MVNO, Mobile Broadband or digital content customers) of the Company reaching 500,000, (vi) an issuance of 500,000 shares immediately upon the total subscribers (Wireless MVNO, Mobile Broadband or digital content customers) of the Company reaching 750,000, (vii) an issuance of 500,000 shares immediately upon the total subscribers (Wireless MVNO, Mobile Broadband or digital content customers) of the Company reaching 1,000,000, and (vii) additional issuance of 500,000 shares of stock per increment of 500,000 subscribers total subscribers (Wireless MVNO, Mobile Broadband or digital content customers) of the Company; in each case such issuance to be issued on the last business day of the quarter in which such milestone is achieved so long as the Executive is employed by the Company on such day.

(D) Executive Stock Options. Following the adoption of a stock option plan (the "Plan"), the Executive will receive the following stock-based bonuses on January 1 of each calendar year (each a "Grant Date") at an exercise price equal to the greater of (i) fair market value per share as of the Grant Date and (ii) $4.29: (i) 250,000 options to purchase shares of the Company's common stock, such options vesting quarterly over the period beginning January 2022 and ending December 2022; (ii) 250,000 options to purchase shares of the Company's common stock, such options vesting quarterly over the period beginning January 2023 and ending December 2023; (iii) 250,000 options to purchase shares of the Company's common stock, such options vesting quarterly over the period beginning January 2024 and ending December 2024; (iv) 250,000 options to purchase shares of the Company's common stock, such options vesting quarterly over the period beginning January 2025 and ending December 2025; and (v) 250,000 options to purchase shares of the Company's common stock, such options vesting quarterly over the period beginning January 2026 and ending December 2026.

(E) All of the awards referenced in subparagraphs (A) - (D) of this Section 3.04 shall be made pursuant to the Plan, subject to approval by the Company's shareholders of a sufficient number of shares available for issuance under the Plan. The Plan and related award agreements shall provide for the acceleration of all vesting requirements referenced in subparagraphs (A) – (D) upon a Change in Control, and for the use of cash, shares or other method of cashless exercise to satisfy all tax withholding requirements which shall be borne by the Executive. If any of the awards referenced in subparagraphs (A) – (D) are earned but cannot be made pursuant to the Plan because the Board has not approved the mailing of either (i) a proxy statement or (ii) a notice and access card regarding the availability of proxy materials to the shareholders to vote to have an increase in the authorized shares under the Plan be approved by the shareholders within 90 days following the date upon which such award is due and owing, the Company shall make a cash payment to Executive in lieu of each such award at the time the award otherwise would have been made in an amount equal to three (3) times the number of shares to be issued to the Executive pursuant to subparagraphs (A) – (D) multiplied by the volume average weighted price (VWAP) of the Company's common stock during the period commencing on the date of this Agreement and ending on the day prior to the date of payment. In the event that the Board has approved the mailing of either (i) a proxy statement or (ii) a notice and access card regarding the availability of proxy materials to the shareholders, as required pursuant to this Section, and the shareholders do not approve an increase in the authorized shares under the Plan, the Company shall make a cash payment to Executive in lieu of each such award at the time the award otherwise would have been made in an amount equal to one (1) times the number of shares to be issued to the Executive pursuant to subparagraphs (A) – (D) multiplied by the volume average weighted price (VWAP) of the Company's common stock during the period commencing on the date of this Agreement and ending on the day prior to the date of payment. In the event that the Company does not have the available cash or cannot otherwise afford to pay cash owed pursuant to this Section in the Board's discretion, the Company shall be able to issue a promissory note to the Executive with terms which are mutually agreeable amongst the Company (as approved by the Board) and the Executive.

ARTICLE IV

Reimbursement and Employment Benefits

4.01 Health and Other Medical. Executive shall be eligible to participate in all health, medical, dental, and life insurance employee benefits as are available from time to time to other key executive employees (and their families) of the Company, including a Life Insurance Plan, Medical and Dental Insurance Plan, and a Long Term Disability Plan (the "Plans"). The Company shall pay all premiums with respect to such Plans. To the extent that such premiums are deemed to be includable in Executive's gross income and taxable (the "Reimbursement"), the Company shall pay to the Executive on or before March 15 of the year after the premium payment(s) the quotient of the amount of Reimbursement divided by 0.54, and then subtracting the Reimbursement from this amount (e.g., if the Reimbursement is $1,000.00, then the Company would pay to the Executive the sum of $851.85, which is $1,000.00 divided by 0.54, and subtracting the amount of Reimbursement**).**

4.02 Vacation. Executive shall be entitled to Four (4) weeks of vacation and five (5) personal days per year, to be taken in such amounts and at such times as shall be mutually convenient for Executive and the Company. Any time not taken by Executive in one year shall be carried forward to subsequent years. If all such vacation and personal time to which Executive is entitled is not taken by Executive before the termination of this Agreement, Executive shall be entitled to be reimbursed upon termination (for any reason) for such lost time in accordance with the Base then in effect.

4.03 Performance-Enhancing Items. Executive shall be entitled to receive from the Company (a) an annual car allowance up to fifteen thousand dollars ($15,000.00) per annum, and (b) reimbursement by the Company for home office expenses up to five thousand dollars ($5,000.00) per month, including, without limitation, the purchase and maintenance of a home computer with linkup facilities to the Company, a home facsimile, printer and scanner, interconnection of two telephone or cable connections to the Internet, laptop computer, portable mobile phone, together with any charges for the use thereof. Executive shall be entitled to a remote housing allowance of up to ten thousand ten thousand dollars ($10,000.00) per month. Executive shall be responsible for any taxes due on such allowance. To the extent that any and all such reimbursements or payments by the Company pursuant to this Section 4.03 are includable in Executive's gross income and taxable (the "Allowances"), then the Company shall, on or before March 15 of the year after the payment is made, pay to the Executive the quotient of the amount of Allowances divided by 0.54, and then subtracting the Allowances from this amount (e.g., if the Allowances are $1,000.00, then the Company would pay to the Executive the sum of $851.85, which is $1,000.00 divided by 0.54, and subtracting the amount of the Allowances**).**

4.04 Reimbursable Expenses. The Company shall in accordance with its standard policies in effect from time to time reimburse Executive for all reasonable out-of-pocket expenses actually incurred by him in the conduct of the business of the Company including business class air travel for flights of 4 hours or more, quality hotels and rental cars, entertainment and similar executive expenditures provided that Executive submits all substantiation of such expenses to the Company on a timely basis in accordance with such standard policies.

4.05 Savings Plan. Executive will be eligible to enroll and participate, and be immediately vested in (to the extent legally possible and in accordance with existing Company benefit plans), all Company savings and retirement plans, including any 401(k) plans.

4.06 Life Insurance. The Company shall pay all premiums for Executive to receive on his (a) term life insurance premiums paid by Executive on his own life, provided that the life insurance proceeds do not exceed 300% of Executive's previous year's Base and Bonus and (b) split dollar life insurance in the face amount of $2,000,000, it being understood that Executive may designate the beneficiary (or beneficiaries) of such policies. To the extent that any and all such reimbursements or payments by the Company pursuant to this Section 4.06 are includable in Executive's gross income and taxable ("Premiums"), then the Company shall, on or before March 15 of the year after the payment is made, pay to the Executive the quotient of the amount of Premiums divided by 0.54, and then subtracting the Premiums from this amount (e.g., if the Premiums are $1,000.00, then the Company would pay to the Executive the sum of $851.85, which is $1,000.00 divided by 0.54, and subtracting the amount of the Premiums**)**.

4.07 Directors and Officers Liability Insurance. The Company will provide liability insurance coverage protecting Executive and his estate, to the extent permitted by law against suits by fellow employees, shareholders and third parties and criminal and regulatory investigations arising out of any alleged act or omission occurring with the course and scope of Executive's employment with the Company. Such insurance will be in an amount not less than two million dollars ($2,000,000).

4.08 Financial Planning. The Company shall reimburse Executive for all legal, and accounting costs, fees, and expenses incurred each year by Executive in connection with (a) income tax preparation and (b) estate planning, provided that the aggregate annual expenses to be reimbursed shall not exceed Ten Thousand Dollars ($10,000.00). To the extent that any and all such reimbursements or payments by the Company pursuant to this Section 4.08 are includable in Executive's gross income and taxable (the "Planning Fees"), then the Company shall, on or before March 15 of the year after the payment is made, pay to the Executive the quotient of the amount of Planning Fees divided by 0.54, and then subtracting the Planning Fees from this amount (e.g., if the Planning Fees are $1,000.00, then the Company would pay to the Executive the sum of $851.85, which is $1,000.00 divided by 0.54, and subtracting the amount of the Planning Fees**)**.

ARTICLE V

Termination

5.01 Automatic. This Agreement shall be automatically terminated upon the first to occur of the following (a) the Company's termination pursuant to section 5.02, (b) the Executive's termination pursuant to section 5.03 or (c) the Executive's death.

5.02 By the Company. This Agreement (and Executive's employment) may be terminated by the Company upon written notice to the Executive upon the first to occur of the following:

(a) Disability. Upon the Executive's Disability (as defined herein). The term "Disability" shall mean the Executive cannot physically or mentally perform the essential functions of the position with or without reasonable accommodations for a period of six (6) consecutive months or more.

(b) Cause. Upon the Executive's commission of Cause (as defined herein). The term "Cause" shall mean the following:

(i) Any willful violation by Executive of any material provision of this Agreement (including without limitation Sections 6.01 and 6.02 hereof) causing demonstrable and serious injury to the Company, upon written notice of same by the Company describing in detail the breach asserted and stating that it constitutes notice pursuant to this Section 5.02(b)(i), which breach, if capable of being cured, has not been cured within sixty (60) days after such notice or such longer period of time if Executive proceeds with due diligence not later than ten (10) days after such notice to cure such breach.

(ii) Embezzlement by Executive of funds or property of the Company;

(iii) Fraud or willful misconduct on the part of Executive in the performance of his duties as an employee of the Company, or gross negligence on the part of Executive in the performance of his duties as an employee of the Company causing demonstrable and serious injury to the Company, provided that the Company has given written notice of such breach which notice describes in detail the breach asserted and stating that it constitutes notice pursuant to this Section 5.02(b)(iii), and which breach, if capable of being cured, has not been cured within sixty (60) days after such notice or such longer period of time if Executive proceeds with due diligence not later than ten (10) days after such notice to cure such breach; or

(iv) A felony conviction of Executive under the laws of the United States or any state (except for any conviction based on a vicarious liability theory and not the actual conduct of the Executive).

Upon a termination for Cause, the Company shall pay Executive his Base and benefits including vacation pay through the date of termination of employment; and Executive shall receive no severance under this Agreement.

5.03 By the Executive. This Agreement may be terminated by the Executive upon written notice to the Company upon the first to occur of the following:

(a) Change in Control. Upon the occurrence of a "Change in Control" (as defined herein) of the Company. The term "Change in Control" shall mean any of the following: (i) a replacement of more than one half of the Board of Directors of the Company from that membership of the Board of Directors which exists as of the date hereof, (ii) sale or exchange of all or substantially all of the assets of the Company, (iii) a merger or consolidation involving the Company where the Company is not the survivor in such merger or consolidation, (iv) a liquidation, winding up, or dissolution of the Company, or (v) an assignment for the benefit of creditors, foreclosure sale, voluntary filing of a petition under the Bankruptcy Reform Act of 1978, or an involuntary filing under such act which filing is not stayed or dismissed within 45 days of filing.

(b) Constructive Termination. Upon the occurrence of a "Constructive Termination" (as defined herein) by the Company. The term "Constructive Termination" shall mean any of the following:

(i) Any breach by the Company of any material provision of this Agreement, including, without limitation, the assignment to the Executive of duties inconsistent with his position specified in Section 2.01 hereof or any breach by the Company of such Section,;

(ii) A substantial and continued reduction in the level of support, services, staff, secretarial resources, office space, and accoutrements below that which is reasonably necessary for the performance of Executive's duties hereunder, consistent with that of other key executive employees;

(iii) a reduction in the Executive's base salary or target bonus (but not including any diminution related to a broader compensation reduction that is not limited to any particular employee or executive);

(iv) a requirement that the Executive be based anywhere other than within 25 miles of Memphis, Tennessee;

(v) a material diminution in the Executive's title, duties, or responsibilities from those in effect on the date hereof (it being understood that the Executive's obligation to report to the Board and the Board's exercise of its final authority over Company matters shall not give rise to any such claim of diminution);

provided, however, that no event shall constitute Constructive Termination unless the Executive has notified the Company in writing describing the event which constitutes Constructive Termination and then only if the Company fails to cure such event within thirty (30) days after the Company's receipt of such written notice.

5.04 Consequences of Termination. Upon any termination of Executive's employment with the Company for any reason, except for a termination for Cause pursuant to Section 5.02(b), the Executive shall be entitled to (a) a payment equal to the greater of (i) two (2) years' worth of the then-existing Base and the last year's Bonus and (ii) the Base payable through the remaining Initial Term (the "Severance"), and (b) retain the benefits set forth in Article IV for the remainder of the Initial Term or Renewal Term, as then applicable. The Severance shall be paid in a lump sum upon termination with such payments discounted by the U.S. Treasury rate most closely comparable to the applicable time period left in the Agreement. As a condition to the Company's obligation to pay said Severance, Executive shall execute a comprehensive release of any and all claims that Executive may have against the Company (excluding any claims for the Company to pay or provide Accrued Obligations and Severance) (Release of Claims) within twenty one (21) days of the effective date of termination of employment, and Executive shall not revoke said release in writing within seven (7) days of execution, provided however that if the twenty one (21) day period spans two calendar years, payment shall be made in the second calendar year.

ARTICLE VI

Covenants

6.01 Executive shall treat as confidential and keep secret the affairs of the Company and shall not at any time during the term of employment or for a period of five years thereafter, without the prior written consent of the Company, divulge, furnish, or make known or accessible to, or use for the benefit of, anyone other than the Company and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of the Company or its subsidiaries or affiliates or their clients and obtained by him in the course of his employment hereunder. *provided, however,* that confidential information of the Company shall not include any information known or available generally to the public (other than as a result of unauthorized disclosure by Executive).

6.02 All records, papers, and documents kept or made by Executive relating to the business of the Company or its subsidiaries or affiliates or their clients shall be and remain the property of the Company.

6.03 Following the termination of Executive's employment hereunder for any reason except for those set forth in section 5.03 in which event this section is inapplicable, Executive shall not for a period of twelve (12) months from such termination, solicit any employee of the Company to leave such employ to enter the employ of Executive or of any person, firm, or Company with which Executive is then associated (except solicitation by general means such as newspapers). During Executive's employment with the Company and for a period of 12 months after termination of Executive's employment at any time and for any reason, except for those set forth in Section 5.03 in which event this section is inapplicable, Executive shall not, directly or indirectly, solicit any person who during any portion of the time of Executive's employment or at the time of termination of Executive's employment with the Company, was a client, customer, policyholder, vendor, consultant or agent of the Company to discontinue business, in whole or in part, with the Company. Executive further agrees that, during such time, if such a client, customer, policyholder, vendor, or consultant or agent contacts Executive about discontinuing business with the Company or moving that business elsewhere, Executive will inform such client, customer, policyholder, vendor, consultant or agent that he or she cannot discuss the matter further without the consent of the Company

6.04. Executive agrees as follows, except in the event of a termination pursuant to Section 5.03, in which event this section is inapplicable:

(a) Executive agrees that during the term of his employment with the Company, neither he nor any of his Affiliates (Executive's Affiliates is defined as any legal entity in which Executive directly or indirectly owns at least a 25% interest or any entity or person which is under the control of the Executive) will directly or indirectly compete with the Company in any way in any business in which the Company or its Affiliates is engaged in, and that he will not act as an officer, director, employee, consultant, shareholder, lender, or agent of any entity which is engaged in any business of the same nature as, or in competition with the businesses in which the Company is now engaged or in which the Company becomes engaged during the term of employment; provided, however, that this Section shall not prohibit Executive or any of his Affiliates from purchasing or holding an aggregate equity interest of up to 10% in any publicly traded business in competition with the Company, so long as Executive and his Affiliates combined do not purchase or hold an aggregate equity interest of more than 10%. Furthermore, Executive agrees that during the term of employment, he will not accept any board of director seat or officer role or undertake any planning for the organization of any business activity competitive with the Company (without the approval of the Board of Directors) and Executive will not combine or conspire with any other Executives of the Company for the purpose of the organization of any such competitive business activity.

(b) In order to protect the Company against the unauthorized use or the disclosure of any confidential information of the Company presently known or hereinafter obtained by Executive during his employment under this Agreement, Executive agrees that for a period of twelve (12) months following the termination of this Agreement for any reason, neither Executive nor any of his Affiliates, shall, directly or indirectly, for itself or himself or on behalf of any other corporation, person, firm, partnership, association, or any other entity (whether as an individual, agent, servant, employee, employer, officer, director, shareholder, investor, principal, consultant or in any other capacity):

(i) engage or participate in any business, regardless of where situated, which engages in direct market competition with such businesses being conducted by the Company during the term of employment; or

(ii) assist or finance any person or entity in any manner or in any way inconsistent with the intents and purposes of this Agreement.

6.05. Executive agrees that at no time during his employment by the Company or thereafter, shall he make, or cause or assist any other person to make, any statement or other communication to any third party which impugns or attacks, or is otherwise critical of, the reputation, business or character of the Company or any of its respective directors, officers or Executives. In addition, the Company agrees that its Board of Director and executives will not disparage the Executive so long as the Executive separates from the Company in good standing and abides by all terms of this agreement and signed non-disclosure and non-compete agreements. Nothing contained herein shall be deemed to prevent Executive from performing his duties hereunder, including but not limited to conducting candid, internal discussions. This paragraph shall not prohibit any person from testifying truthfully in response to a lawful subpoena.

6.06 If at the time of enforcement of any provision of this Agreement, a court shall hold that the duration, scope, or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope, or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope, or area.

6.07 Executive acknowledges that any breach by him of the provisions of this Article VI of this Agreement shall cause irreparable harm to the Company and that a remedy at law for any breach or attempted breach of Article VI of this Agreement will be inadequate, and agrees that, notwithstanding Article VIII hereof, the Company shall be entitled to exercise all remedies available to it, including specific performance and injunctive and other equitable relief, in the case of any such breach or attempted breach.

6.08 The Company represents and warrants that this Agreement has been duly authorized, executed, and delivered on behalf of the Company and that this Agreement represents the legal, valid, and binding obligation of the Company and does not conflict with any other agreement binding on the Company.

ARTICLE VII

Assignment

7.01 This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company without relieving the Company of its obligations hereunder. Neither this Agreement nor any rights hereunder shall be assignable by Executive and any such purported assignment by him shall be void.

ARTICLE VIII

Entire Agreement

8.01 This Agreement constitutes the entire understanding between the Company and Executive concerning his employment by the Company or subsidiaries and supersedes any and all previous agreements between Executive and the Company or any of its affiliates or subsidiaries concerning such employment, including, without limitation, the Original Employment Agreement. Each party hereto shall pay its own costs and expenses (including legal fees) except as otherwise expressly provided herein incurred in connection with the preparation, negotiation, and execution of this Agreement. This Agreement may not be changed orally, but only in a written instrument signed by both parties hereto.

ARTICLE IX

Applicable Law. Miscellaneous

9.01 This Agreement shall be governed by and construed in accordance with the laws of the State of New York. All actions brought to interpret or enforce this Agreement shall be brought in courts located in the State of New York.

9.02 In addition to all other rights and benefits under this Agreement, each party agrees to reimburse the other for, and indemnify and hold harmless such party against, all costs and expenses (including attorney's fees) incurred by such party (whether or not during the term of this Agreement or otherwise), if and to the extent that such party prevails on or is otherwise successful on the merits with respect to any action, claim, or dispute relating in any manner to this Agreement or to any termination of this Agreement or in seeking to obtain or enforce any right or benefit provided by or claimed under this Agreement, taking into account the relative fault of each of the parties and any other relevant considerations.

9.03 The Company shall indemnify and hold harmless Executive to the full extent authorized or permitted by law with respect to any claim, liability, action, or proceeding instituted or threatened against or incurred by Executive or his legal representatives and arising in connection with Executive's conduct or position at any time as a director, officer, employee, or agent of the Company or any subsidiary thereof. The Company shall not change, modify, alter, or in any way limit the existing indemnification and reimbursement provisions relating to and for the benefit of its directors and officers without the prior written consent of the Executive, including any modification or limitation of any directors and officers liability insurance policy.

9.04 No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a continuing waiver or a waiver of any similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party hereto which are not set forth expressly in this Agreement.

9.05 The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9.06 This Agreement may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

9.07 The section headings contained in this Agreement are inserted for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

9.08 This Agreement shall at all times be administered and interpreted in a manner which is consistent with and complies with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the Department of Treasury regulations and other interpretive guidance issued thereunder, including any guidance or regulations that may be issued after the effective date of the Agreement ("Section 409A"). To the extent necessary to comply with Section 409A, the term "termination of employment" shall mean "separation from service" as defined in Section 409A. Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's "separation from service" to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's separation from service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Company:

SurgePays, Inc

By: */s/ Anthony Evers*
Name: Anthony Evers
Title: Chief Financial Officer

Executive:

Kevin Brian Cox

/s/ Kevin Brian Cox

Exhibit 31.1

SURGEPAYS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2022
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Brian Cox, Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-Q of SurgePays, Inc. (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-a15(f) and 15d-15(f) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to me by others, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant’s internal controls over financial reporting that occurred during the registrant’s current fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and;

5. I have disclosed, based on my most recent evaluation, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions);

   a. All significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls.

May 16, 2022

/s/ Kevin Brian Cox
Kevin Brian Cox
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

SURGEPAYS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2022
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Evers, Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q of SurgePays, Inc. (the registrant);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-a15(f) and 15d-15(f) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, is made known to me by others, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's current fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);

   a. All significant deficiencies and material weaknesses in the design or operation of internal controls which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

May 16, 2022

/s/ Anthony Evers
Anthony Evers
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

SURGEPAYS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2022
CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Brian Cox, certify that:

1. I am the Chief Executive Officer of SurgePays, Inc.

2. Attached to this certification is Form 10-Q for the quarter ended March 31, 2022, a periodic report (the "periodic report") filed by the issuer with the Securities Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act"), which contains financial statements.

3. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- The periodic report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and

- The information in the periodic report fairly presents, in all material respects, the consolidated financial condition and results of operations of the issuer for the periods presented.

May 16, 2022

/s/ Kevin Brian Cox
Kevin Brian Cox
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

SURGEPAYS, INC. FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2022
CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony Evers, certify that

1. I am the Chief Financial Officer of SurgePays, Inc.

2. Attached to this certification is Form 10-Q for the quarter ended March 31, 2022, a periodic report (the "periodic report") filed by the issuer with the Securities Exchange Commission pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934 (the "Exchange Act"), which contains financial statements.

3. I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that

- The periodic report containing the financial statements fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act, and

- The information in the periodic report fairly presents, in all material respects, the consolidated financial condition and results of operations of the issuer for the periods presented.

May 16, 2022

/s/ Anthony Evers
Anthony Evers
Chief Financial Officer
(Principal Financial and Accounting Officer)