



## SPAR Group Reports Results for the First Quarter Ended March 31, 2021

May 13, 2021

*~ First Quarter Net Income Increased 208%, Highest in 15+ years*

*~ Operating Income Increased 84%*

*~ Gross Margin Improved 90 Basis Points*

AUBURN HILLS, Mich., May 13, 2021 (GLOBE NEWSWIRE) -- SPAR Group, Inc. (NASDAQ: SGRP), a leading global provider of merchandising and marketing services, today reported financial results for its first quarter ended March 31, 2021.

"This past quarter was our highest first quarter net income performance in more than 15 years. Despite the lingering effects of the pandemic-led economic downturn, this also marks the third consecutive quarter of year-over-year improvements in net income. With a renewed energy, we have improved total company profitability, while realizing growth in several of our businesses such as Canada, Mexico, China and South Africa," stated Mike Matacunas, President and Chief Executive Officer. "Overall, 2021 is off to a solid start driven by new business while maintaining focus on the safety and well-being of our employees and clients."

### First Quarter Results

Consolidated net revenue was \$61.1 million compared to \$61.3 million in the prior year's first quarter. Domestic net revenue of \$23.7 million increased slightly from the prior year, while international net revenue decreased 1.7%. Excluding the effect of foreign currency exchange, international revenue would have increased by 4.7% and total revenue would have increased 3.5%.

Gross Profit was \$12.3 million compared to \$11.8 million during the first quarter a year ago. Gross margin improved 90 basis points to 20.1% versus 19.2% in the prior year's quarter. The primary factors driving the improvement in gross profit were related to a 210-basis point improvement in international gross profit, which was only partially offset by continued wage pressure domestically.

Selling, General and Administrative expenses were 14.7% of revenue versus 15.9% in the prior year's first quarter. This 118-basis point improvement in selling, general and administrative expenses was the result of operating expense leverage and continued efforts to reduce discretionary spending.

Operating Income improved 83.8% to \$2.7 million compared to \$1.5 million in the prior year's first quarter, and operating margin was 4.5% compared to 2.4% in the prior year's first quarter.

Net Income attributable to SPAR Group increased 207.7% to \$0.9 million, compared to \$0.3 million during the prior year's first quarter. Earnings per share improved to \$0.04, compared to a \$0.01 in the prior year's quarter.

### Company Outlook

Due to expectations of continued volatility and uncertainty related to the COVID-19 pandemic and other macroeconomic factors, the Company is not issuing revenue and earnings guidance at this time.

For 2021, the Company plans to continue to focus on growth of the core business, expanding internationally, innovating with technology and introducing new services.

### Balance Sheet as of March 31, 2021

At March 31, 2021, cash and cash equivalents totaled \$19.7 million. Working capital was \$24.4 million and current ratio was 1.5 to 1. Total current assets and total assets were \$75.7 million and \$92.4 million, respectively. Total liabilities were \$53.8 million and total equity was \$38.6 million at March 31, 2021.

### Financial Results by Geography (in 000's)

Revenue:	Three Months Ended March 31,		% Change
	2021	2020	
International	\$ 37,422	\$ 38,059	(1.7%)
Domestic	23,675	23,289	1.7%
<b>Total</b>	<b>\$ 61,097</b>	<b>\$ 61,348</b>	<b>(0.4%)</b>

Operating Income:	Three Months Ended March 31,		% Change
	2021	2020	
International	\$ 1,961	\$ 1,168	67.9%
Domestic	757	309	145.0%
<b>Total</b>	<b>\$ 2,718</b>	<b>\$ 1,477</b>	<b>83.8%</b>

Net Income:	Three Months Ended March 31,		% Change
	2021	2020	
International	\$ 545	\$ 260	109.7%
Domestic	372	38	858.7%
<b>Total</b>	<b>\$ 917</b>	<b>\$ 298</b>	<b>207.7%</b>

#### Earnings Per Basic and Diluted share:

\$	0.04	\$	0.01
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#### Margin Profile by Geography

##### Gross Margin:

	Three Months Ended March 31,		Basis Point Change
	2021	2020	
International	18.5%	16.4%	210
Domestic	22.5%	23.8%	(130)
<b>Total</b>	<b>20.1%</b>	<b>19.2%</b>	<b>90</b>

##### Operating Income as a % of Sales:

	Three Months Ended March 31,		Basis Point Change
	2021	2020	
International	5.2%	3.1%	210
Domestic	3.2%	1.3%	190
<b>Total</b>	<b>4.5%</b>	<b>2.4%</b>	<b>210</b>

#### About SPAR Group

SPAR Group is a leading global merchandising and marketing services company, providing a broad range of services to retailers, manufacturers and distributors around the world. With more than 40 years of experience, 25,000+ merchandising specialists around the world, an average of 200,000+ store visits a week and long-term relationships with some of the world's leading manufacturers and retail businesses. SPAR Group provides specialized capabilities across 9 countries and 4 continents.

For more information, please visit the SPAR Group's website at <http://www.sparinc.com>.

#### Forward-Looking Statements

This Press Release contains, and the above referenced recorded comments, will contain "forward-looking statements" within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, made by, or respecting, SPAR Group, Inc. ("SGRP") and its subsidiaries (together with SGRP, "SPAR", "SPAR Group" or the "Company"), to be filed shortly in a Current Report on Form 10-Q by SGRP with the Securities and Exchange Commission (the "SEC"). There also are forward-looking statements contained in SGRP's Annual Report on Form 10-K for its fiscal year ended December 31, 2020, as filed with the SEC on March 31, 2021, and SGRP's First Amendment to Annual Report on Form 10-K/A for the year ended December 31, 2020, as filed with the SEC on April 29, 2021 (as so amended, the "Annual Report"), in SGRP's definitive Proxy Statement respecting its Annual Meeting of Stockholders to be held in June of 2021, which SGRP plans to file with the SEC in May of 2021 (the "Proxy Statement"), and the SGRP's Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports and statements as and when filed with the SEC (including the Quarterly Report, the Annual Report and the Proxy Statement, the Information Statement, the Second Special Meeting Proxy/Information Statement, each a "SEC Report"). "Forward-looking statements" are defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable federal and state securities laws, rules and regulations, as amended (together with the Securities Act and Exchange Act, the "Securities Laws").

The forward-looking statements made by the Company in this Press Release may include (without limitation) any expectations, guidance or other information respecting the pursuit or achievement of the Company's corporate strategic objectives. The Company's forward-looking statements also include, in particular and without limitation, those made in "Business", "Risk Factors", "Legal Proceedings", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report. You can identify forward-looking statements in such information by the Company's use of terms such as "may", "will", "expect", "intend", "believe", "estimate", "anticipate", "continue", "plan", "project" or similar words or variations or negatives of those words.

You should carefully consider (and not place undue reliance on) the Company's forward-looking statements, risk factors and the other risks, cautions and information made, contained or noted in or incorporated by reference into this Press Release, the Annual Report, the Proxy Statement and the other applicable SEC Reports that could cause the Company's actual performance or condition (including its assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, performance, prospects, sales, strategies, taxation or other achievement, results, risks, trends or condition) to differ materially from the performance or condition planned, intended, anticipated, estimated or otherwise expected by the Company (collectively, "expectations") and described in the information in the Company's forward-looking and other statements, whether express or implied. Although the Company believes them to be reasonable, those expectations involve known and unknown risks, uncertainties and other unpredictable factors (many of which are beyond the Company's control) that could cause those expectations to fail to occur or be realized or such actual performance or condition to be materially and adversely different from the Company's expectations. In addition, new risks and uncertainties arise from time to time, and it is impossible for the Company to predict these matters or how they may arise or affect the Company. Accordingly, the Company cannot assure you that its expectations will be achieved in whole or in part, that the Company has

identified all potential risks, or that the Company can successfully avoid or mitigate such risks in whole or in part, any of which could be significant and materially adverse to the Company and the value of your investment in SGRP's Common Stock.

You should also carefully review the risk factors described in the Annual Report (See Item 1A – Risk Factors) and any other risks, cautions or information made, contained or noted in or incorporated by reference into the Annual Report, the Proxy Statement or other applicable SEC Report. All forward-looking and other statements or information attributable to the Company or persons acting on its behalf are expressly subject to and qualified by all such risk factors and other risks, cautions and information.

The Company does not intend or promise, and the Company expressly disclaims any obligation, to publicly update or revise any forward-looking statements, risk factors or other risks, cautions or information (in whole or in part), whether as a result of new information, risks or uncertainties, future events or recognition or otherwise, except as and to the extent required by applicable law.

**SPAR Group, Inc. and Subsidiaries**  
**Consolidated Statements of Income and Comprehensive Income (loss)**  
*(In thousands, except share and per share data)*  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net revenues	\$ 61,097	\$ 61,348
Cost of revenues	48,838	49,560
Gross profit	12,259	11,788
Selling, general and administrative expenses	9,011	9,771
Depreciation and amortization	530	540
Operating income	2,718	1,477
Interest expense	147	228
Other (income), net	(75)	(8)
Income before income tax expense	2,646	1,257
Income tax expense	865	335
Net income	1,781	922
Net income attributable to non-controlling interest	(864)	(624)
Net income attributable to SPAR Group, Inc.	\$ 917	\$ 298
Basic net income per common share:	\$ 0.04	\$ 0.01
Diluted net income per common share:	\$ 0.04	\$ 0.01
Weighted average common shares – basic	21,188	21,105
Weighted average common shares – diluted	21,581	21,228
Net income	\$ 1,781	\$ 922
Other comprehensive (loss):		
Foreign currency translation adjustments	(1,835)	(3,900)
Comprehensive income (loss)	(54)	(2,978)
Comprehensive income attributable to non-controlling interest	773	1,820
Comprehensive income (loss) attributable to SPAR Group, Inc.	\$ 719	\$ (1,158)

**SPAR Group, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
*(In thousands, except share and per share data)*

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 19,713	\$ 15,972
Accounts receivable, net	53,025	46,914
Prepaid expenses and other current assets	2,941	3,631

Total current assets	<b>75,679</b>	66,517
Property and equipment, net	<b>2,734</b>	2,795
Operating lease right-of-use assets	<b>2,479</b>	2,900
Goodwill	<b>3,752</b>	3,760
Intangible assets, net	<b>2,123</b>	2,255
Deferred income taxes	<b>4,142</b>	4,201
Other assets	<b>1,484</b>	1,601
Total assets	<b>\$ 92,393</b>	\$ 84,029

#### Liabilities and equity

##### Current liabilities:

Accounts payable	<b>\$ 9,232</b>	\$ 7,859
Accrued expenses and other current liabilities	<b>19,276</b>	18,745
Due to affiliates	<b>4,569</b>	3,775
Customer incentives and deposits	<b>4,295</b>	1,799
Lines of credit and short-term loans	<b>12,940</b>	9,329
Current portion of operating lease liabilities	<b>960</b>	1,398
Total current liabilities	<b>51,272</b>	42,905
Operating lease liabilities, less current portion	<b>1,519</b>	1,502
Long-term debt and other liabilities	<b>1,000</b>	1,000
Total liabilities	<b>53,791</b>	45,407

##### Equity:

##### SPAR Group, Inc. equity

Preferred stock, \$.01 par value:		
Authorized and available shares— 2,445,598		
Issued and outstanding shares—		
None – March 31, 2021, and December 31, 2020	—	—
Common stock, \$.01 par value:		
Authorized shares – 47,000,000		
Issued shares –		
21,253,483 – March 31, 2021, and		
21,122,312 – December 31, 2020	<b>212</b>	211
Treasury stock, at cost		
1,697 shares – March 31, 2021, and December 31, 2020	<b>(2)</b>	(2)
Additional paid-in capital	<b>16,678</b>	16,645
Accumulated other comprehensive loss	<b>(4,111)</b>	(3,913)
Retained earnings	<b>10,135</b>	9,218
Total SPAR Group, Inc. equity	<b>22,912</b>	22,159
Non-controlling interest	<b>15,690</b>	16,463
Total equity	<b>38,602</b>	38,622
Total liabilities and equity	<b>\$ 92,393</b>	\$ 84,209

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