

CORRECTION: SPAR Group Reports Results for the Third Quarter Ended September 30, 2021

November 16, 2021

~ 3Q Revenue Increased 15% Over Prior Year

~ Year-to-date Operating Income Increased 7%

~ Year-to-date Net Income Increased 95%

AUBURN HILLS, Mich., Nov. 16, 2021 (GLOBE NEWSWIRE) -- In a release issued under the same headline on Tuesday, November 16th by SPAR Group, Inc. (NASDAQ: SGRP), please note that in the operating income table, the total change was incorrectly listed as 99.9%, the proper value should be 19.9%. The corrected release follows:

SPAR Group, Inc. (NASDAQ: SGRP), a leading global provider of merchandising and marketing services, today reported financial results for its third guarter ended September 30, 2021.

"With another quarter of double-digit revenue growth, we are building momentum. I am pleased with the progress we are making and the response from our clients, some of the most exciting companies in the world. Despite the continued labor market pressures and slow pace of economic recovery in select international markets, we are driving top and bottom line results," stated Mike Matacunas, President and Chief Executive Officer. "I continue to be bullish on our future and appreciative of the work and passion our people demonstrate every day that makes a difference for our clients. We are uniquely positioned in the market and the future is bright."

Third Quarter Results

Consolidated net revenue was \$67.4 million, compared to \$58.9 million in the prior year's third quarter. Domestic net revenue was \$28.7 million, a 6.1% increase from the prior year, while international net revenue increased by 21.7%.

Gross Profit was \$12.6 million compared to \$12.0 million during the third quarter a year ago. Gross margin decreased to 18.7% versus 20.4% in the prior year's quarter. The primary factors driving the decrease in gross margin were related to continued labor cost pressures globally.

Selling, General and Administrative expenses were 14.0% of revenue versus 13.8% during the prior year's third quarter.

Operating Income decreased 19.9% to \$2.7 million compared to \$3.3 million in the prior year's third quarter, and operating margin was 4.0% compared to 5.7% in the prior year's third quarter.

Net Income attributable to SPAR Group increased by 3.1% to \$1.2 million compared to the prior year's third quarter. Earnings per diluted share was \$0.06, compared to \$0.05 in the prior year's quarter.

Balance Sheet as of September 30, 2021

At September 30, 2021, cash and cash equivalents totaled \$15.3 million. Working capital was \$25.4 million and current ratio was 1.5 to 1. Total current assets and total assets were \$79.9 million and \$97.7 million, respectively. Total liabilities were \$56.5 million and total equity was \$41.2 million at September 30, 2021.

Financial Results by Geography (in 000's, except per share data)

	Three Months Ended September 30,			%	Nine Months Ended September 30,				%	
Revenue:	2021		2020	Change		2021		2020	Change	
International	\$ 38,727	\$	31,824	21.7%	\$	116,073	\$	98,704	17.6%	
Domestic	28,696		27,041	6.1%		79,623		72,453	9.9%	
Total	\$ 67,423	\$	58,865	14.5%	\$	195,696	\$	171,157	14.3%	

	Three Mor Septer	 	%	Nine Mor Septer	%	
Operating Income:	2021	2020	Change	2021	2020	Change
International	\$ 1,590	\$ 2,042	(22.1%)	\$ 5,106	\$ 4,859	5.1 %
Domestic	1,085	 1,299	(16.5%)	 2,176	 1,924	13.1 %
Total	\$ 2,675	\$ 3,341	(19.9%)	\$ 7,282	\$ 6,783	7.4 %

Net income	Three Mon Septem			Nine Months Ended September 30,				
<u>(loss):</u>	2021	2020	Change	2021	2020	Change		

International	\$ 419	\$ 738	(43.2%)	\$ 1,304	\$ 1,365	(4.5%)
Domestic Total	\$ 761 1,180	\$ 406 1,144	87.4% 3.1%	\$ 1,307 2,611	\$ (28) 1,337	4,767.9% 95.3%
Earnings Per Basic and Diluted Share:	\$ 0.06	\$ 0.05		\$ 0.12	\$ 0.06	

About SPAR Group

SPAR Group is a global merchandising and marketing services company, providing a broad range of services to retailers, manufacturers and distributors around the world. With more than 50 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.

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"), filed in a Current Report on Form 10-Q by SGRP with the Securities and Exchange Commission (the "SEC") on November 15, 2021. 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 amended definitive Proxy Statement respecting its Annual Meeting of Stockholders held on August 12, 2021, which SGRP filed with the SEC on July 20, 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 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, building upon the Company's momentum and strong foundation, leveraging compatible opportunities, growing the Company's client base, products and market position, and continuing to strengthen the Company's balance sheet, revenues and profitability. 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.

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

	Three Months Ended September 30,				inded 30,			
		2021		2020		2021		2020
Net revenues	\$	67,423	\$	58,865	\$	195,696	\$	171,157
Cost of revenues		54,813		46,849		158,821		137,478
Gross profit		12,610		12,016		36,875		33,679
Selling, general and administrative expense		9,426		8,145		28,020		25,287
Depreciation and amortization		509		530		1,573		1,609
Operating income		2,675		3,341		7,282		6,783
Interest expense		124		169		402		482
Other (income), net		(137)		(143)		(208)		(201)
Income before income tax expense		2,688		3,315		7,088		6,502
Income tax expense		549		870		2,036		1,830
Net income		2,139		2,445		5,052		4,672
Net (income) attributable to non-controlling interest		(959)		(1,301)		(2,441)		(3,335)
Net income attributable to SPAR Group, Inc.	\$	1,180	\$	1,144	\$	2,611	\$	1,337
Basic and diluted income per common share:	\$	0.06	\$	0.05	\$	0.12	\$	0.06
Weighted average common shares – basic		21,295		21,110		21,248		21,108
Weighted average common shares – diluted		21,589		21,147		21,592		21,152
Net income	\$	2,139	\$	2,445	\$	5,052	\$	4,672
Other comprehensive income (loss):								
Foreign currency translation adjustments	\$	(1,352)		71		(2,696)		(3,908)
Comprehensive income		787		2,516		2,356		764
Comprehensive loss (income) attributable to non-controlling interest		(311)		(1,326)		(423)		(871)
Comprehensive income (loss) attributable to SPAR Group, Inc.	\$	476	\$	1,190	\$	1,933	\$	(107)

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

Assets	September 30, 2021 (Unaudited)	De	ecember 31, 2020
Current assets:	¢ 45.00	•	45.070
Cash and cash equivalents	\$ 15,30		15,972
Accounts receivable, net	59,23		46,914
Prepaid expenses and other current assets	5,32		3,631
Total current assets	79,85		66,517
Property and equipment, net	3,04		2,795
Operating lease right-of-use assets	2,11		2,900
Goodwill	4,16	3	3,760
Intangible assets, net	2,43)	2,255
Deferred income taxes	4,16	2	4,201
Other assets	1,94	<u> </u>	1,601
Total assets	\$ 97,71	I \$	84,029
Liabilities and equity			
Current liabilities:			
Accounts payable	\$ 10,15	5\$	7,859
Accrued expenses and other current liabilities	22,36	Ð	18,745
Due to affiliates	3,71	6	3,775
Customer incentives and deposits	3,30	5	1,799
Lines of credit and short-term loans	13,82	3	9,329
Current portion of operating lease liabilities	1,04	3	1,398
Total current liabilities	54,42	3	42,905
Operating lease liabilities, less current portion	1,06	6	1,502
Long-term debt and other liabilities	1,00		1,000
Total liabilities	56,48	•	45,407

Commitments and contingencies – See Note 8		
Equity:		
SPAR Group, Inc. equity		
Preferred stock, \$.01 par value: Authorized and available shares– 2,445,598 Issued and outstanding shares – None – Balance at September 30, 2021 and December 31, 2020	-	-
Common stock, \$.01 par value: Authorized shares – 47,000,000 Issued shares – 21,320,414 – Balance at September 30, 2021, and 21,122,312 – December 31, 2020	213	211
Treasury stock, at cost – 54,329 shares – Balance at September 30, 2021, and 1,697 shares – December 31, 2020	(104)	(2)
Additional paid-in capital	17,025	16,645
Accumulated other comprehensive loss	(4,591)	(3,913)
Retained earnings	 11,829	 9,218
Total SPAR Group, Inc. equity	24,372	22,159
Non-controlling interest	 16,850	 16,463
Total equity	41,222	38,622
Total liabilities and equity	\$ 97,711	\$ 84,029

