SECURITIES & EXCHANGE COMMISSION EDGAR FILING

SMITH MIDLAND CORP

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

FORM 10-Q

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

For the quarterly period ended March 31, 2021

☐ **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 1-13752

Smith-Midland Corporation

(Exact name of Registrant as specified in its charter)

Delaware	**54-1727060**
(State or other jurisdiction ofincorporation or organization)	**(I.R.S. Employer Identification No.)**

5119 Catlett Road, P.O. Box 300
Midland, VA 22728
(Address, zip code of principal executive offices)

(540) 439-3266
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value per share	SMID	NASDAQ

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 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 pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $0.01 par value, outstanding as of April 30, 2021: 5,202,158 shares, net of treasury shares

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PART I — FINANCIAL INFORMATION

ITEM 1. Financial Statements

SMITH-MIDLAND CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

ASSETS	March 31, 2021 (Unaudited)	December 31, 2020
Current assets		
Cash	$ 12,534	$ 8,764
Investment securities, available-for-sale, at fair value	1,226	1,228
Accounts receivable, net		
Trade - billed (less allowance for doubtful accounts of approximately $400), including contract retentions	10,922	9,798
Trade - unbilled	801	742
Inventories, net		
Raw materials	713	643
Finished goods	1,634	1,551
Prepaid expenses and other assets	528	615
Total current assets	**28,358**	**23,341**
Property and equipment, net	**18,528**	**18,602**
Deferred buy-back lease asset, net	**4,027**	**4,237**
Other assets	**295**	**319**
Total assets	**$ 51,208**	**$ 46,499**

The accompanying notes are an integral part of the condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2021 (Unaudited)	December 31, 2020
Current liabilities		
Accounts payable - trade	$ 2,567	$ 1,866
Accrued expenses and other liabilities	664	875
Deferred revenue	2,091	1,774
Accrued compensation	1,387	1,318
Accrued income taxes	1,429	470
Deferred buy-back lease obligation	1,203	1,203
Operating lease liabilities	86	85
Current portion of PPP loan	750	—
Current maturities of notes payable	646	740
Customer deposits	853	569
Total current liabilities	**11,676**	**8,900**
Deferred revenue	804	600
Deferred buy-back lease obligation	3,489	3,790
Operating lease liabilities	189	211
Notes payable - less current maturities	4,094	4,196
PPP loan - less current portion	1,942	2.692
Deferred tax liability	2,457	2,461
Total liabilities	**24,651**	**22,850**
Stockholders' equity		
Preferred stock, $.01 par value; authorized 1,000,000 shares, none issued and outstanding	—	—
Common stock, $.01 par value; authorized 8,000,000 shares; 5,279,411 and 5,279,411 issued and 5,202,158 and 5,202,158 outstanding, respectively	52	52
Additional paid-in capital	6,446	6,405
Treasury stock, at cost, 40,920 shares	(102)	(102)
Retained earnings	20,161	17,294
Total stockholders' equity	**26,557**	**23,649**
Total liabilities and stockholders' equity	**$ 51,208**	**$ 46,499**

The accompanying notes are an integral part of the condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2021	**2020**
Revenue		
Product sales	$ 7,420	$ 6,852
Barrier rentals	5,777	742
Royalty income	420	268
Shipping and installation revenue	1,601	1,963
Total revenue	**15,218**	**9,825**
Cost of goods sold	9,496	8,225
Gross profit	**5,722**	**1,600**
Operating expenses		
General and administrative expenses	1,325	1,051
Selling expenses	595	591
Total operating expenses	**1,920**	**1,642**
Operating income (loss)	**3,802**	**(42)**
Other income (expense)		
Interest expense	(42)	(56)
Interest income	9	9
Gain (loss) on sale of assets	46	36
Other income (expense)	(7)	4
Total other income (expense)	**6**	**(7)**
Income (loss) before income tax expense (benefit)	**3,808**	**(49)**
Income tax expense (benefit)	941	(11)
Net income (loss)	**$ 2,867**	**$ (38)**
Basic and diluted earnings (loss) per common share	**$ 0.55**	**$ (0.01)**
Weighted average number of common shares outstanding:		
Basic	**5,202**	**5,183**
Diluted	**5,210**	**5,183**

The accompanying notes are an integral part of the condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2020	$ 52	$ 6,405	$ (102)	$ 17,294	$ 23,649
Vesting of restricted stock	—	41	—	—	41
Net income (loss)	—	—	—	2,867	2,867
Balance at March 31, 2021	52	6,446	(102)	20,161	26,557

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2019	$ 52	$ 6,242	$ (102)	$ 14,629	$ 20,821
Vesting of restricted stock	—	—	—	—	—
Net income (loss)	—	—	—	(38)	(38)
Balance at March 31, 2020	52	6,242	(102)	14,591	20,783

The accompanying notes are an integral part of the condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash flows from operating activities:		
Net income (loss)	$ 2,867	$ (38)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	646	572
Gain (loss) on sale of assets	(46)	(36)
Unrealized (gain) loss	8	—
Allowance for doubtful accounts	—	17
Stock compensation	41	—
Deferred taxes	(4)	16
(Increase) decrease in		
Accounts receivable - billed	(1,124)	3,262
Accounts receivable - unbilled	(59)	(646)
Inventories	(153)	71
Prepaid expenses and other assets	104	41
Refundable income taxes	—	(32)
Increase (decrease) in		
Accounts payable - trade	701	(511)
Accrued expenses and other liabilities	(211)	(31)
Deferred revenue	521	(271)
Accrued compensation	69	(314)
Accrued income taxes	959	—
Deferred buy-back lease obligation	(301)	(259)
Customer deposits	284	(585)
Net cash provided by (used in) operating activities	4,302	1,256
Cash flows from investing activities:		
Purchases of investment securities available-for-sale	(7)	(8)
Purchases of property and equipment	(376)	(669)
Proceeds from sale of fixed assets	46	41
Net cash provided by (used in) investing activities	(337)	(636)
Cash flows from financing activities:		
Proceeds from long-term borrowings	—	2,701
Repayments of long-term borrowings	(195)	(2,205)
Dividends paid on common stock	—	(282)
Net cash provided by (used in) financing activities	(195)	214
Net increase (decrease) in cash	3,770	834
Cash		
Beginning of period	8,764	1,364
End of period	$ 12,534	$ 2,198
Supplemental Cash Flow information:		
Cash payments for interest	$ 42	$ 56
Cash payments for income taxes	$ —	$ 1

The accompanying notes are an integral part of the condensed consolidated financial statements.

1. INTERIM FINANCIAL REPORTING

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, we have condensed or omitted certain information and footnote disclosures that are included in our annual financial statements. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, summary of significant accounting policies, and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2020. The condensed consolidated December 31, 2020 balance sheet was derived from the audited financial statements included in the Form 10-K. Dollar amounts in the footnotes are stated in thousands, except for per share data.

In the opinion of management, these condensed consolidated financial statements reflect all adjustments (which consist of normal, recurring adjustments) necessary for a fair presentation of the financial position and results of operations and cash flows for the periods presented. The results disclosed in the condensed consolidated statements of operations are not necessarily indicative of the results to be expected in any future periods.

Although the ultimate impact is uncertain at this time, the coronavirus outbreak may significantly affect the Company's financial condition, liquidity, and results of operations. In this respect, the Company has already experienced the following negative impacts on its business: backlog reduction during 2020 from that of 2019, lower production volumes, employee absence, bidding restrictions within certain key states, and delays in receipt of materials through the Company's supply chain.

Recently Issued Accounting Pronouncement

The FASB issued ASU No. 2016-13, “*Measurement of Credit Losses on Financial Instruments*” This standard replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects estimates of expected credit losses over their contractual life that are recorded at inception based on historical information, current conditions, and reasonable and supportable forecasts. The pronouncement is effective for smaller reporting companies for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of this standard, including subsequent amendments, on the consolidated financial statements and related disclosures.

Revenue Recognition

Product Sales - Over Time

Under Topic 606, the Company recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for goods or services provided. Revenue associated with contracts with customers is recognized over time as the Company's performance creates or enhances customer controlled assets or creates or enhances an asset with no alternative use, which the Company has an enforceable right to receive compensation as defined under the contract for performance completed. To determine the amount of revenue to recognize over time, the Company recognizes revenue over the contract terms based on the output method. The Company applied the "as-invoiced" practical expedient as the amount of consideration the Company has the right to invoice corresponds directly with the value of the Company's performance to date.

As the output method is driven by units produced, the Company recognizes revenues based on the value transferred to the customer relative to the remaining value to be transferred. The Company also matches the costs associated with the units produced. If a contract is projected to result in a loss, the entire contract loss is recognized in the period when the loss was first determined and the amount of the loss updated in subsequent reporting periods. Revenue recognition also includes an amount related to a contract asset or contract liability. If the recognized revenue is greater than the amount billed to the customer, a contract related asset is recorded in "Accounts receivable - unbilled". Conversely, if the amount billed to the customer is greater than the recognized revenue, a contract liability is recorded in "Customer deposits". Changes in the job performance, job conditions and final contract settlements are factors that influence management’s assessment of total contract value and therefore, profit and revenue recognition.

A portion of the work the Company performs requires financial assurances in the form of performance and payment bonds or letters of credit at the time of execution of the contract. Some contracts include retention provisions of up to 10% which are generally withheld from each progress payment as retainage until the contract work has been completed and approved.

Product Sales - Point in Time

For certain product sales that do not meet the over time criteria, under Topic 606 the Company recognizes revenue when the product has been shipped to the destination in accordance with the terms outlined in the contract where a present obligation to pay exists as the customer has gained control of the product.

Accounts Receivable and Contract Balances

The timing of when we bill our customers is generally dependent upon billing terms, milestone billings based on the completion of certain phases of the work, or when services are provided or products are shipped. Projects with performance obligations recognized over time that have costs and estimated earnings recognized to date in excess of cumulative billings, are reported on our Condensed Consolidated Balance Sheets as "Accounts receivable - unbilled". Projects with performance obligations recognized over time that have cumulative billings in excess of costs and estimated earnings recognized to date, are reported on our Condensed Consolidated Balance Sheets as "Customer deposits".

Any uncollected billed amounts for our performance obligations recognized over time, including contract retentions, are recorded within accounts receivable. At March 31, 2021 and December 31, 2020, accounts receivable included contract retentions of approximately $1,522 and $1,709, respectively.

Our billed and unbilled revenue may be exposed to potential credit risk if our customers should encounter financial difficulties, and we maintain reserves for specifically-identified potential uncollectible receivables. At March 31, 2021 and December 31, 2020, our allowances for doubtful accounts were approximately $400.

Sale to Customer with a Buy-Back Guarantee

The Company entered into a buy-back agreement with one specific customer. Under this agreement, the Company guaranteed to buy-back product at a predetermined price at the end of the long-term project, subject to the condition of the product. Although the Company receives payment in full as the product is produced, GAAP requires these transactions to be accounted for as operating leases. The amount of sale proceeds equal to the buy-back obligation, included in "Deferred buy-back lease obligation" in the liabilities section of the consolidated balance sheet, is deferred until the buy-back is exercised or expired. The remaining sale proceeds are deferred in the same account and recognized on a straight-line basis over the usage period, such usage period commencing on delivery to the job-site and ending at the time the buy-back is exercised or expired. The Company capitalizes the cost of the product on the consolidated balance sheet shown in "Deferred buy-back lease asset, net", and depreciates the value, less residual value, to cost of leasing revenue in "Cost of goods sold" over the estimated useful life of the asset.

In the case the customer does not exercise the buy-back option and retains ownership of the product at the end of the usage period, the guaranteed buy-back liability and any deferred revenue balances related to the product are settled to revenue, and the net book value of the asset is expensed to cost of leasing revenue. If the customer exercises the buy-back guarantee option, the Company purchases the product back in the amount equal to the buy-back guarantee, the Company settles any remaining deferred balances, in excess of the buy-back payment, to leasing revenue, and the Company reclassifies the net book value of the product on the consolidated balance sheet to "Inventories" or "Property and equipment, net" depending on the intended use at the time. The revenue is being recognized in accordance with Topic 842, *Leases*.

Barrier Rentals - Lease Income

Leasing fees are paid by customers at the beginning of the lease period and are recorded as deferred revenue. The deferred revenue is then recognized each month as lease income for the duration of the lease, in accordance with Topic 842, *Leases*. Topic 842 is applied, as Topic 606-10-15-2 provides a scope exception for lease contracts.

Royalty Income

The Company licenses certain products to other precast companies to manufacture the Company's products to engineering specifications under the licensing agreements. The agreements are typically for five year terms and require royalty payments from 4% to 6% of total sales of licensed products, which are paid on a monthly basis. The revenues from licensing agreements are recognized in the month earned, in accordance with Topic 606-10-55-65.

Shipping and Installation

Shipping and installation revenues are recognized as a distinct performance obligation in the period the shipping and installation services are provided to the customer, in accordance with Topic 606.

Disaggregation of Revenue

In the following table, revenue is disaggregated by primary sources of revenue:

Revenue by Type	Three Months Ended March 31,			
Product Sales:	**2021**	**2020**	**Change**	**% Change**
Soundwall Sales	$ 1,699	$ 1,887	$ (188)	(10)%
Architectural Panel Sales	2,188	767	1,421	185%
SlenderWall Sales	—	923	(923)	(100)%
Miscellaneous Wall Sales	503	903	(400)	(44)%
Barrier Sales	1,491	1,325	166	13%
Easi-Set and Easi-Span Building Sales	754	559	195	35%
Utility Sales	268	401	(133)	(33)%
Miscellaneous Sales	517	87	430	494%
Total Product Sales	**7,420**	**6,852**	**568**	**8%**
Barrier Rentals	5,777	742	5,035	679%
Royalty Income	420	268	152	57%
Shipping and Installation Revenue	1,601	1,963	(362)	(18)%
Total Service Revenue	**7,798**	**2,973**	**4,825**	**162%**
Total Revenue	**$ 15,218**	**$ 9,825**	**$ 5,393**	**55%**

The revenue items: soundwall sales, architectural panel sales, SlenderWall sales, miscellaneous wall sales, barrier rentals, and royalty income are recognized as revenue over time. The revenue items: barrier sales, Easi-Set and Easi-Span building sales, utility sales, miscellaneous sales, and shipping and installation revenue are recognized as revenue at the point in time.

Warranties

The Company's products are typically sold pursuant to an implicit warranty as to merchantability only. Warranty claims are reviewed and resolved on a case by case method. Although the Company does incur costs for these types of expense, historically the amount of expense is minimal.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Segment Reporting

Operating segments are defined as components of an enterprise for 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 assess performance. The Company currently operates in one operating and reportable business segment for financial reporting purposes.

Reclassifications of Certain Items Included within Comparable Prior Year Periods and Previous Current Year Interim Periods

Certain minor reclassifications have been made to prior year amounts to conform to current year presentation.

2. EARNINGS (LOSS) PER SHARE

Earnings per share are calculated as follows (in thousands, except earnings per share):

	Three Months Ended March 31,	
	2021	**2020**
Basic earnings (loss) per common share		
Net income (loss)	$ 2,867	$ (38)
Weighted average shares outstanding	5,202	5,183
Basic earnings (loss) per common share	**$ 0.55**	**$ (0.01)**
Diluted earnings (loss) per common share		
Net income (loss)	$ 2,867	$ (38)
Weighted average shares outstanding	5,202	5,183
Dilutive effect of restricted stock	8	—
Total weighted average shares outstanding	5,210	5,183
Diluted earnings (loss) per common share	**$ 0.55**	**$ (0.01)**

There was no restricted stock excluded from the diluted earnings per share calculation for the three month periods ended March 31, 2021 and March 31, 2020.

3. NOTES PAYABLE

The Company has a mortgage note payable to Summit Community Bank (the “Bank”), with a balance of $152 as of March 31, 2021. The note has a maturity date of September 20, 2021 and a fixed interest rate of 3.99% annually with monthly payments of $26 and is secured by principally all of the assets of the Company. Under the terms of the note, the Bank will permit chattel mortgages on purchased equipment not to exceed $250 for any one individual loan so long as the Company is not in default.

The Company has a mortgage note payable to the Bank for the construction of its North Carolina facility. The note carries a ten year term at a fixed interest rate of 3.64% annually per the Promissory Note Rate Conversion Agreement, with monthly payments of $22, and is secured by all of the assets of Smith-Carolina and a guarantee by the Company. The balance of the note payable at March 31, 2021 was $1,960.

On March 27, 2020, the Company completed the refinancing of existing loans with a note payable to the Bank in the amount of $2,701. A portion of the funds in the amount of $678 were secured for improvements to an existing five acre parcel for additional storage at the Midland, Virginia plant. The loan is collateralized by a first lien position on the Virginia property, building, and assets. The refinance also released the lien on the Smith-Columbia plant in Hopkins, South Carolina (Columbia). The interest rate per the Promissory Note is fixed at 3.99% per annum, with principal and interest payments payable monthly over 120 months in the amount of $27. The loan matures on March 27, 2030. The balance of the note payable at March 31, 2021 was $2,498.

The Company additionally has 4 smaller installment loans with annual interest rates between 2.90% and 5.29%, maturing between 2021 and 2025, with varying balances totaling $130.

Under the loan covenants with the Bank, the Company is limited to annual capital expenditures of $3,500 and must maintain tangible net worth of $10,000. The Company is in compliance with all covenants pursuant to the loan agreements as of March 31, 2021.

In addition to the notes payable discussed above, on April 16, 2020, the Company obtained a loan, evidenced by a promissory note, under the Paycheck Protection Program (the "PPP") from the Bank in the amount of $2,692. The PPP provides for loans to qualifying businesses, the proceeds of which may only be used for payroll costs, rent, utilities, mortgage interest, and interest on other pre-existing indebtedness. The interest rate per the promissory note, dated April 16, 2020 and executed by the Company in favor of the Bank, is fixed at 1.00% per annum, with principal and interest payments starting thirty (30) days after the amount of forgiveness is determined under section 1106 of the CARES Act. During the first quarter 2021, the Company estimated the current portion of the balance due based on original loan repayment amounts amortized over the estimated repayment period with a balloon payment due on the maturity date. The loan matures on April 16, 2022. The proceeds of the loan must be utilized pursuant to the requirements of the PPP, and all or a portion of the loan may be forgiven in accordance with the PPP applicable rules, regulations, and guidelines. Pursuant to the loan agreement relating to the PPP loan, the Bank may accelerate the loan in the event of a default under this or any other loan agreement with the Bank. The Company has currently applied for loan forgiveness in the full amount of the loan, but no assurance can be given as to the amount, if any, of forgiveness.

Also in addition to the notes payable discussed above, the Company has a $4,000 line of credit with the Bank with no balance outstanding as of March 31, 2021. The line of credit is evidenced by a commercial revolving promissory note which carries a variable interest rate of prime and matures on October 1, 2021. The loan is collateralized by a first lien position on the Company's accounts receivable and inventory and a second lien position on all other business assets. Key provisions of the line of credit require the Company (i) to obtain bank approval for capital expenditures in excess of $3,500 during the term of the loan; and (ii) to obtain bank approval prior to its funding any acquisition. On October 21, 2020 the Company received a Commitment Letter from the Bank to provide a guidance line of credit specifically to purchase business equipment in an amount up to $1,500. The commitment provides for the purchase of equipment for which a note payable will be executed with a term not to exceed five years with an interest rate at the Wall Street Journal prime rate plus 0.50% with a floor of 4.00% per annum. The loan is collateralized by a first lien position on all equipment purchased under the line. The commitment for the guidance line of credit matures on October 21, 2021. As of March 31, 2021, the Company had not purchased any equipment pursuant to the $1,500 commitment.

4. STOCK COMPENSATION

The fair value of restricted stock awards is estimated to be the market price of the Company's common stock at the close of the date of grant. Restricted stock activity during the three months ended March 31, 2021 is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Non-vested, December 31, 2020	**36,336**	**$ 8.98**
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested, end of period	**36,336**	**$ 8.98**

Awards are being amortized to expense ratably, based upon the vesting schedule. Stock compensation (in thousands) for the three month period ended March 31, 2021 was approximately $41, based upon the value at the date of grant. Stock compensation for the three month period ended March 31, 2020 was approximately $1, based upon the value at the date of grant. There was $285 of unrecognized compensation cost related to the non-vested restricted stock as of March 31, 2021.

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report and related documents include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act 1934. Forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause the Company’s actual results, performance (financial or operating), or achievements expressed or implied by such forward looking statements not to occur or be realized. Such forward looking statements generally are based upon the Company’s best estimates of future results, performance or achievement, based upon current conditions and the most recent results of operations. Forward-looking statements may be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “believe,” “estimate,” “anticipate,” “continue,” or similar terms, variations of those terms or the negative of those terms. Potential risks and uncertainties include, among other things, such factors as:

- Although the ultimate impact is uncertain at this time, the coronavirus outbreak may significantly affect the Company's financial condition, liquidity, and results of operations. In this respect, the Company has already experienced the following negative impacts on its business: backlog reduction during 2020 from that in 2019, lower production volumes, employee absence, bidding restrictions within certain key states, and minor delays in receipt of materials through the Company's supply chain,
- while the Company had net income for the three months ended March 31, 2021 and the years ended December 31, 2020 and 2019, there are no assurances that the Company can remain profitable in future periods; in line with this risk, the Company incurred a loss for the quarter ended March 31, 2020,
- our debt level increased in 2020, and our ability to satisfy the same cannot be assured,
- our ability to collect accounts receivable may be adversely affected by the coronavirus outbreak,
- the continued availability of financing in the amounts, at the times, and on the terms required, to support our future business and capital projects,
- while we have expended significant funds in recent years to increase manufacturing and rental capacity, there is no assurance that we will achieve significantly greater revenues,
- the extent to which we are successful in developing, acquiring, licensing or securing patents for proprietary products,
- changes in economic conditions specific to any one or more of our markets (including the availability of public funds and grants for construction),
- changes in general economic conditions in the Company's primary service areas,
- adverse weather, which inhibits the demand for our products, or the installation or completion of projects,
- our compliance with governmental regulations,
- the outcome of future litigation, if any,
- potential decreases in our year to year contract backlog,
- our ability to produce and install product on material construction projects that conforms to contract specifications and in a time frame that meets the contract requirements,
- the cyclical nature of the construction industry,
- our exposure to increased interest expense payments should interest rates change, and
- the other factors and information disclosed and discussed in other sections of this Report and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Investors and shareholders should carefully consider such risks, uncertainties and other information, disclosures and discussions which contain cautionary statements identifying important factors that could cause actual results to differ materially from those provided in the forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview; Potential Effect of the COVID-19 Outbreak

The Company invents, develops, manufactures, markets, leases, licenses, sells, and installs a broad array of precast concrete products and systems for use primarily in the construction, highway, utilities, and farming industries. The Company's customers are primarily general contractors and federal, state, and local transportation authorities located in the Mid-Atlantic, Northeastern, Midwestern regions and parts of the Southeastern region of the United States. The Company's operating strategy has involved producing innovative and proprietary products, including SlenderWall™, a patented, lightweight, energy efficient concrete and steel exterior insulated wall panel for use in building construction; J-J Hooks® Highway Safety Barrier, a positive-connected highway safety barrier; Sierra Wall, a sound barrier primarily for roadside use; and Easi-Set® transportable concrete buildings, also patented. In addition, the Company produces custom order precast concrete products with various architectural surfaces, as well as generic highway sound barriers, utility vaults, and farm products such as cattleguards.

The Company was incorporated in Delaware on August 2, 1994. Prior to a corporate reorganization completed in October 1994, the Company conducted its business primarily through Smith-Midland Virginia, which was incorporated in 1960 as Smith Cattleguard Company, a Virginia corporation, and subsequently changed its name to Smith-Midland Corporation in 1985. The Company’s principal offices are located at 5119 Catlett Road, Midland, Virginia 22728 and its telephone number is (540) 439-3266. As used in this report, unless the context otherwise requires, the term the “Company” refers to Smith-Midland Corporation and its subsidiaries.

As a part of the construction industry, the Company's sales and net income may vary greatly from quarter to quarter over a given year. Because of the cyclical nature of the construction industry, many factors not under our control, such as weather and project delays, affect the Company's production schedule, possibly causing momentary slowdowns in sales and net income. As a result of these factors, the Company is not always able to earn a profit for each period, therefore, please read Management's Discussion and Analysis of Financial Condition and Results of Operations and the accompanying financial statements with these factors in mind.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Company’s financial condition, liquidity, and future results of operations. The Company has already experienced an adverse impact to its business by a reduction in revenues in 2020 from that of 2019, a reduction in backlog during 2020 from that in 2019, lower production volumes, employee absence, bidding restrictions within certain key states such as Maryland and North Carolina, and minor delays in receipt of materials through the Company's supply chain. The Company may be further negatively impacted in the following respects:

a) by the potential inability of customers of the Company to pay amounts owed to the Company for products or services already provided should their businesses suffer setbacks; this risk is heightened by the relatively long lag time experienced by the Company in collecting accounts receivable (see "Liquidity and Capital Resources" below);

b) by potential supply side issues should our vendors experience hardships, and have to reduce or terminate operations, due to the COVID-19 outbreak, impacting the Company's sourcing of materials;

c) by increased adverse effects on our workforce due to contracting or taking care of a relative who has contracted COVID-19, or have been quarantined by a medical professional; in this respect, our workforce has been impacted as of this date with an effect on operations at all locations, but this impact has diminished as of the filing date, but no assurance can be provided as to future impacts, particularly in view of new coronavirus outbreaks;

d) in the event that any of the three states in which we have facilities provide for the quarantine of our manufacturing employees, our production manufacturing will be significantly affected;

e) in the event that any of the states in which we sell our products and services may eliminate, cancel, or delay projects due to monetary limitations resulting from the COVID-19 outbreak; in this respect, the Company has already seen a reduction in bidding activity;

f) the reduction of state infrastructure budgets due to the reduction in funding through the gas tax, or other funding sources;

g) the increase in the overall loan defaults, which in turn impacts the banking sector's ability to fund projects in which the Company's products may be utilized; and

h) in the event that economic hardships force the Company to default on loan payments, our loans may be called and our ability to borrow under our bank line of credit could cease;

Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Although the Company experienced a loss in the first quarter of 2020 and reduced revenues for the year 2020 as compared to 2019, as well as experiencing factors described above, given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to ultimately estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

The discussions below, including without limitation with respect to liquidity, are subject to the future effects of the COVID-19 outbreak. In this respect, should the outbreak cause serious economic harm in our areas of operation, our revenue expectations are unlikely to be fulfilled.

The Company had (in thousands) net income of $2,867 for the first quarter 2021, compared to a net loss of $38 for the first quarter 2020. The cost of goods sold as a percent of revenue, not including royalties, for the three months ended March 31, 2021 was 64%, as compared to 86% for the three months ended March 31, 2020. The decrease in cost of goods sold as a percentage of revenue, not including royalties, for the three months ended March 31, 2021, compared to the three months ended March 31, 2020, is mainly due to the increase in barrier rental revenues, which typically have higher margins than product sales, and short-term special barrier rental projects, which carry slightly higher margins due to the complexity and risk of the projects. Total revenues for the three month period ended March 31, 2021 were $15,218, compared to $9,825 for the three months ended March 31, 2020. The increase was mainly from the barrier rentals, which included multiple short-term special barrier rental projects and, to a lessor extent, a continued increase in linear feet rented over the prior year of the core rental fleet. Future barrier rental revenues are not expected to continue to trend at the same rate due to the nature and frequency of the short-term special barrier projects.

Results of Operations (dollar amounts in thousands, except per share data)

Three months ended March 31, 2021 compared to the three months ended March 31, 2020

Revenue includes product sales, barrier rentals, royalty income, and shipping and installation revenues. Product sales are further divided into soundwall, architectural and SlenderWall™ panels, miscellaneous wall panels, highway barrier, Easi-Set® and Easi-Span® buildings, utility products, and miscellaneous precast products. The following table summarizes the sales by product type and comparison for the three month periods ended March 31, 2021 and 2020. As indicated in "Overview; Potential Effect of COVID-19 Outbreak" above, should the COVID-19 outbreak cause serious economic harm in our area of operations, our revenue expectations are unlikely to be fulfilled.

Revenue by Type (Disaggregated Revenue)	**Three Months Ended March 31**			
Product Sales:	**2021**	**2020**	**Change**	**% Change**
Soundwall Sales	$ 1,699	$ 1,887	$ (188)	(10)%
Architectural Panel Sales	2,188	767	1,421	185%
SlenderWall Sales	—	923	(923)	(100)%
Miscellaneous Wall Sales	503	903	(400)	(44)%
Barrier Sales	1,491	1,325	166	13%
Easi-Set and Easi-Span Building Sales	754	559	195	35%
Utility Sales	268	401	(133)	(33)%
Miscellaneous Sales	517	87	430	494%
Total Product Sales	**7,420**	**6,852**	**568**	**8%**
Barrier Rentals	5,777	742	5,035	679%
Royalty Income	420	268	152	57%
Shipping and Installation Revenue	1,601	1,963	(362)	(18)%
Total Service Revenue	**7,798**	**2,973**	**4,825**	**162%**
Total Revenue	**$ 15,218**	**$ 9,825**	**$ 5,393**	**55%**

The revenue items: soundwall sales, architectural panel sales, SlenderWall sales, miscellaneous wall sales, barrier rentals, and royalty income are recognized as revenue over time. The revenue items: barrier sales, Easi-Set and Easi-Span building sales, utility sales, miscellaneous sales, and shipping and installation revenue are recognized as revenue at a point in time.

Soundwall Sales - Soundwall sales were slightly lower for the three month period ended March 31, 2021 compared to the same period in 2020. The reduction is mainly due to reduced soundwall production at the North Carolina and South Carolina plants during the first quarter of 2021 compared to the same period in 2020. The Virginia plant continues to produce soundwall for the largest soundwall contract in Company history, which was initially awarded during 2018, and for which production is expected through 2021.

Architectural Sales - Architectural sales significantly increased for the three months ended March 31, 2021 compared to the same period in 2020. The Company was awarded a large architectural project which began production the fourth quarter 2020 with significant production during the first quarter 2021 and expected through the second quarter 2021.

SlenderWall Sales - SlenderWall sales significantly decreased for the three month period ended March 31, 2021 compared to the same period in 2020. SlenderWall sales are generated on a project basis, and success is determined by the number and dollar value of projects awarded and produced in any particular period. The Company completed several smaller projects during the first quarter of 2020, compared to no sales during the first quarter 2021. The Company was recently awarded a large SlenderWall project set for production in the third quarter 2021. The Company continues to focus sales initiatives on SlenderWall, but no assurance can be given as to success of this endeavor, particularly in light of the COVID-19 outbreak.

Miscellaneous Wall Sales - Miscellaneous wall sales decreased significantly for the three month period ended March 31, 2021 compared to the same period in 2020 due to the decreased amount of retaining wall projects in production.

Barrier Sales - Barrier sales increased during the three month period ended March 31, 2021 compared to the same period in 2020. The main reason for the increase is due to increased barrier sales at the South Carolina plant during the first quarter 2021. Aligning with the Company's strategy to shift to barrier rentals versus barrier sales in the Delaware to Virginia region, barrier sales are expected to trend lower than previous periods.

Easi-Set® and Easi-Span® Building Sales - Building and restroom sales increased for the three month period ended March 31, 2021 compared to the same period in 2020 mainly due to increased building sales at the North Carolina and South Carolina plants during the first quarter 2021 as compared to the prior year.

Utility Sales - Utility sales slightly decreased for the three month period ended March 31, 2021 compared to the same period in 2020. The Company continues to bid on utility projects and is competitive on larger quantities, although there are competitors who specialize in lower priced utility products.

Miscellaneous Product Sales - Miscellaneous products are products that are produced or sold that do not meet the criteria defined for other revenue categories. Examples would include precast concrete slabs, concrete blocks or small add-on items. Miscellaneous product sales increased for the three month period ended March 31, 2021 compared to the same period in 2020. The increase is mainly attributed to specialty concrete blocks being produced at the North Carolina plant.

Barrier Rentals - Barrier rentals increased significantly for the three month period ended March 31, 2021 compared to the same period in 2020 due to the higher quantity of linear feet rented than the previous year and, to a greater extent, a few short-term special projects, which carried slightly higher margins due to the complexity and risk of the projects. A substantial portion of the total revenue from these special projects are expected to have already been achieved in the first quarter. As indicated above, the Company is shifting its focus to barrier rentals compared to barrier sales with the significant increase in the rental fleet in late 2019. Its success in this endeavor will be affected by the level of governmental spending on future public highway products, which spending may be adversely effected by cutbacks resulting from diversion of funds due to the COVID-19 outbreak. Future barrier rental revenues are not expected to continue trend at the same rate due to the nature and frequency of the short-term special barrier projects.

Royalty Income - Royalties increased for the three month period ended March 31, 2021 compared to the same period in 2020. The increase in royalties is mainly due to the increase in barrier royalties during the first quarter of 2021 compared to the first quarter of 2020. The Company is uncertain how the COVID-19 outbreak will impact each licensee. The Company continues to seek new license opportunities to expand product offerings around the world.

Shipping and Installation - Shipping revenue results from shipping our products to the customers' final destination and is recognized when the shipping services take place. Installation activities include installation of our products at the customers' construction sites. Installation revenue is recognized when attaching architectural and SlenderWall panels to a building, installing an Easi-Set® building at customers' sites, or setting any of our other precast products at a site specific to the requirements of the owner. Shipping and installation revenue decreased for the three month period ended March 31, 2021, compared to the same period in 2020. The decrease is mainly a result of no SlenderWall installation occurring in the first three months of 2021 as compared to the same period in 2020.

Cost of Goods Sold - Total cost of goods sold, as a percentage of total revenue, not including royalties, was 64% for the three month period ended March 31, 2021, compared to 86% for the same period in 2020. The decrease in cost of goods sold as a percentage of revenue, not including royalties, for the three months ended March 31, 2021, compared to the three months ended March 31, 2020, is mainly due to the increase in barrier rentals, which typically have higher margins than product sales, and the short-term special barrier rental projects, which carry slightly higher margins due to the complexity and risk of the projects.

General and Administrative Expenses - For the three months ended March 31, 2021 the Company's general and administrative expenses increased by $274 to $1,325 from $1,051 during the same period in 2020. The increased general and administrative expenses for the three month period ended March 31, 2021 is mainly attributed to stock compensation and an increase in salaries and wages. General and administrative expense as a percentage of total revenue was 9% and 11% for the three month periods ended March 31, 2021 and 2020, respectively.

Selling Expenses - Selling expenses for the three months ended March 31, 2021 increased to $595 from $591 for the same period in 2020. The Company expects selling expenses to increase in future periods with the plan for additional sales associates aligning with the strategy to increase SlenderWall and barrier rental sales.

Operating Income (Loss) - The Company had operating income for the three month period ended March 31, 2021 of $3,802 compared to an operating loss of $42 for the same period in 2020.The increase in operating income for the three month period ended March 31, 2021 compared to the same period in 2020, was mainly due to the increase in gross profit associated with the increase in total sales, mainly deriving from barrier rentals.

Interest Expense - Interest expense was $42 and $56 for the three month periods ended March 31, 2021 and 2020, respectively. The Company expects interest expense to continue to decrease for the full year 2021, as compared to the full year 2020 with the refinancing of debt in March 2020 and the expected payoff of long-term notes during 2021.

Income Tax Expense (Benefit) - The Company had an income tax expense of $941 with an effective rate of 25% for the three months ended March 31, 2021 compared to an income tax benefit of $11 with an effective rate of 22% for the same period in 2020.

Net Income (Loss) - The Company had net income of $2,867 for the three months ended March 31, 2021, compared to a net loss of $38 for the same period in 2020. The basic and diluted earnings per share was $0.55 for the three months ended March 31, 2021, and the basic and diluted loss per share was $0.01 for the three months ended March 31, 2020.

Liquidity and Capital Resources (dollar amounts in thousands)

Reference is made to "Overview; Potential Effect of COVID-19 Outbreak" above in the context of the discussion below.

The Company has a mortgage note payable to Summit Community Bank (the “Bank”), with a balance of $152 as of March 31, 2021. The note has a maturity date of September 20, 2021 and a fixed interest rate of 3.99% annually with monthly payments of $26 and is secured by principally all of the assets of the Company. Under the terms of the note, the Bank will permit chattel mortgages on purchased equipment not to exceed $250 for any one individual loan so long as the Company is not in default.

The Company has a mortgage note payable to the Bank for the construction of its North Carolina facility. The note carries a ten year term at a fixed interest rate of 3.64% annually per the Promissory Note Rate Conversion Agreement, with monthly payments of $22, and is secured by all of the assets of Smith-Carolina and a guarantee by the Company. The balance of the note payable at March 31, 2021 was $1,960.

On March 27, 2020, the Company completed the refinancing of existing loans with a note payable to the Bank in the amount of $2,701. A portion of the funds in the amount of $678 were secured for improvements to an existing five acre parcel for additional storage at the Midland, Virginia plant. The loan is collateralized by a first lien position on the Virginia property, building, and assets. The refinance also released the lien on the Smith-Columbia plant in Hopkins, South Carolina (Columbia). The interest rate per the Promissory Note is fixed at 3.99% per annum, with principal and interest payments payable monthly over 120 months in the amount of $27. The loan matures on March 27, 2030. The balance of the note payable at March 31, 2021 was $2,498.

The Company additionally has 4 smaller installment loans with annual interest rates between 2.90% and 5.29%, maturing between 2021 and 2025, with varying balances totaling $130.

Under the loan covenants with the Bank, the Company is limited to annual capital expenditures of $3,500 and must maintain tangible net worth of $10,000. The Company is in compliance with all covenants pursuant to the loan agreements as of March 31, 2021.

In addition to the notes payable discussed above, on April 16, 2020, the Company obtained a loan, evidenced by a promissory note, under the Paycheck Protection Program (the "PPP") from the Bank in the amount of $2,692. The PPP provides for loans to qualifying businesses, the proceeds of which may only be used for payroll costs, rent, utilities, mortgage interest, and interest on other pre-existing indebtedness. The interest rate per the promissory note, dated April 16, 2020 and executed by the Company in favor of the Bank, is fixed at 1.00% per annum, with principal and interest payments starting thirty (30) days after the amount of forgiveness is determined under section 1106 of the CARES Act. During the first quarter 2021, the Company estimated the current portion of the balance due based on original loan repayment amounts amortized over the estimated repayment period with a balloon payment due on the maturity date. The loan matures on April 16, 2022. The proceeds of the loan must be utilized pursuant to the requirements of the PPP, and all or a portion of the loan may be forgiven in accordance with the PPP applicable rules, regulations, and guidelines. Pursuant to the loan agreement relating to the PPP loan, the Bank may accelerate the loan in the event of a default under this or any other loan agreement with the Bank. The Company has currently applied for loan forgiveness in the full amount of the loan, but no assurance can be given as to the amount, if any, of forgiveness.

Also in addition to the notes payable discussed above, the Company has a $4,000 line of credit with the Bank with no balance outstanding as of March 31, 2021. The line of credit is evidenced by a commercial revolving promissory note which carries a variable interest rate of prime and matures on October 1, 2021. The loan is collateralized by a first lien position on the Company's accounts receivable and inventory and a second lien position on all other business assets. Key provisions of the line of credit require the Company (i) to obtain bank approval for capital expenditures in excess of $3,500 during the term of the loan; and (ii) to obtain bank approval prior to its funding any acquisition. On October 21, 2020 the Company received a Commitment Letter from the Bank to provide a guidance line of credit specifically to purchase business equipment in an amount up to $1,500. The commitment provides for the purchase of equipment for which a note payable will be executed with a term not to exceed five years with an interest rate at the Wall Street Journal prime rate plus 0.50% with a floor of 4.00% per annum. The loan is collateralized by a first lien position on all equipment purchased under the line. The commitment for the guidance line of credit matures on October 21, 2021. As of March 31, 2021, the Company had not purchased any equipment pursuant to the $1,500 commitment.

At March 31, 2021, the Company had cash totaling $12,534 and investment securities totaling $1,226, compared to cash totaling $8,764 and investment securities totaling $1,228 at December 31, 2020. Investment securities at March 31, 2021 consist of shares of USVAX (a Virginia Bond Fund). The increase in cash is primarily the result of positive operating results during the first quarter 2021.

Capital spending for the three months ended March 31, 2021 totaled $376, as compared to $669 for the same period in 2020. The 2021 expenditures were mainly for the purchase of rental barrier and miscellaneous manufacturing equipment. The Company intends to continue maintenance capital expenditures as needed over the remainder of the year, which is expected to be approximately $1,500.

The Company's three mortgage notes payable are financed at fixed rates of interest. This leaves the Company almost impervious to fluctuating interest rates. Increases in such rates will only slightly affect the interest paid by the Company on an annual basis. Approximately 99% of the Company's debt obligations are financed at a fixed interest rate, after consideration of the Promissory Note Rate Conversion Agreement, so that each 1% increase in the interest rates of the Company’s outstanding debt will reduce income by approximately $1 annually, excluding the impact of fair value changes in the Promissory Note Rate Conversion Agreement.

The Company’s cash flow from operations is affected by production schedules set by contractors, which generally provide for payment 35 to 90 days after the products are produced and with some architectural contracts, retainage may be held until the entire project is completed. This payment schedule may result in liquidity problems for the Company because it must bear a portion of the cost of production before it receives payment from its customers. The Company’s average days sales outstanding (DSO), excluding the effect of unbilled revenue, was 66 days for the three months ended March 31, 2021 compared to 89 days for the year ended December 31, 2020. The decrease in DSO is mainly due to collection of retainage and the collection of multiple large projects occurring in the first quarter 2021.

If actual results regarding the Company's production, sales, and subsequent collections on customer receivables are materially inconsistent with management's expectations, the Company may in the future encounter cash flow and liquidity issues. If the Company's operational performance deteriorates significantly, it may be unable to comply with existing financial covenants, and could cause defaults and acceleration under it's loan agreements and lose access to the credit facility. Although no assurances can be given, the Company believes that it's current cash resources, anticipated cash flow from operations, and the availability under the line of credit will be sufficient to finance the Company’s operations for at least the next 12 months.

The Company’s inventory was $2,347 at March 31, 2021 and $2,194 at December 31, 2020, or an increase of $153. The increase in inventory is due to the increase of stock items and raw materials compared to the prior year. Inventory turnover was 15.1, annualized for the three months ended March 31, 2021, compared to 14.8, annualized for the same period in 2020.

Critical Accounting Policies and Estimates

The Company’s critical accounting policies are more fully described in its Summary of Accounting Policies to the Company’s consolidated financial statements on Form 10-K for the year ended December 31, 2020. There have been no changes as of March 31, 2021.

Seasonality

The Company services the construction industry primarily in areas of the United States where construction activity may be inhibited by adverse weather during the winter. As a result, the Company may experience reduced revenues from December through February and realize a more significant part of its revenues during the other months of the year. The Company may experience lower profits, or losses, during the winter months, and as such, must have sufficient working capital to fund its operations at a reduced level until the spring construction season. The failure to generate or obtain sufficient working capital during the winter may have a material adverse effect on the Company.

Inflation

Raw material costs for the Company, cement, steel, aggregates, and other direct materials used in production have slightly increased for the first three months of 2021. The Company anticipates raw material prices to slightly increase for the remainder of 2021, although no assurance can be given regarding future pricing.

Sales Backlog

As of April 30, 2021, the Company’s sales backlog was approximately $29.0 million, as compared to approximately $26.6 million at the same time in 2020. It is estimated that majority of the projects in the sales backlog will be produced within 12 months, with a portion extending several years.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable

ITEM 4. Controls and Procedures

(a) Disclosure controls and procedures

The Company carried out our evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective at March 31, 2021.

(b) Changes in Internal Control over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the three months ended March 31, 2021 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is not presently involved in any litigation of a material nature.

ITEM 1A. Risk Factors

Not required

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

ITEM 3. Defaults Upon Senior Securities

None

ITEM 4. Mine Safety Disclosures

Not applicable

ITEM 5. Other Information

None

ITEM 6. Exhibits

Exhibit No.	Exhibit Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
32.1	Certification pursuant 18 U.S.C. Section 1350 as adapted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

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.

SMITH-MIDLAND CORPORATION
(Registrant)

Date:	May 11, 2021	By:	/s/ Ashley B. Smith Ashley B. Smith, Chief Executive Officer (Principal Executive Officer)
Date:	May 11, 2021	By:	/s/ Adam J. Krick Adam J. Krick, Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, Ashley B. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Smith-Midland Corporation;

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 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. The registrant's other certifying officer(s) and I are 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-15(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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, 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 registrant's disclosure controls and procedures and presented in this report our 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 control over financial reporting that occurred during the registrant's most recent 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. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 control over financial reporting 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 control over financial reporting.

Date: May 11, 2021

By: /s/ Ashley B. Smith
Ashley B. Smith
Chief Executive Officer and President
(principal executive officer)

Exhibit 31.2

CERTIFICATIONS

I, Adam J. Krick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Smith-Midland Corporation;

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 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. The registrant's other certifying officer(s) and I are 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-15(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 our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, 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 registrant's disclosure controls and procedures and presented in this report our 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 control over financial reporting that occurred during the registrant's most recent 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. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, 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 control over financial reporting 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 control over financial reporting.

Date: May 11, 2021

By: /s/ Adam J. Krick
Adam J. Krick
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Smith-Midland Corporation (the “Company”) on Form 10-Q for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, Ashley B. Smith and Adam J. Krick, Chief Executive Officer and Chief Financial Officer of the Company, respectively, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Ashley B. Smith
Ashley B. Smith
Chief Executive Officer and President
(principal executive officer)

By: /s/ Adam J. Krick
Adam J. Krick
Chief Financial Officer
(principal financial officer)

Dated: May 11, 2021