

REFINITIV

## DELTA REPORT

### 10-K

SGRP - SPAR GROUP, INC.

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

**TOTAL DELTAS** 5533

█ **CHANGES** 366

█ **DELETIONS** 1783

█ **ADDITIONS** 3384

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
\_\_\_\_\_  
FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended **December 31, 2022** **December 31, 2023**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-27408

**SPAR GROUP, INC.**

(Exact name of registrant Registrant as specified in its charter)

Delaware

33-0684451

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1910 Opdyke Court, Auburn Hills, **MI** **Michigan**

48326

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (248) 364-7727

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	SGRP	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 twelve 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 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 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. (Check one):

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 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 Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the **Registrant** included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the Common Stock of the Registrant held by non-affiliates of the Registrant on **June 30, 2022** **December 31, 2023**, based on the closing price of the Common Stock **of \$1.01 per share** as reported by the Nasdaq Capital Market on such date, was approximately **\$13 million** **\$7,145,820**.

The number of shares of the Registrant's Common Stock outstanding as of **March 15, 2023** **March 15, 2024**, was **21,845,414** **24,215,959** shares.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement on Schedule 14A for the registrant's **2022** **2024** Annual Meeting of Stockholders, are incorporated by reference into Part III of this Form 10-K.

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### SPAR GROUP, INC.

#### ANNUAL REPORT ON FORM 10-K

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#### NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K for the year ended December 31, 2022 (this "Annual Report") December 31, 2023 (this "Annual Report"), contains 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" or the "Corporation") and its subsidiaries (and SGRP together with its subsidiaries may be referred to as "SPAR Group", the "Company" "SPAR", "We", or "Our"). There also are "forward-looking statements" contained in SGRP's definitive Proxy Statement respecting its 2023/2024 Annual Meeting of Stockholders (the "Proxy Statement"), which SGRP expects to file on or about TBD, 2023/April 26, 2024, with the Securities and Exchange Commission (the "SEC"), and 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 this Annual Report, and the Proxy Statement and such Current Reports, each a "SEC Report").

Readers can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as "may," "will," "expect," "intend," "believe," "estimate," "anticipate," "continue," "plan," "project," or the negative of these terms or other similar expressions also identify forward-looking statements. Forward-looking statements made by the Company in this Annual Report may include (without limitation) statements regarding: risks, uncertainties, cautions, circumstances and other factors ("Risks"); the potential continuing negative effects of the COVID-19 pandemic on the Company's business; the Company's potential non-compliance with applicable Nasdaq director independence; bid price or other rules; the Company's cash flow or financial condition; and plans, intentions, expectations, guidance or other information respecting the pursuit or achievement of the Company's corporate objectives. The Company's forward-looking statements also include (without limitation) those made in this Annual Report in "Business," "Risk Factors," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Directors, Executive Officers and Corporate Governance," "Executive Compensation," "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," and "Certain Relationships and Related Transactions, and Director Independence."

You should carefully review and consider the Company's forward-looking statements (including all risk factors and other cautions and uncertainties) and other information made, contained or noted in or incorporated by reference into this Annual Report, but you should not place undue reliance on any of them. The results, actions, levels of activity, performance, achievements or condition of the Company (including its affiliates, assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, legal costs, liabilities, liquidity, locations, marketing, operations, performance, prospects, sales, strategies, taxation or other achievement, results, risks, trends or condition) and other events and circumstances planned, intended, anticipated, estimated or otherwise expected by the Company (collectively, "Expectations"), and our forward-looking statements (including all Risks) and other information reflect the Company's current views about future events and circumstances. Although the Company believes those Expectations and views are reasonable, the results, actions, levels of activity, performance, achievements or condition of the Company or other events and circumstances may differ materially from our Expectations and views, and they cannot be assured or guaranteed by the Company, since they are subject to Risks and other assumptions, changes in circumstances and unpredictable events (many of which are beyond the Company's control). In addition, new Risks 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 it has identified all potential Risks, or that it 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 the Company's Common Stock.

These forward-looking statements reflect the Company's Expectations, views, Risks and assumptions only as of the date of this Annual Report, and the Company does not intend, assume any obligation, or promise to publicly update or revise any forward-looking statements (including any Risks or Expectations) or other information (in whole or in part), whether as a result of new information, new or worsening Risks or uncertainties, changed circumstances, future events, recognition, or otherwise.

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## PART I

### Item 1. Business

#### OUR COMPANY

SPAR Group, Inc., a Delaware corporation ("SGRP" or the "Corporation"), and its subsidiaries (together with SGRP, "SPAR Group" or the "Company"), is a leading global merchandising and brand marketing services company, providing a broad range of sales enhancing services to retailers across most classes of trade and consumer goods manufacturers and distributors around the world. Our goal is to be the most creative, energizing and effective global services company that drives sales, margins and operating efficiency for our clients.

As of ~~December 31, 2022~~ December 31, 2023, we operated in ~~nine~~ eight countries including the United States, Canada, Mexico, Brazil, South Africa, Australia, China, Japan and India. Across all of these countries, we successfully execute programs through our multi-lingual logistics, reporting and communication technology, which provides clients value through real-time insight on store / product conditions.

With more than 50 years of experience, a focus on excellence and industry leadership, we continue to grow our long-term relationships with some of the world's leading businesses. Our unique combination of resource scale, deep expertise, advanced technology and unwavering commitment to excellence, separates us from the competition.

Our focus is services. Our team works closely with clients to determine their key objectives to execute globally, focusing on enhancing their sales and profit. At retail, our merchandising brand marketing specialists perform a wide range of programs to maximize product sell-through to consumers. Some of these programs include launching new products, installing displays, assembling product fixtures, and ensuring shelves are fully stocked and reordering when they are not. We also assist with sales and customer service. As retailers adapt to changes and new opportunities, our team engages in the total renovations and transformation of stores, as well as preparing new locations for grand openings. Our distribution associates work in retail and consumer goods distribution centers to prepare the centers to open, testing systems, putting away, picking product and providing peak staffing services for our clients.

We provide the "last two feet" of retail and consumer goods product merchandising and marketing. Our clients make great products. We ensure these products are presented in a compelling and exciting way exactly when and where they need to be to drive sales and margin. Our technology adds to these services by providing clients with detailed insight across all aspects of individual stores.

Our commitment to excellence comes from our people and organizational culture. We are passionate about talent and building a culture of ideas and innovation. We know that attracting, supporting and encouraging our people to do great things for clients results in excellent work. This great work begets more work and creates an energy and enthusiasm for our people and the Company as a partner. We are proud of our people and their dedication to clients and our company success.

We are also a results-driven organization that holds itself to a high standard of execution. We believe that our ability to meet or exceed our commitments to clients and the marketplace are part of how we define success. This is true if we are growing our core business, innovating with technology or testing new services. We aspire to be exceptional.

#### OUR INDUSTRY

The merchandising and marketing outsourced services industry plays an important role in the growth and performance of some of the world's most successful product and retail companies. Merchandising services includes placing orders, retail shelf maintenance, merchandising display setup, reconfiguring products on store shelves and replenishing product inventory. Additional marketing services include, but are not limited to, new store sets and remodels, audits, sales assistance, installation and assembly, product demos/sampling, promotion and more. The Company believes that merchandising and marketing services add value to retailers, manufacturers and other businesses by making a product more visible and more available to consumers.

Historically, retailers staffed their stores to ensure the store was well merchandised and product was properly featured and placed. However, in an effort to control costs and improve margins, most retailers have reduced store payroll and increased their reliance on manufacturers to set up their own products and merchandise the shelves on behalf of the retailer. To begin, manufacturers utilized their own sales representatives to do this work. Over time, this resulted in competing manufacturer representatives working in the same stores. This often led to the best presentation of merchandise resulting from the last manufacturer representative physically in the store. As a result, retailers began looking for third parties who could manage the merchandising process and ensure that the store, in total, was ready for the consumer. The result was the growth of the merchandising and marketing services industry.

We believe this industry will continue to grow and is more important today than ever before. With the acceleration of digital and online retailing, the pressure on the physical store to remain relevant, efficient and compelling has never been higher. In addition, product manufacturers are constantly trying to grab the consumer's attention and make sure they are everywhere the consumer wants to shop. These are exactly the issues merchandising and marketing services companies solve.

Merchandising and marketing services companies work to ensure the store is exceptionally merchandised and products thoughtfully featured while enabling the retailer to maintain margins and leverage payroll. As the industry evolves, these services will continue to be a significant part of retailer and manufacturer success.

SPAR Group is one of the leading providers of these merchandising and marketing services to companies across the globe. With more than 50 years of history, the Company has established itself as a strategic partner to many of the world's most exciting product manufacturers and retailers.

#### **OUR GROWTH STRATEGY**

As the need for flexibility and efficiency in merchandising and marketing services continues to increase, both in the United States and internationally, brand owners, consumer goods companies, manufacturers and retailers will continue to rely on third-party providers for these services. SPAR Group is uniquely able to meet these needs because of our global reach, more than 50-year track record, access to over 25,000 merchandisers, breadth of capability, unwavering focus on excellence and deep expertise. We combine great people, an understanding of what is needed and unique technologies, enabling us to offer enhanced service in-country and across geographies.

To capitalize on the growing demand, the Company's business strategy is focused on **four (4) three (3)** priorities: 1) Grow the Core Business; 2) Introduce or Acquire New Services; **and 3) Invest in Technology; and 4) Expand Globally.** The result of this strategic framework will be top-line growth, expanded margins, more value for clients and higher levels of free cash flow to allow us to invest for more growth.

##### ***Grow the Core Business***

*The Company is constantly pursuing new core business services while working to earn more business from current clients. We have a significant number of long-tenured clients that, in order to ensure we understand their businesses, SPAR Group invests resources in people, technology and time, and thus we are well-positioned to meet their needs in the future. This includes expanding the services we offer to existing clients. At the same time, we pursue and solicit requests for proposals ("RFPs" "RFPs"), we actively market our services, we participate in industry events and we continuously look for opportunities to grow our business. We believe our history, relationships, expertise, technology and scale are all competitive advantages for us.*

##### ***Introduce or Acquire New Services***

*The Company believes in testing new ideas and services and applying its considerable existing expertise in new ways to increase revenues and expand client relationships. The changing retail landscape and need for enhanced digital, e-commerce and fulfillment capability shapes our thinking. Our objective is to identify and introduce new or complimentary capabilities that we believe the market and our clients need now and in the future. To accomplish this, we pursue business partnerships, look for acquisitions and joint ventures and explore ideas based on market trends and our own unique client experiences. Our market positioning provides us with an unparalleled window into changes and opportunities in the markets we serve. We carefully measure the results of these tests and look for new services that can have a material impact on our financial and operational performance.*

##### ***Invest in Technology***

*We believe our current SPARView technology provides us a competitive advantage in the marketplace and is a core competitive strength. Our technology enables us to communicate, plan, track, analyze and optimize our merchandising and marketing services work. However, we recognize that technology and our opportunity to successfully leverage technology continues to change. As a result, we are constantly adapting and innovating. We explore relationships within and across geographies and businesses with solution providers, while simultaneously making investments in our own solutions, with a focus to provide clients with better results, through our broader capability. This will facilitate our ability to offer higher value services over time. Our objective is to provide technology to field merchandisers, our client partners and our management to make smarter decisions that yield better Company results.*

##### ***Expand Globally***

*The Company operates in 9 countries. This provides us the unique ability to offer our services across borders and geographies to drive incremental revenue and operating efficiencies. We have many global clients that we work with in multiple countries based on the results we deliver and value we create. We believe our ability to offer multi-country agreements is a unique differentiator for us in the marketplace and we will continue to capitalize on this to grow our business.*

*At the same time, we are continuously exploring ways to expand our current international businesses. As retail channels continue to consolidate around the globe, we look for unique, compelling financial opportunities to acquire, partner or organically grow into new segments, verticals and geographies. At the heart of this strategy is building upon our strength today and the leadership we have developed in country, regionally and around the world.*

#### **OUR BUSINESS DIVISIONS**

*The Company operates **under** **through** three divisions: Americas, Asia Pacific (APAC), and Europe, Middle East and Africa (EMEA). The Americas division **is** **comprised** **of** **encompasses** the United States, Canada, Mexico, and Brazil. The APAC division **is** **comprised** **of** **includes** Japan, China, Australia, and India. As detailed in Note 10 (Related Party*

Transactions), the company divested its stake in the Australian joint venture (JV), effective December 31, 2023. The financial results for the full years of 2023 and 2022 incorporate the Australian operations, which will be excluded from the financial results after 2023. The EMEA division is comprised consists of South Africa.

The total business is led and operated from our global headquarters in Auburn Hills, Michigan. Each country also has regional leadership and offices in the respective market.

Our approach to the international marketplace has historically been to establish joint ventures. We believe this approach enables us to bring the breadth of our global capabilities and tools while capitalizing on the strength and importance of local executive leadership and resources.

We continue to be excited about our international growth opportunities and the performance of our individual businesses.

The following table provides details of the structure of our Domestic and International businesses:

<u>Primary Territory</u>	<u>Entity Name</u>	<u>SGRP Percentage</u>	<u>Ownership</u>	<u>Principal Office Location</u>
<b>Americas</b>				
United States of America	SPAR Marketing Force, Inc.	100 %	Auburn Hills, Michigan	
	SPAR Assembly and Installation, Inc.	100 %	Auburn Hills, Michigan	
	<b>National Merchandising Services, LLC ("NMS")</b>	<b>51 %</b>	<b>Fayetteville, Georgia</b>	
	Resource Plus of North Florida, Inc. ("RPI")	51 %	Jacksonville, Florida	
Canada	SPAR Canada Company Inc.	100 %	Vaughan, Ontario, Canada	
Mexico	SPAR TODOPROMO, SAPI, de CV	51 %	Mexico City, Mexico	
Brazil	SPAR Brasil Serviços de Merchandising e Tecnologia S.A. and its subsidiaries	51 %	Sao Paulo, Brazil	
<b>Asia- Pacific</b>				
Japan	SPAR FM Japan, Inc.	100 %	Tokyo, Japan	
India	SPAR KROGNOS Marketing Private Limited	51 %	New Delhi, India	
	Preceptor Marketing Services Private Limited	51 %	New Delhi, India	
Australia	<b>SPARFACTS Australia (PTY), Ltd.</b>	<b>51 %</b>	<b>Melbourne, Australia</b>	
China				
China	SPAR (Shanghai) Marketing Management Company Ltd.	51 %	Shanghai, China	
<b>Europe, Middle East, Africa (EMEA)</b>				
South Africa	SGRP Meridian (PTY), Ltd. and its subsidiaries	51 %	Durban, South Africa	

The Company tracks and reports certain financial information separately for the individual countries using the same metrics. The primary measurement utilized by management is operating profit, historically the key indicator of long-term growth and profitability, as the Company is focused primarily on reinvesting the operating profits of each of its international subsidiaries back into local markets in an effort to improve its market share and continued expansion efforts. Certain financial information regarding each of the Company's divisions, which includes their respective net revenues and operating income for each of the years ended December 31, 2022 December 31, 2023 and 2021, and their respective assets as of December 31, 2022 December 31, 2023 and 2021, is provided in Note 12 to the Company's Consolidated Financial Statements – Segment Information, below.

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#### Our Services

The Company currently provides six (6) principal types of services: merchandising services, brand marketing services, new store openings Merchandising and remodeling services, assembly services, distribution staffing services Marketing, Category Management and retail compliance Setup, Remodel and price audit services Retail Transformation, Assembly and Installation, Business Analytics and Insights, Fulfilment and Distribution.

#### **Merchandising Services and Marketing**

Merchandising and Marketing services consist are pivotal in ensuring that retail environments are optimally organized, products are well-presented, and promotions are effectively implemented to drive sales and enhance customer engagement. This category encompasses a broad range of regularly scheduled merchandising activities tailored to maintain and elevate the retail experience, including: (i) resets and cut-ins, which involve the strategic rearrangement or introduction of products within the retail space to keep the store layout fresh and aligned with current marketing strategies or consumer trends, (ii) price and inventory audits, which ensures that pricing is accurate and inventory levels are properly

maintained, providing valuable insights for inventory management and pricing strategies, (iii) stock replenishment and rotation services, provided which are essential for keeping shelves well-stocked and products fresh, especially for perishable goods, thereby enhancing customer satisfaction and minimizing waste, (iv) out of stock management, which focuses on minimizing the occurrence of stockouts and efficiently addressing them when they happen, thus reducing lost sales opportunities and maintaining customer trust, (v) promotional event setup, which entails the planning and execution of in-store events or displays to highlight specific products or sales promotions, creating an engaging shopping experience, and (vi) display management, which includes the design, setup, and maintenance of product displays to attract customer attention and promote featured items effectively. Together, these Merchandising & Marketing services are crucial for retail success, ensuring products are visible, accessible, and appealing to customers.

#### **Category Management and Setup**

Category Management and Setup is a comprehensive suite of services aimed at optimizing retail space and product presentation for enhanced customer experience and sales performance. This service category includes a variety of tasks such as (i) category and product resets, which involve reorganizing and refreshing product arrangements and categories in-store to maintain relevance and appeal; (ii) planogram maintenance, which ensures that the layout of products on shelves aligns with a strategic plan to optimize retail space and product visibility; (iii) display and shelf services, which focuses on the maintenance and arrangement of shelves and displays to ensure products are presented attractively; (iv) POP (Point of Purchase) installation and management, which involves setting up and managing marketing materials at the retail store level for retailers, manufacturers point of purchase to capture customer attention and distributors ("syndicated merchandising services") encourage sales; and "dedicated merchandising services" (v) display setup, which are performed for a specific retailer includes the assembly and arrangement of product displays to highlight new products or manufacturer by a dedicated organization, sometimes including a management team. The syndicated services are performed for multiple manufacturers and distributors while the dedicated promotions, creating an engaging shopping environment. Together, these services work exclusively for to maintain a coherent and appealing retail environment that retailer or manufacturer, enhances product visibility and shopper engagement.

#### **Brand Marketing Services Remodel and Retail Transformation**

Project Remodel & Retail Transformation encompasses a range of strategic services consist primarily designed to update and revitalize retail environments, ensuring they meet contemporary shopping expectations and trends. This category includes (i) store remodels, where retail spaces undergo comprehensive renovations to enhance aesthetics, functionality, and shopper experience, (ii) store department resets which involve the reorganization and updating of specific in-store services initiated by retailers and manufacturers, such as new product launches, special seasonal or promotional merchandising, focused product support, product recalls, in-store product demonstrations and in-store product sampling. The Company also performs other project services, such as kiosk product replenishment, inventory control, new store sets and existing store resets, re-merchandising, remodels and category implementations, under annual or stand-alone project contracts or agreements.

#### **New Store Openings and Remodeling Services**

Retailer specific services including store transformation, remodeling, fixture building, major category changes, adaptation of online in the store and regular store refresh program support, under annual or stand-alone project contracts or agreements.

Most retailers refresh each store every three, five or seven years. The Company offers services to ensure each store is inviting, exciting and well maintained for the retailer. This may include adding categories of product, changing the front-of-store checkout, building out pack and ship areas sections within a store to serve regional online delivery improve navigation and more, product presentation, (iii) fixture and banner installations, which contribute to refreshing the store's visual appeal and marketing communication, (iv) pop-up store services which offer temporary retail setups that can test new markets, products, or concepts in an agile and cost-effective manner and (v) store closings, managed with a focus on efficiency and minimal disruption, ensuring that transitions are smooth for both the retailer and its customers. Through these services, Remodel & Retail Transformation aims to keep retail environments dynamic, engaging, and aligned with brand identity and consumer expectations.

#### **Assembly Services and Installation**

The Company's Assembly and Installation services play a crucial role in enhancing the retail and consumer experience by ensuring that products are properly assembled and set up, whether in-store, in the office, or within the consumer's home. This category covers a broad spectrum of tasks that facilitate the ready-to-use delivery of products, improving convenience and satisfaction for both retailers and end-users. Services include (i) the assembly services are initiated by consumers, retailers or manufacturers. Upon request, the Company assembles furniture, grills and many other products of merchandise in stores, homes and offices. The Company performs ongoing routed coverage at retail locations to ensure that such as furniture and other desks, enabling customers to visualize the final product lines and making the shopping experience more engaging and efficient; (ii) in-store services, which extend to the maintenance of these products, ensuring they remain in optimal condition for display and use; (iii) office setup/down-sizing services, which cater to businesses undergoing changes in their physical workspace, providing expert assembly and installation support for a seamless transition; (iv) National In-Home Furniture Assembly services, which offer consumers the convenience of having furniture professionally assembled in their homes, eliminating the hassle and time commitment typically associated with DIY assembly; and (v) the assembly and installation of fitness equipment, whether it's in a commercial gym setting or a home fitness space, ensures that equipment is set up safely and correctly, maximizing functionality and user safety. Overall, Assembly and Installation services address a vital need in the post-purchase experience, ensuring products are well displayed fully functional and maintained, ready for use, thereby enhancing customer satisfaction and builds any new items or replacement items, as required. In addition, the Company provides in-home loyalty.

#### **Business Analytics and in-office assembly to customers who purchase their product from retailers, whether in store, online or through catalog sales. Insights**

**Distribution Staffing Services** Business Analytics and Insights services provide a critical foundation for informed decision-making and strategic planning in retail and merchandising environments. This suite of services leverages data analysis and visualization tools to deliver actionable insights that drive efficiency, sales, and customer satisfaction, including: (i) product dashboards, which offer a comprehensive view of product performance, inventory levels, and sales trends, enabling quick adjustments to product strategy and stock

management, (ii) stock out reporting, which identifies and analyzes instances where products are unavailable on the shelves, allowing for rapid response to restock items and prevent lost sales opportunities, (iii) visit reporting, which tracks and evaluates the effectiveness and outcomes of merchandising visits, providing insights into operational efficiency and areas for improvement, (iv) real-time service insights, which delivers immediate feedback on the execution of merchandising and marketing initiatives, enabling dynamic adjustments to enhance in-store experiences and promotional effectiveness, (v) share of shelf analytics, which assesses the visibility and presence of products on the retail shelf compared to competitors, crucial for strategic positioning and market share growth, and (vi) photo analysis, which uses visual data to evaluate the compliance and appeal of product displays, ensuring that merchandising standards are met and that displays are engaging to customers. Together, these Business Analytics & Insights services empower businesses with the knowledge to optimize operations, tailor marketing efforts, and ultimately drive better business outcomes through data-driven strategies.

The Company offers staff Fulfillment and distribution center experienced resources to retailers and consumer goods manufacturers. These services support new distribution center set up and testing, receiving, put-away and picking, packing and shipping activities. These services have become in higher demand as the growth of online has accelerated and more retailers and manufacturers are shipping product direct to the end consumer for these facilities. Distribution

Retail Compliance Fulfillment & Distribution is a critical service offering that encompasses a range of services including (i) Distribution Center Staffing, which provides the necessary workforce for the effective operation of distribution centers, including handling and Price Audit sorting, (ii) POP (Point of Purchase) Fulfillment Services. The Company's retail compliance and price audit services are initiated by retailers and manufacturers and focus on the following: Validating store promotions, storage, assembly, and delivery of marketing and promotional materials directly to retail locations, ensuring that displays are ready and available for immediate use, (iii) Kiosk Prep, which involves preparing and equipping kiosks with the necessary products and promotional materials, tailored for specific marketing or sales campaigns, (iv) returns processing, which manages the flow of returned goods, ensuring they are efficiently processed, restocked, or disposed of according to the retailer's policies, (v) picking and packing services, which are crucial for order fulfillment, involving the selection of the correct products from inventory and packing them for shipment to the customer or retail outlet, and (vi) inventory services which provide comprehensive management of stock levels, including tracking, auditing, compliance with branding and signage, verifying product placement and displays, collecting reporting, to ensure inventory levels and out-of-stock status and more. In addition, the Company provides competitive price intelligence gathering for retailers as well as ensuring price accuracy and consistency within the retail itself, availability. Together, these Fulfillment & Distribution services play an essential role in optimizing our customers' supply chain, enhancing their customers' satisfaction, and maintaining seamless operations from warehouse to consumer.

#### OUR CUSTOMERS

The Company currently represents numerous manufacturers and/or retail clients in a wide range of retail segments and stores worldwide, and its customers (which it refers to as "clients") include the following markets:

Retail segments served include:

- Mass Merchandisers
- Grocery
- Grocery and HBA
- Pharmacies
- Discount
- Dollar
- Convenience
- Cash and Carry
- Home Improvement
- Consumer Electronics
- Automotive
- Office Supply
- Mass Merchandisers Independents

Manufacturer segments served include:

- Personal Technology
- Consumer Electronics
- Beverage
- Household Products

- Consumables
- Financial Products
- Automotive Aftermarket

*It is important to note that we also work across all channels: retail and online. Our services make it possible for clients to ensure the online orders can be filled from stores and that the pricing is competitive in individual markets.*

*We are proud to serve some of the world's most exciting brands and leading retail businesses. In many cases, our clients cross over geographical boundaries and we provide services to support their business around the world.*

*The Company did not have any clients that represented 10% or more of the Company's net revenue for the years ended December 31, 2022 December 31, 2023 and 2021.*

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#### TRADEMARKS AND TECHNOLOGY AND TECHNOLOGY LICENSING

*The Company has numerous registered trademarks. Certain of the Company's "SPAR" trademarks (the "Licensed Marks") are licensed: (i) for use by affiliated companies in the United States royalty free and in perpetuity pursuant to license agreements that commenced in 1999 (ii) for use by its wholly-owned subsidiaries worldwide royalty free and in perpetuity pursuant to informal license arrangements; (iii) for use by joint venture subsidiaries in their respective jurisdictions royalty free pursuant to license agreements for limited terms (executed contemporaneously with their respective joint venture agreements); and (iv) for use by the Independent Field Vendor and Independent Field Administrator respectively providing Field Administrators through December 2022 and providing Field Specialists to the Company domestically in the United States for limited terms and modest royalties pursuant to license agreements with (each as defined below). Portions of the Company's proprietary scheduling, tracking, coordination, reporting and expense software (the "Co-Owned Software") currently included in the Company's technology are co-owned by the Company, SPAR Business Services, Inc. ("SBS") and SPAR InfoTech, Inc. ("Infotech"). The Company's global technology systems (including the Co-Owned Software) were maintained and further developed and improved by the Company at its own expense at a cost of \$1.0 million in 2023 and \$1.5 million in 2022, and \$1.2 million in 2021, respectively. Except for SBS and Infotech (they do not need such software licenses because of their co-ownership), each subsidiary and field vendor trademark license and arrangement also licenses the Co-Owned Software to the licensee.*

#### OUR LABOR FORCE

*Worldwide, the Company utilized a labor force in 2022 December 31, 2023 of up to approximately 25,000 24,288 people depending on seasonality, including the services of Field Specialists and Field Administrators provided by independent third parties.*

*The Company executes and administers its field services in the USA through the services of field merchandising, auditing, assembly and other field personnel (each a "Field Specialist"), substantially all of whom are provided to the Company and engaged by independent third parties and located, scheduled, deployed and administered domestically through the services of local, regional, district and other personnel (each a "Field Administrator"). Substantially all of its Field Administrators in the USA were in turn employed by other independent third parties through December 2022 and by the Company thereafter.*

*As of December 31, 2022 December 31, 2023, the Company's labor force in the Americas totaled approximately 17,500 17,032 including the services of Field Specialists and Field Administrators furnished by independent third parties. The Company employed in Americas a labor force of 494 462 full-time employees and 62 79 part-time employees engaged in operations. In the Company's America Americas Division, the Company's merchandising, audit, assembly and other services for its clients are performed by Field Specialists, and the services of a significant portion of them (approximately 17,000 16,491) were supplied to the Company by an independent vendor (the "Independent Field Vendor"). The services of a significant portion of the Field Administrators who supervise the Field Specialists (approximately 60) were provided to the Company in the USA by an independent vendor (the "Independent Field Administrator") through December 2022 December 31, 2023 and by the Company thereafter.*

*As of December 31, 2022 December 31, 2023, the Company's Asia-Pacific Division's labor force totaled approximately 1,600 2,001 including the services of field personnel and others furnished by independent third parties. Foreign subsidiaries employed 295 209 full-time and 3 part-time employees. The Company's Asia-Pacific Division's field force consisted of approximately 1,300 1,660 Field Specialists engaged locally by our foreign subsidiaries in their respective international operations.*

*As of December 31, 2022 December 31, 2023, the Company's EMEA Division's labor force totaled approximately 5,200 5,255 including the services of field personnel and others furnished by independent third parties. Foreign subsidiaries employed 648 713 full-time and 4 part-time employees. The Company's EMEA Division's field force consisted of approximately 4,500 4,400 Field Specialists engaged locally by our foreign subsidiaries in their respective international operations.*

*The Company continues to evaluate its business model of using third-party independent contractors as Field Specialists (whether or not provided by others) in light of changing client requirements and legal and regulatory environments.*

The Company considers its relations with its own employees and independent vendors to be generally good.

#### OUR COMPETITION

The marketing services industry is highly competitive. The Company's competition in all-markets arise from a number of large enterprises. The Company also competes with a large number of relatively small enterprises with specific client, channel or geographic coverage, as well as with the internal marketing and merchandising operations of its existing and prospective clients. The Company believes that the principal competitive factors within its industry include breadth and quality of client services, cost, development and deployment of technology, the ability to execute specific client priorities rapidly and consistently over a wide geographic area, and the ability to ideate and operate as a business partner delivering value above basic services. The Company believes that its current structure favorably addresses these factors and establishes it as a leader in many retailer and manufacturer verticals. The Company also believes it has the ability to execute major national and international initiatives and develop and administer national and international manufacturer programs.

#### CORPORATE WEBSITE

The Company's website can be found at: <http://www.sparinc.com>, and the Company's SEC filings are available on that website under the Investors Relations section.

#### **Item 1A. Risk Factors**

Investing in SGRP's common stock ("SGRP Common Stock") is subject to a number of Risks that could cause the Company's actual results to differ materially from those projected or otherwise expected in any forward-looking statements or other information (see Forward-Looking Statements immediately preceding Part I, above).

You should carefully review and consider the following Risks, but you should not place undue reliance on any of them. All forward-looking statements and other information attributable to the Company or persons acting on its behalf are expressly subject to and qualified by all such Risks.

Those Risks reflect our expectations, views and assumptions only as of the date of this Annual Report, and the Company does not intend, assume any obligation, or promise to publicly update or revise any such Risk or information (in whole or in part), whether as a result of new information, new or worsening Risks or uncertainties, changed circumstances, future events, recognition, or otherwise.

***Our results of operations were adversely affected in 2021 globally by the COVID-19 pandemic, and the adverse impact continued through 2022 in certain international countries. The adverse impact of the COVID-19 pandemic may continue through 2023 and beyond.***

*In March 2020, the World Health Organization declared the novel strain of Coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. 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 and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, operations, suppliers, industry and workforce.*

*In 2021, most of our clients whose business was shut down or reduced capacity earlier in 2020 returned to normal operations, and the overall business improved for fiscal year 2021 and 2022. However, a few international countries continued to be impacted during fiscal 2022. Specifically, China and Japan. The zero-covid policy in China caused many of our client operations in China to suspend operations for several months. In Japan, the government policies have continued to make it more challenging to continue our normal work in stores for 2022.*

*Although the Company cannot reasonably estimate the length or severity of the continuing pandemic, we do not anticipate a continual material adverse impact on our consolidated financial position, results of operations and cash flows.*

***The markets we operate in are cyclical and subject to the effects of economic downturns.***

The markets in which the Company operates are cyclical and subject to the effects of economic downturns. The current political, social and economic conditions, including the impact of terrorism and COVID-19 on consumer and business behavior, make it difficult for the Company, its vendors and its clients to accurately forecast and plan future business activities. Substantially all of the Company's key clients are either retailers, manufacturers or those seeking to do product merchandising at retailers. Should the retail or manufacturing industries experience a significant economic downturn, the resultant reduction in product sales could decrease the Company's revenues. The Company also has risks associated with its clients changing their business plans and/or reducing their third-party services' budgets in response to economic conditions, which could also decrease the Company's revenues. Such revenue decreases could have a material adverse effect on the Company or its performance or condition.

***We can be adversely affected if governments pass legislation that mandates an increase in wages, changes labor laws or otherwise drives market behavior that negatively impacts the business or operations of SPAR Group or our clients.***

The Company has operations in nine distinct countries and relies on independent contractors as well as other third-party providers to perform work. There is risk that any government legislation that restricts travel, changes labor laws, impacts wages or otherwise incentivizes behavior that negatively impacts our business or our clients could impact our business.

The Company continues to analyze various aspects of potential business impact driven by any legislation in all of the countries we operate. While we do not foresee any material impact in the short-term, the Company will continue to monitor and manage the business accordingly.

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**Our business depends on variable client projects that can shift from period to period, be delayed, be canceled or otherwise require us to assume higher costs to perform the work.**

The Company has experienced and, in the future, may experience fluctuations in quarterly operating results and cash flow. Factors that may cause the Company's quarterly operating results and cash flow to vary from time to time and may result in reduced revenue and profits include: (i) the number of active client projects; (ii) seasonality of client products; (iii) client delays, changes and cancellations in projects; (iv) staffing requirements, indemnifications, risk allocations, primary insurance coverages, intellectual property claims and other contractual provisions and concessions demanded by clients that are unilateral, unreasonable and very time consuming to review and attempt to negotiate; (v) the timing requirements of client projects; (vi) the completion of major client projects; (vii) the timing of new engagements; (viii) the timing of personnel cost increases; (ix) service locations and conditions with higher than contemplated personnel costs (remote areas, weather and health closures, higher minimum wages, higher skill sets required, etc.); and (x) the loss of major clients. In addition, the Company is subject to revenue or profit uncertainties resulting from factors such as unprofitable client work and the failure of clients to pay. These revenue fluctuations could materially and adversely affect the Company or its performance or condition, whether actual or as planned, intended, anticipated, estimated or otherwise expected.

**Our business could be adversely affected if retailers and manufacturers elect to perform merchandising and marketing services with their own resources or if they have less stores that need our services.**

The business and growth of the Company depends in part on the continued outsourcing of merchandising and marketing services, which the Company believes has increased from the consolidation of retailers and manufacturers, as well as the desire to seek outsourcing specialists to reduce fixed operation expenses and concentrate internal staff on customer service and sales. There can be no assurance that this outsourcing will continue, as companies may elect to perform such services internally.

In addition, retailers with physical store locations are facing increasing consolidation and competition from eCommerce/virtual stores. The Company's business and growth depends in part on the continuing need for in-store merchandising of products and the continuing success of retailers with physical store locations. There can be no assurance that the in-store merchandising of products will increase or even continue at current levels or that retailers with physical store locations will continue to compete successfully in those stores, and some retailers are shifting their sales focus to their virtual online stores.

A significant decrease in such need for in-store merchandising or success of such physical stores could significantly decrease the Company's revenues and such decreased revenues could have a material adverse effect on the Company or its performance or condition, whether actual or as planned, intended, anticipated, estimated or otherwise expected.

**We do work with furniture and other related assembly services at stores, in homes and in offices.**

The Company's technicians assemble furniture and other products in the stores, homes and offices of customers. Working at a customer's store, home or office **could** give rise to claims against the Company for errors, omissions or misconduct by those technicians, including (without limitation) objectional behavior, harassment, personal injury, death, damage to or theft of customer property, or other civil or criminal misconduct by such technicians. Claims also could be made against the Company as a result of its involvement in such assembly services due to (among other things) product assembly errors and omissions, product defects, deficiencies, breakdowns or collapse, products that are not merchantable or fit for their particular purpose, products that do not conform to published specifications or satisfy customer expectations, or products that cause personal injury, death or property damage, in each case whether actual, alleged or perceived by customers, and irrespective of how much time may have passed since such assembly. If such claims are asserted and adversely determined against the Company, then to the extent such claims are not covered by indemnification from the product's seller or manufacturer or by insurance, they could have a material adverse effect on the Company or its performance or condition.

**We depend upon third-party independent contractors and the services they provide.**

The success of the Company's business in the USA is dependent upon the successful execution and administration of its domestic field services through the services of Field Specialists, and a significant portion of them are provided to the Company and are engaged by the Independent Field Vendor and located, scheduled, deployed and administered domestically through the services of Field Administrators (who were provided by an independent vendor through December 2022 and by the Company thereafter). The inability to identify, engage and successfully administer its domestic field services through qualified Field Specialists and Field Administrators could have a material adverse effect on the Company or its performance or condition.

A significant portion of the services of the Field Specialists provided to the Company are supplied by the Independent Field Vendor. It is possible that the appropriateness of the treatment of those Field Specialists as independent contractors by the Independent Field Vendor will be periodically subject to legal review or challenge by various states and others. The Company, in its discretion, may review and decide each request by its Independent Field Vendor for reimbursement of its legal defense expenses on a case-by-case basis, including the relative costs and benefits to the Company of doing so, but the Company has no obligation to do so.

To the Company's knowledge, its Independent Field Vendor is not involved in any material proceeding involving the misclassification of its independent contractors. However: (i) if the Company approves its reimbursement of any material legal defense costs of the Independent Field Vendor; (ii) if the Company somehow becomes liable for any legal expenses incurred by the Independent Field Vendor, any related party or any third party in defending any claim or satisfying any judgment against such parties; (iii) if the Company somehow becomes liable through any judicial determination for any judgment against the Independent Field Vendor, or any related party or other vendor or service provider (in whole or in part); or (iv) if any such proceeding or matter causes: (A) any decrease in the Independent Field Vendor's performance (quality or otherwise); (B) any inability by the Independent Field Vendor to execute the services for the Company or to continue with its present business model; or (C) any increase in the Company's use of employees (rather than independent contractors) as its domestic Field Specialists; then any of the foregoing, in whole or in part, could have a material adverse effect on the Company or its performance or condition.

There can be no assurance that plaintiffs or someone else will not claim that the Company is liable (under applicable law, through reimbursement or indemnification, or otherwise) for any judgment or similar amount imposed against any provider of Field Specialists or Field Administrators to the Company, which the Company would defend vigorously if pursued. There can be no assurance that the Company would be able to successfully defend any such claim. Any imposition of liability on the Company for any such judgment or amount could have a material adverse effect on the Company or its performance or condition.

Additionally, the Company believes that its business model of executing a significant portion of its services domestically (other than in California and in performing its non-merchandising services elsewhere), where the Company is using its own employees) through independent contractors provided by others is equally effective but inherently less costly than doing so with employees, both under applicable tax and employment laws and otherwise. However, the Company continues to reevaluate its business model of using third party independent contractors as Field Specialists in performing merchandising services outside of California in light of changing client requirements and legal and regulatory environments.

#### **We rely on our systems and third-party vendors.**

The Company relies on its proprietary systems for (among other things) the scheduling, tracking, coordination and reporting of its merchandising and marketing services. In addition to proprietary software and applications of the Company, the systems use and rely upon software (including operating system, office, exchange, data base and server programs) licensed and hardware purchased or leased from third parties and telecommunication services provided by third parties, which third-party software, hardware and telecommunication services may not continue to be available at all or (if available) with the necessary access, uptime, speeds or bandwidth, at reasonable prices or on commercially reasonable terms. Any defect, error or other performance failure in such third-party software, hardware or service also could result in a defect, error or performance failure in our client services. Systems can experience excess traffic and related inefficiencies, from increased demand or otherwise, as well as increased cyberattacks by hackers and other saboteurs. To the extent that systems experience increased demands on current capacity and for additional capacity from (among other things) an increase in the numbers of users, frequency or duration of use, bandwidth requirements of software, applications and users (including the increasing demand from the Company's clients for data-intensive as-serviced pictures from the Field Specialists), or cyberattacks, there can be no assurance that the Company's technological systems and third-party software, hardware and telecommunication providers will continue to be able to support the demands placed on them by such increased demand or negative events.

The Company relies on third-party vendors to provide its telecommunication network access and other services used in its business, and the Company has no control over such third-party providers. Additionally, a cybersecurity breach that results in unauthorized access to sensitive consumer or corporate information contained in these systems may adversely affect the Company's reputation and lead to claims against it. Such claims could include identity theft or other similar fraud-related claims and claims related to violations of applicable data privacy laws. Any system failure, accident or security breach could result in disruptions to the Company's operations. To the extent that any disruption or security breach results in a loss or damage to the Company's data, or results in inappropriate disclosure of confidential information, it could cause significant damage to the Company's reputation, affect its relationships with its customers, lead to claims against it and ultimately harm its business. In addition, the Company may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

Any such software, hardware or service unavailability or unreasonable pricing or terms, defect, error or other performance failure in such third-party software, hardware or service, increased capacity demands, disruption in services, security breach or protective measures could increase the Company's costs of operation and reduce its efficiency and performance, which could have a material adverse effect on the Company or its performance or condition, whether actual or as planned, intended, anticipated, estimated or otherwise expected.

#### **Our stock is subject to volatility and general market risk.**

The market price of SGRP Common Stock has historically experienced and may continue to experience significant volatility. During the year ended **December 31, 2022** **December 31, 2023**, the sale price of SGRP Common Stock fluctuated from **\$1.27** **\$0.70** to **\$1.30** **\$1.40** per share. The Company believes that its Common Stock is subject to wide price

fluctuations due to (among other things) the following:

- The relatively small public float and corresponding thin trading market for SGRP Common Stock, attributable to (among other things) the large block of voting shares beneficially owned by the Company's Majority Stockholders (as defined below) and generally low trading volumes, and that thin trading market may cause small trades to have significant impacts on SGRP Common Stock price.
- The substantial beneficial ownership of the Company's voting stock and potential control by Mr. Robert G. Brown and Mr. William H. Bartels and related parties (the "Majority Stockholders" "Majority Stockholders"). See Our *significant stockholders may take actions, subject to the restrictions of the Change of Control, Voting and Restricted Stock Agreement ("CIC Agreement" "Agreement") and our By-Laws, Item 3 -- Legal Proceedings, below, Note 6 to the Company's Consolidated Financial Statements - Commitments and Contingencies, and Note 10 to the Company's Consolidated Financial Statements - Related Party Transactions* Domestic Related Party - (including *Change of Control, Voting and Restricted Stock Agreement* *Agreement*), below.
- Any announcement, estimate or disclosure by the Company, or any projection or other claim or pronouncement by any of the Company's competitors or any financial analyst, commentator, blogger or other person, respecting: (i) any new service created or improved, significant contract, business acquisition or relationship, or other publicized development by the Company or any of its competitors; or (ii) any change, fluctuation or other development in the Company's actual, estimated or desired affiliates, assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, legal costs, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results or condition or in those of any of the Company's competitors, in each case irrespective of accuracy or validity and whether or not adverse or material.
- The general volatility of stock markets, consumer and investor confidence, and the general state of the economy (which often affect the prices of stock issued by the Company Corporation and many others without regard to financial results or condition).

If the Company Corporation issues (other than at fair market value for cash) or the Majority Stockholders sell a large number of shares of SGRP Common Stock, or if the market perceives such an issuance or sale is likely or imminent, the market price of SGRP Common Stock could decline.

The Company currently has Corporation had in place a 2022 Stock Repurchase Program (as defined and described in Item 5 - Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, below), which ended in May 24, 2023. Those repurchases Repurchases by the Corporation could adversely affect the market liquidity of the SGRP Common Stock.

In addition, the volatility in the market price of SGRP Common Stock could lead to class action securities litigation that could in turn impose substantial costs on the Company, divert management's attention and resources from the day-to-day operations of the Company's business and harm the Company's stock price, the Company or its performance or condition.

**As a small company with stock price volatility, our stock may be de-listed from NASDAQ.**

There can be no assurance that the Company Corporation will be able to comply in the future with Nasdaq's Board Independence Rule, Audit Committee Composition Rule, Bid Price Rule or other Nasdaq continued listing requirements. See Our *Significant Stockholders May Take Unilateral Actions, significant stockholders may take actions, subject to the restrictions of the Change of Control, Voting and Restricted Stock Agreement ("CIC Agreement") and our By-Laws, below*. If the Company Corporation fails to satisfy the applicable continued listing requirement again in the future, Nasdaq may commence delisting procedures against the Company Corporation (during which the Company Corporation may have additional time of up to six (6) months to appeal and correct its non-compliance). If the SGRP Common Stock shares were ultimately delisted by Nasdaq, trading of the SGRP Common Stock could be limited to "over-the-counter" trades and the market liquidity of the SGRP Common Stock could be adversely affected, which could result in a decrease in the market price of the SGRP Common Stock due to (among other things) the potential for increased spreads between bids and asks, lower trading volumes and reporting delays in over-the-counter trades and the negative implications and perceptions that could arise from such a delisting

In addition to the foregoing, if the SGRP Common Stock is delisted from Nasdaq and is traded on the over-the-counter market, the "penny stock" rules, if applicable, could adversely affect the market price of the SGRP Common Stock and increase the transaction costs to sell those shares. The SEC has adopted specific rules regulating "penny stock", including additional risk disclosure requirements by broker dealers. If applicable in the future, the penny stock rules may also restrict the ability of broker-dealers to sell the SGRP Common Stock and may adversely affect the ability of investors to sell their shares.

**We have inherent risk of failure to maintain effective internal controls.**

Establishing and maintaining effective internal control over financial reporting and disclosures are necessary for the Company to provide reliable financial and other reporting in accordance with accounting principles generally accepted and applicable securities and other laws in the United States and all other countries in which we operate. Because of its inherent limitations, internal controls over financial and other reporting are not intended to provide absolute assurance that the Company could prevent or detect a misstatement of its financial statements or other reports or any misconduct or fraud. Any failure to maintain an effective system of internal control over financial and disclosure reporting could limit

the Company's ability to report its financial results and file its other reports accurately and timely or to detect and prevent misconduct or fraud. A significant financial or disclosure reporting failure or material weakness in internal control over financial or other reporting could cause a loss of investor confidence and a decline in the market price of the SGRP Common Stock. The Company's management is responsible for establishing and maintaining adequate internal controls over its financial reporting, as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act. As disclosed in Item 9A of Part II of this report, the Company identified a material weakness in its internal controls as of December 31, 2022. While this control deficiency did not result in a material error in the annual or interim financial statements, there was a reasonable possibility that a material misstatement in the annual or interim financial statements would not have been detected. As such, Management has determined this control deficiency constitutes a material weakness. Please see the discussion of these conclusions below under Item 9A. "Controls and Procedures" of this Annual Report on Form 10-K.

Due to the material weakness in the Company's internal control over financial reporting, the Company also concluded that its disclosure controls and procedures were not effective as of December 31, 2022. Our inability to remediate the material weaknesses, our discovery of additional weaknesses, and our ability to achieve and maintain effective disclosure controls and procedures and internal control over financial reporting could affect our ability to ensure timely and reliable financial reports, affect the ability of our auditors to attest to the effectiveness of our internal controls, and weaken investor confidence in our financial reporting. The Company is actively engaged in developing a remediation plan designed to address the material weakness, but cannot be certain as to when its remediation plans will be fully completed. If the remedial measures are insufficient to address the material weakness or if additional material weaknesses or significant deficiencies in the internal controls are discovered or occur in the future, the consolidated financial statements may contain material misstatements and the Company could be required to restate its financial results, which could materially and adversely affect the Company's business and results of operations or financial condition, restrict its ability to access the capital markets, require the Company to expend significant resources to correct the weaknesses or deficiencies, subject it to fines, lawsuits, penalties, judgements or other legal expenses, harm its reputation, create delays or the inability to meet future SEC reporting obligations or otherwise cause a decline in investor confidence.

**Our business is dependent on client payments, business performance and broad economic shifts, and we may be at risk of liquidity constraints and not satisfying all of our credit facility covenants.**

Our business and cash flow can be adversely affected by adverse changes in our client payments, our business performance and broad economic shifts. There can be no assurances that in the future the Company will not violate covenants of its current or future credit facilities; and if it does violate them, that the Company's lenders will waive any violations of such covenants affecting the Company's ability to maintain adequate lines of credit or sufficient availability under its lines of credit. Accordingly, minimal profitability by the Company, additional one-time charges and changes in the composition and quality of its borrowing base, as well as any failure to maintain sufficient availability or lines of credit from the Company's lenders (which may involve their subjective judgement) judgment, could have a material adverse effect on the Company or its performance or condition, whether actual or as planned, intended, anticipated, estimated or otherwise expected.

**Our business and stock liquidity and market value could be adversely affected if we settle outstanding litigation by making payments or issuing stock.**

The timing, size and success of litigation settlement efforts and any associated capital commitments cannot be readily predicted. Future litigation settlements may be financed by issuing shares of the SGRP Common Stock (directly or through convertible securities), cash or a combination thereof. If the SGRP Common Stock does not maintain a sufficient market value, or if potential litigants are otherwise unwilling to accept the SGRP Common Stock as part of the consideration for the settlement of their litigation, the Company may be required to obtain additional capital through debt or equity financings. To the extent the SGRP Common Stock is used for all or a portion of the consideration to be paid for legal settlements, dilution may be experienced by existing stockholders. In addition, there can be no assurance that the Company will be able to obtain the additional financing it may need for litigation settlements on terms that the Company deems acceptable. Failure to obtain such capital would materially and adversely affect the Company or its performance or condition. There also can be no assurance that the other parties in any settlement will abide by the terms or any settlement or any related releases. See Item 3 -- Legal Proceedings, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; Overview, and Note 10 to the Company's Consolidated Financial Statements - Related Party Transactions Domestic Related Party Services (including (including Change of Control, Voting and Restricted Stock Agreement) Agreement), below.

**Our business performance is connected to the experience and retention of key executives.**

The business strategy, client relationships and operating knowledge are critical to the Company's long-term success. We believe we have attracted and developed the most experienced and proven executive leadership team in the industry. However, we work in a competitive industry where talent is visible and other companies may approach and attract our key executives. We continuously review the terms and incentives for our executives to retain them and competitively compensate them to deliver industry leading results on behalf of all shareholders.

**Our significant stockholders may take actions, subject to the restrictions of the Change of Control, Voting and Restricted Stock Agreement ("CIC Agreement" Agreement) and our By-Laws.**

The Company's co-founders, Mr. Robert G. Brown and Mr. William H. Bartels, are significant stockholders ("Significant Stockholders" Stockholders) and Directors of SGRP and together with certain related parties (collectively, the "Majority Stockholders" "Majority Stockholders") beneficially own approximately 52.3% 62.75% of the SGRP Common Stock and could acquire more. That amount was calculated using their respective individual beneficial ownership, excluding affiliates shares, on January 28, 2022 December 31, 2023, as which includes the amounts they represented in the CIC Agreement and subsequent Form 4 filings, the total outstanding ownership (approximately 21.3 million (23,446,444 shares) of the SGRP Common Stock on a non-diluted basis as of December 31, 2021 December 31, 2023. Assuming no other purchases or sales, after the vesting See Security

Ownership of their Series B Preferred Stock Certain Beneficial Owners and its conversion into SGRP Common Stock Management, in accordance with the CIC Agreement, the Significant Stockholders will together beneficially own approximately 52.3% of the SGRP Common Stock, excluding affiliates shares. Part III below, Item 5 Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities,

and

Note 10 to the Company's Consolidated Financial Statements- Related Party Transactions, Domestic Related Party Services (including Change of Controls, Voting and Restricted Stock Agreement)

, below.

As significant stockholders, the Majority Stockholders can have an impact on the nomination and election of directors and the passage of other shareholder meeting proposals.

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**There is inherent business risk for a joint venture business structure.**

The Company's growth strategy for the international markets has been to join forces with local investors having merchandising service expertise, and combine their knowledge of the local market with the Company's proprietary software and expertise in the merchandising business through joint venture business structure. Currently, of the 98 countries the Company is conducting businesses in, 6 of the countries 5 are under a joint venture business structure (Brazil, South Africa, Mexico, China, Australia and India). The Company also has begun to use the model in the United States in recent years and formed or acquired two joint ventures, National Merchandising Services, LLC (NMS), and Resource Plus Inc. (RPI), domestically. On December 22, 2023, entered into an agreement with National Retail Remodel Services (the buyer) to sell its 51 percent interest in National Merchandising Services (NMS). See Note 10 to the Company's Consolidated Financial Statements Related Party Transactions

The Company owns 51% of these joint ventures in all cases; the principal of our local minority investors generally is the Chief Executive Officer, and each joint venture is governed by a Board comprised of directors from both parties. SGRP designates half of the directors for the local boards of its joint venture subsidiaries (other than Brazil where it is 60%), and significant actions require local board agreement. All joint ventures are also governed under the Company's policies and guidelines.

The Company believes its relationship with the joint venture partners are strong. However, there can be no assurance that the Company can successfully manage through inherent business risk due to significant misalignment of business objectives. Any cancellation, nonperformance or material changes of the joint venture could have a material adverse effect of the Company.

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**We have inherent risks operating international businesses.**

The Company operates in 98 countries around the world. There can be no assurances that the respective business environments will remain favorable. In the future, the Company's International operations and sales may be affected by the following risks, which may adversely affect United States companies doing business in foreign countries:

- Political and economic risks, including terrorist attacks and political instability;
- Various forms of protectionist trade legislation that currently exist or have been proposed;
- Expenses associated with customizing services and technology;
- Local laws and business practices that favor local competition;
- Dependence on local vendors and potential for undisclosed related party transactions;
- Multiple conflicting and changing governmental laws, regulations and enforcement;
- Potentially adverse tax and employment law consequences;
- Local accounting principles, practices and procedures;
- Local legal principles, practices and procedures, local contract review and negotiation, and limited familiarity with contract issues (excessive warranties, extra-territoriality, sweeping intellectual property claims and the like);
- Limited familiarity or an unwillingness to comply with, or wrongly believing the inapplicability of, generally accepted accounting principles in the USA ("GAAP" GAAP"), applicable corporate controls and policies of the Company (including its ethics code), or applicable law in the USA (including Nasdaq rules, securities laws, anti-terrorism law, Sarbanes Oxley and the Foreign Corrupt Practices Act) by Local Investors;
- Foreign currency exchange rate fluctuations and limits on the export of funds;
- Substantial communication barriers, including those arising from language, culture, custom and time zones; and
- Supervisory challenges arising from local board deadlocks, agreements, distance, physical absences and such communication barriers.

If any developments should occur with respect to any of those international risks and materially and adversely affect the Company's applicable international subsidiary, such developments could have a material adverse effect on the Company or its performance or condition.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 1C. Cybersecurity**

SPAR Group Inc. recognizes the increased global cybersecurity threats and sophisticated, targeted computer crime and the risk it poses to our operations. We rely on information technology and data to operate our business and develop, market and deliver our products and services to our customers.

Our cybersecurity risk management program is led by our Chief Information Officer ("CIO"), who is directly responsible for establishing cybersecurity strategies and structures and managing ongoing cybersecurity risk management activities. Our CIO is part of the executive management team, and updates our CEO and executive management on a monthly, or even more frequent, basis on cybersecurity enhancement and the development and implementation of our roadmap.

We have strategically embedded cybersecurity risk management within an enterprise-wide framework, ensuring that it permeates across various facets of our operations. This integrated approach encompasses administrative protocols, operational strategies, organizational structures, physical safeguards, and technical measures, all tailored to align with the scope and nature of our business.

#### **Cybersecurity Risk Management and Strategy**

We believe this integrated approach allows cybersecurity considerations to be an integral part of our decision-making processes. Our day-to-day cybersecurity work is led by our CIO and Head of Infrastructure. Both are highly experienced professionals. This group works closely with our executive management to continuously evaluate and address cybersecurity risks in alignment with our business and operational needs.

Cybersecurity risks related to our business, technical operations, privacy and compliance issues are identified and addressed through a combination of third-party assessments, internal audit, IT security, governance, risk and compliance reviews. To defend, detect and respond to cybersecurity incidents, we, among other things:

- Proactively review threat intelligence and other information obtained from governmental, public or private sources
- Perform network vulnerability scans, cyber-hygiene assessments, and continually evaluate and address perceived gaps.
- Conduct companywide cyber awareness training and on-going new employee cyber training.
- Deploy a wide array of industry leading 3rd party solutions to continuously monitor network and endpoints.
- On-going testing and evaluation of backup processes.
- Perform disaster recovery tabletop exercises to assess readiness for possible events.

As noted, to operate our business, we utilize certain third-party service providers to perform a variety of functions and provide certain security-related services, such as outsourced business critical functions, professional services, SaaS platforms, managed services, cloud-based infrastructure, data center facilities, content delivery to customers, encryption and authentication technology, corporate productivity services, and other functions; as well as third parties that assist us to identify, assess and manage cybersecurity risks, including professional services firms, threat intelligence service providers, cybersecurity software providers, penetration testing firms and other vendors that help to identify, assess or manage cybersecurity risks.

In addition, we have implemented an incident response and breach management plan which has four overarching and interconnected stages:

- Detection of a security incident,
- Identification and containment,
- Response, eradication and recovery,
- Post-incident analysis and future preparations.

The plan also provides the process and workflow of communication for escalation of incidents to executive leadership to determine incident classification, impact severity, and if and what further actions are warranted. Incident responses are overseen by leaders from our Software, Infrastructure Engineering, and Executive team.

#### **Cybersecurity Governance**

Cybersecurity holds a significant role within our risk management procedures and remains a focal point for our Board and management. Under the Board's oversight of general risk identification and management activities, the Audit Committee specifically monitors cybersecurity risks. Committee members engage in comprehensive discussions with management regarding these risks, as well as the measures taken to safeguard the company's information systems and security, along with reviewing management's steps towards data privacy protection. Additionally, the Audit Committee receives annual cybersecurity updates from senior management, covering both existing and emerging risks, management's responses and mitigation efforts, any cybersecurity or data privacy incidents, and the status of key information security initiatives. Furthermore, our Board members regularly hold informal discussions with management about cybersecurity news events and any updates to our cybersecurity risk management and strategy programs.

The leadership of our cybersecurity risk management and strategy is guided by experts from our Software, Infrastructure Engineering, and Executive teams. With backgrounds spanning: information technology, security, systems, programming, and corporate strategy, these individuals are equipped to oversee prevention, detection, mitigation, and remediation of cybersecurity incidents. They actively engage in managing our cybersecurity risk processes, including executing our incident response plan, and regularly report relevant matters to the executive management and the Audit Committee.

We carry insurance that provides protection against the potential losses arising from a cybersecurity incident. However, there is no assurance that our insurance coverage will cover, or be sufficient to cover, all losses or claims that may result from a cybersecurity incident.

#### Last year

During the last fiscal year, 2023, the Company did not encounter any material cybersecurity incidents, nor did it incur any notable expenses as a result.

#### Item 2. Properties

The Company does not own any real property. The Company leases certain office space and storage facilities for its corporate headquarters, and subsidiaries under various operating leases. These leases generally require the Company to pay rents at market rates, subject to periodic adjustments, plus other charges, including utilities, real estate taxes and common area maintenance. The Company believes its relationships with its landlords to be generally good. However, as these leased facilities generally are used for offices and storage, the Company believes that other leased spaces could be readily found and utilized on similar terms should the need arise.

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The Company relocated its corporate headquarters from New York to its existing operations office in Auburn Hills, Michigan, in September of 2020. The Company also maintains its data processing center in Southfield, Michigan and its warehouse in Auburn Hills, Michigan, under an extended operating lease expiring October 31, 2025.

The following is a list of the headquarter locations for the Company and its domestic and international subsidiaries:

#### **DOMESTIC: DOMESTIC:**

Auburn Hills, Michigan (Corporate Headquarters)

Southfield, Michigan (Data Center)

Fayetteville, Georgia (NMS)

Jacksonville, Florida (Resource Plus)

#### **INTERNATIONAL: INTERNATIONAL:**

Vaughan, Ontario, Canada

Tokyo, Japan

Durban, South Africa

New Delhi, India

Melbourne, Australia

Sao Paulo, Brazil

Shanghai, China

Sao Paulo, Brazil

#### Item 3. Legal Proceedings

The Company is a party to various legal actions and administrative proceedings arising in the normal course of business. In the opinion of Company's management, resolution of these matters is not anticipated to have a material adverse effect on the Company or its estimated or desired affiliates, assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, legal costs, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results or condition.

All previous open and potential claims between the Significant Stockholders and the Company have been released mutually upon execution of the Change of Control, Voting and Restricted Stock Agreement ("CIC Agreement" Agreement"), as of January 28, 2022. See Note 10 to the Company's Consolidated Financial Statements - Related Party Transactions, Domestic Related Party Services (including Change of Control, Voting and Restricted Stock Agreement), below. The matters resolved in the CIC Agreement included all previous claims of the Majority Stockholders that the Company was somehow liable for claims and judgements judgments by or against them or their respective companies, as well as all legal bills and other expense and amounts.

All prior litigations associated with the Company through SPAR Business Services, Inc., a corporation ("SBS") and its Independent Contractors have been resolved, including the claims of SBS and the Corporation in the SBS bankruptcy and settlement, and all additional related claims raised later by SBS and Robert G Brown were released by them in the CIC Agreement. The SBS bankruptcy and settlement are described in the Corporation's Current Report filed with the SEC on August 8, 2019.

#### Item 4. Mine Safety Disclosures

Not applicable.

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#### PART II

#### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

## The Company's Capital Stock Generally

SGRP's Certificate of Incorporation authorizes it to issue 47,000,000 shares of SGRP Common Stock ("SGRP Shares") with a par value of \$0.01 per share, which all have the same voting, dividend and liquidation rights. SGRP Common Stock is traded on the Nasdaq Capital Market under the symbol "SGRP." On December 31, 2022 December 31, 2023, there were 22,960,966 23,446,444 shares of SGRP Common Stock outstanding in the aggregate (which does not include Treasury Shares), and there were 10,127,244 million 7,075,069 shares (or approximately 47.6% 30%) of SGRP Common Stock beneficially owned by non-affiliates of the Company in the aggregate on a non-diluted basis (i.e. (i.e., SGRP's public float). See Item IA - Risk Factors - Our significant stockholders may take actions, subject to the restrictions of the Change of Control, Voting and Restricted Stock Agreement ("CIC Agreement" "Agreement") and our By-Laws, Security Ownership of Certain Beneficial Owners and Management, in Part III below, and Note 10 to the Company's Consolidated Financial Statements- Related PartyTransactions, Domestic RelatedPartyServices (includingChangeof Controls,Votingand Restricted Stock Agreement), below.

SGRP's Certificate of Incorporation also authorizes it to issue 3,000,000 shares of preferred stock with a par value of \$0.01 per share (the "SGRP "SGRP Preferred Stock" Stock"), which may have such preferences and priorities over the SGRP Common Stock and other rights, powers and privileges as SGRP's Board of Directors may establish in its discretion from time to time.

On January 25, 2022, the Corporation filed a Certificate of Elimination for its "Certificate of Designation of Series "A" Preferred Stock of SPAR Group, Inc." (the "Certificate "Certificate of Elimination" Elimination"). Pursuant to the Certificate of Elimination, the previous Series A Preferred Stock designation was cancelled and withdrawn. As a result, all 3,000,000 shares the previously authorized Series A Preferred Stock were returned to the Corporation's authorized "blank check" preferred stock. There were no shares of Series A Preferred Stock outstanding at the time of the cancellation.

Subsequent to filing the Certificate of Elimination, on January 25, 2022, the Corporation filed a "Certificate of Designation of Series "B" Preferred Stock of SPAR Group, Inc." (the "Preferred Designation" "Preferred Designation") with the Secretary of State of Delaware, which designation had been approved by the Board on January 25, 2022. The Preferred Designation created a series of 2,000,000 shares of Preferred Stock designated as "Series B Preferred Stock" with a par value of \$.01 per share (the "Preferred Stock" "Preferred Stock"). The Preferred Stock shares do not carry any voting or dividend rights and automatically convert on vesting into the SGRP Common Stock on a 1 for 1.5 basis. See Note 10 to the Company's Consolidated Financial Statements - Related Party TransactionsDomestic Related Party Services (including (including Change of Control, Voting and Restricted Stock Agreement)Agreement), below. However, the holders of the Series B Preferred Stock have a liquidation preferencespreference over the SGRP Common Stock and vote together for matters pertaining only to the Series B Preferred Stock (such as amending SGRP's Certificate of Designation of Series B Preferred Stock) where only the holders of the Series B Preferred Stock are entitled to vote. The holders of outstanding Series A Preferred Stock do not have the right to vote for directors or other matters submitted to the holders of the SGRP Common Stock.

On January 28, 2022, pursuant to the CIC Agreement, the Corporation Company issued to the Majority Stockholders 2,000,000 restricted shares of Series B Preferred Stock, which were have all vested and automatically convertible upon vesting converted into 3,000,000 SGRP Shares pursuant to the 1:1.5 conversion ratio set forth in the Preferred Designation and the CIC Agreement, subject to adjustment for a forward or reverse share split, share dividend, or similar transactions. Agreement. See Note 10 to the Company's Consolidated Financial Statements - Related Party Transactions Domestic Related Party Services (including (including Change of Control, Voting and Restricted Stock Agreement)Agreement), below.

At December 31, 2022 During the year ended December 31, 2023, all of the remaining 854,753 shares of Series B Preferred Stock remained issued convertible preferred stock vested and outstanding (which upon vesting will automatically convert to became convertible into 1,282,129 shares of SGRP Common Stock), and 1,145,247 the Corporation's common stock of which 307,129 shares of Series B Preferred the Corporation's Common Stock had been surrendered and automatically converted were issued prior to 1,717,870 shares of SGRP Common Stock. When December 31, 2023.

Since there are no more shares of Series B Preferred Stock outstanding, SGRP may change or cancel the authorized Series B Preferred Stock, and to the extent it reduces such authorization without issuance, it can create other series of Preferred Stock with potentially different dividends, preferences and other terms.

## Market Information

SGRP's Common Stock is traded on the Nasdaq Capital Market under the symbol "SGRP". As of December 31, 2022 December 31, 2023, there were approximately 1692,360 stockholders of record.

## Dividends

The Corporation has never declared or paid any cash dividends on its Common Stock and does not currently anticipate paying cash dividends on its Common Stock in the foreseeable future. No dividends are payable on the Series B Preferred Stock. The Company currently intends to retain future historically has retained earnings to finance its operations and fund the future growth of the business. Any payment of future dividends will be at the discretion of the Board of Directors of the Corporation and will depend upon, among other things, the Company's earnings, financial condition, capital requirements, cash flow, level of indebtedness, contractual restrictions in respect to the payment of dividends and other factors that the Corporation Board of Directors deems relevant.

## **Equity Compensation**

Information regarding the Company's equity compensation plans may be found in Item 12.11 of this Annual Report, which is hereby incorporated by reference.

### **Stock Repurchase Program**

On May 24, 2022, the Board of Directors of SGRP (the "Board" "Board"), authorized SGRP to repurchase up to 500,000 shares of its SGRP Shares pursuant to the 2022 Stock Repurchase Program (the "2022" "2022 Stock Repurchase Program" Program"), which repurchases would be made from time to time over ~~at the~~ one-year period that ended May 24, 2023 in the open market and through privately-negotiated transactions, transactions. Those repurchases were made subject to cash availability and general market and other conditions. Through December 31, 2022 December 31, 2023, 151,156 shares of SGRP Common Stock were repurchased under the 2022 program and became Treasury Shares.

### **SGRP Common Stock Issuances**

During 2022, 2023, the Corporation issued 73,867 387,306 SGRP Shares (including Treasury Shares and new shares of SGRP Common Stock) in support of its requirement to satisfy the conversion of vested and surrendered Series B Preferred Stock (see above), benefit awards and stock purchase plans, including employee Restricted Stock Units that vested and settled with stock, and the exercise of vested employee stock options. However, that share total does not include the 975,000 shares of SGRP Common Stock that were in the process of being issued and the remaining shares of Series B Preferred Stock were in the process of being returned and cancelled on December 31, 2023. See The Company's Capital Stock Generally, in Item 5 above, and Note 11 to the Company's Consolidated Financial Statements – Stock Share Based Compensation, and Other Plans, below.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

### **Forward-Looking Statements**

This Annual Report on Form 10-K (this "Annual Report") contains "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" or the "Corporation") and its subsidiaries (together with SGRP, "SPAR", the "SPAR Group" or the "Company"). "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").

Readers can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as "may," "will," "expect," "intend," "believe," "estimate," "anticipate," "continue," "plan," "project," or the negative of these terms or other similar expressions also identify forward-looking statements. Forward-looking statements made by the Company in this Annual Report may include (without limitation) statements regarding: risks, uncertainties, cautions, circumstances and other factors ("Risks") ); the potential continuing negative effects of the COVID-19 pandemic on the Company's business; the Company's potential non-compliance with applicable Nasdaq director independence; bid price or other rules; the Company's cash flow or financial condition; and plans, intentions, expectations, guidance or other information respecting the pursuit or achievement of the Company's corporate objectives. The Company's forward-looking statements also include (without limitation) those made in this Annual Report in "Business," "Risk Factors," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Directors," "Directors," Executive Officers and Corporate Governance," "Executive Compensation," "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," and "Certain Relationships and Related Transactions, and Director Independence."

You should carefully review and consider the Company's forward-looking statements (including all risk factors and other cautions and uncertainties) and other information made, contained or noted in or incorporated by reference into this Quarterly Report, the Annual Report, the Proxy Statement, the First Special Meeting Proxy/Information Statement and the First Special Meeting Report and the other applicable SEC Reports, but you should not place undue reliance on any of them. The results, actions, levels of activity, performance, achievements or condition of the Company (including its affiliates, 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) and other events and circumstances planned, intended, anticipated, estimated or otherwise expected by the Company (collectively, "Expectations"), and our forward-looking statements (including all Risks) and other information reflect the Company's current views about future events and circumstances. Although the Company believes those Expectations and views are reasonable, the results, actions, levels of activity, performance, achievements or condition of the Company or other events and circumstances may differ materially from our Expectations and views, and they cannot be assured or guaranteed by the Company, since they are subject to Risks and other assumptions, changes in circumstances and unpredictable events (many of which are beyond the Company's

control). In addition, new Risks 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 it has identified all potential Risks, or that it 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 the Company's Common Stock.

These forward-looking statements reflect the Company's Expectations, views, Risks and assumptions only as of the date of this Quarterly Report, and the Company does not intend, assume any obligation, or promise to publicly update or revise any forward-looking statements (including any Risks or Expectations) or other information (in whole or in part), whether as a result of new information, new or worsening Risks or uncertainties, changed circumstances, future events, recognition, or otherwise.

#### **Overview of Our Business**

SPAR Group is a leading global merchandising and brand marketing services company, providing a broad range of sales enhancing services to retailers across most classes of trade and consumer goods manufacturers and distributors around the world. The Company's goal is to be the most creative, energizing and effective global services company that drives sales, margins and operating efficiency for our clients.

As of December 31, 2022 December 31, 2023, the Company operated in nine eight countries: the United States, Canada, Mexico, Brazil, South Africa, Australia, China, Japan and India. Across all of these countries, the Company executes programs through its multi-lingual logistics, reporting and communication technology, which provides clients value through real-time insight on store/product conditions.

With more than 50 years of experience and a diverse network of merchandising specialists around the world, the Company continues to grow its relationships with some of the world's leading businesses. The combination of resource scale, deep expertise, advanced technology and unwavering commitment to excellence, separates the Company from the competition.

The Company's focus Company is services. The dedicated to delivering a spectrum of specialized services tailored to enhance retail operations and profitability across the globe. Our team works collaborates closely with clients to determine identify their key objectives to execute globally, focusing on enhancing their primary goals, ensuring the execution of strategies that boost sales and profit. At retail, the Company's profit margins. With a focus on merchandising and brand marketing, our specialists perform deploy a wide range variety of programs to maximize aimed at maximizing product sell-through to consumers. Some of these programs include These initiatives range from launching new products installing and setting up promotional displays to assembling product fixtures and ensuring shelves are fully stocked and consistent stock availability, thus facilitating efficient reordering when they are not. The Company also assists with processes. Furthermore, we extend our expertise to sales enhancement and customer service. service improvement. As retailers adapt to changes and new opportunities, the retail landscape evolves, our team engages in the total is adept at undertaking comprehensive store renovations and updating of stores, as well as preparing new locations for their grand openings. The Company's openings, ensuring they meet the modern consumer's expectations. Additionally, our distribution associates work play a pivotal role in retail and consumer goods distribution centers, to prepare the centers to open, testing systems, putting away, picking products preparing these facilities for operation, optimizing system functionality, managing product logistics, and providing peak essential staffing services for solutions to meet our clients. clients' needs effectively.

The Company's business is led and operated from its global headquarters in Auburn Hills, Michigan, with local leadership and offices in each country.

#### **Adjusted EBITDA**

Adjusted EBITDA is a non-GAAP measure of our operating performance and should not be considered as an alternative to net income as a measure of financial performance or any other performance measure derived in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). Adjusted EBITDA is defined as net (loss) income before (i) depreciation and amortization of long-lived assets, (ii) interest expense (iii) expense (iii) income tax expense, (iv) Board of Directors incremental compensation expense, (v) restructuring, (vi) impairment, (vii) nonrecurring legal settlement costs and associated legal expenses unrelated to the Company's core operations, (viii) and special items as determined by management. This metric is a supplemental measure of our operating performance that is neither required by, nor presented in accordance with, US GAAP.

We present Adjusted EBITDA because we believe it assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our ongoing operating performance. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in our presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in future periods, and any such modification may be material. In addition, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

Our management believes Adjusted EBITDA is helpful in highlighting trends in our core operating performance compared to other measures, which can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate and capital investments. We also use Adjusted to supplement U.S. GAAP measures of performance in the evaluation of the effectiveness of our business strategies and to make budgeting decisions.

Adjusted EBITDA has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under US GAAP. Some of these limitations include:

- Adjusted EBITDA does not reflect our cash expenditure or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in our cash requirements for our working capital needs;
- Adjusted EBITDA does not reflect the interest expense and the cash requirements necessary to service interest or principal payments on our debt;
- Adjusted EBITDA does not reflect cash requirements for replacement of assets that are being depreciated and amortized;
- Adjusted EBITDA does not reflect non-cash compensation, which is a key element of our overall long-term compensation;
- Adjusted EBITDA does not reflect the impact of certain cash charges or cash receipts resulting from matters we do not find indicative of our ongoing operations; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do.

Our Consolidated EBITDA was approximately **\$7.4 million** **\$11.4 million** and **\$6.3 million** **\$7.4 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, respectively. The following is a reconciliation of our net **(loss)** income to Adjusted EBITDA for the periods presented:

	Year Ended December 31,	
(in thousands)	2023	2022
Consolidated Net Income	\$ 4,776	\$ 2,126
Depreciation and amortization	2,001	2,033
Interest expense	1,919	965
Income tax expense	2,357	2,777
Other (income), loss	346	(482)
<b>Subtotal of Adjustments to Consolidated Net Income</b>	<b>6,623</b>	<b>5,294</b>
Consolidated EBITDA	<b>\$ 11,399</b>	<b>\$ 7,420</b>
Costs and other relating to CIC	-	(32)
Review of Strategic Alternatives	544	540
Goodwill impairment	-	2,458
Loss on sale of businesses	408	-
Restructuring costs	28	-
Legal costs / Settlements - non-recurring	289	-
Share Based Compensation	297	-
Board of Directors incremental compensation	-	394
Consolidated Adjusted EBITDA	<b>\$ 12,965</b>	<b>\$ 10,780</b>
Adjusted EBITDA attributable to non-controlling interest	(3,022)	(4,637)
<b>Adjusted EBITDA attributable to SPAR Group, Inc.</b>	<b>9,943</b>	<b>6,143</b>

	Twelve Months Ended December 31,	
(in thousands)	2022	2021
Consolidated Net Income	\$ 2,126	\$ 2,000
Depreciation and amortization	2,033	2,083
Interest expense	965	585
Income Tax expense	2,777	2,108
Other income	(482)	(509)
<b>Consolidated EBITDA</b>	<b>7,419</b>	<b>6,268</b>
Costs and other relating to CIC	(32)	4,814
Review of Strategic Alternatives	540	72
Goodwill impairment	2,458	-
Board of Directors compensation	-	711

Board of Directors incremental compensation		394		-
Consolidated Adjusted EBITDA		10,779		11,864
Adjusted EBITDA attributable to non-controlling interest		(4,637 )		(4,908 )
Adjusted EBITDA attributable to SPAR Group, Inc.	\$	6,142	\$	6,957

### Results of Operations

The following table sets forth selected financial data and such data as a percentage of net revenues for the years indicated (dollars in millions):

	Year Ended December 31,				Year Ended December 31,								
	2022		%		2021		%						
	\$	261.3	100%	\$	255.7	100%	\$	262.7	100%	\$	261.3	100%	
Net revenues	\$	261.3	100%	\$	255.7	100%	\$	262.7	100%	\$	261.3	100%	
Related party - cost of revenues		8.8	3.4		7.4	2.9							
Related Party - Cost of revenues										5.2	2.0	\$ 8.8	3.4
Cost of revenues		201.5	77.1		200.8	78.5		202.1	76.9	201.5	77.1		
Selling, general and administrative expense		41.1	15.7		36.8	14.4		43.7	16.6	41.1	15.8		
Majority stockholders change of control agreement		-	-		4.5	1.8							
Impairment of Goodwill										-	-	2.5	1.0
Loss on sale of business										0.4	0.2	-	-
Depreciation and amortization		2.0	0.8		2.1	0.8		2.0	0.8	2.0	0.8		
Impairment of goodwill		2.5	1.0		-	-							
Interest expense, net		1.0	0.4		0.5	0.2							
Other income, net		(0.5)	(0.2)		(0.5)	(0.2)							
Interest expense										1.9	0.7	1.0	0.4
Other expense (income), net										0.3	0.1	(0.5)	(0.2)
Income before income taxes		4.9	1.9		4.1	1.6		7.1	2.7	4.9	1.9		
Income tax expense		2.8	1.1		2.1	0.8		2.4	0.9	2.8	1.1		
Net income		2.1	0.8		2.0	0.8		4.8	1.8	2.1	0.8		
Net income attributable to noncontrolling interest		(2.9)	(1.1)		(3.8)	(1.5)							
Net loss attributable to SPAR Group, Inc.	\$	(0.7)	(0.3)%	\$	(1.8)	(0.7)%							
Net income attributable to non-controlling interest										(0.9)	(0.3)	(2.9)	(1.1)
Net income attributable to SPAR Group, Inc.										\$ 3.9	1.5%	\$ (0.3)%	

Results of operations for the year ended December 31, 2022 December 31, 2023, compared to the year ended December 31, 2021 December 31, 2022.

#### Net Revenues

Net revenues for the year ended December 31, 2022 December 31, 2023, were \$261.3 \$262.7 million compared to \$255.7 \$261.3 million for the year ended December 31, 2021 December 31, 2022, an increase of \$5.6 \$1.4 million or 2.2% 1%. This increase in revenue was on top of the headwinds we faced cycling the 2021 Mexican labor law change, zero-Covid policy in China beginning primarily driven by stronger performance in the first quarter of 2022, Americas, particularly Canada, Brazil and US SPAR owned business, partially offset by lower performance at Asia Pacific and EMEA and US Joint Ventures. Foreign Currency rates were also a negative foreign exchange rate impact. headwind in 2023.

The Americas net revenues totaled \$198.6 \$203.7 million and \$186.4 million at December 31, 2022 \$198.6 million for the years ended December 31, 2023 and 2021, 2022, respectively. The increase of \$12.2 \$5.1 million or 6.5% 2.6% is the result of 16% 51% growth in the U.S. owned services Canadian business, 24% 10% growth in our Brazil joint venture revenue and 3% growth in our US SPAR owned business, partially offset by a 2% 37% and 57% 43% drop in Canada our US Joint Ventures, Resource Plus and Mexico revenue, NMS respectively. We won These results reflect growth in our core merchandising services business offset by delays in retail remodel projects to later in the year or early next year by our clients. Core merchandising had a number of new clients, extended agreements with current clients strong growth in the US SPAR owned business, in Brazil and continued to grow our remodel and distribution services businesses in Canada.

The Asia-Pacific net revenues totaled \$24.5 million and \$26.0 million for the years ended December 31, 2023 and \$33.8 million at December 31, 2022 and 2021, 2022, respectively. The decrease of \$7.8 million \$1.5 million or 23.1% 5.9% is primarily the result of the zero-Covid policy that impacted our business in China and broader economic pressures in Japan. Our joint venture business in China was down 31% and has not fully recovered from the impact of first quarter 2022, negative foreign exchange rate movement as well as other extraneous conditions.

The EMEA net revenues totaled \$34.6 million and \$36.7 million for the years ended December 31, 2023 and \$35.5 million at December 31, 2022 and 2021, 2022, respectively. The increase decrease of \$1.2 million \$2.1 million or 3.3% 5.8% is the result of the continued growth of our joint venture driven by unfavorable foreign exchange rates in South Africa, Africa, when compared to 2022 rates. South Africa local currency net revenues increased 5% in 2023 compared to 2022.

#### Cost of Revenues

The Company's cost of revenues consists of its in-store labor and field management wages, related benefits, travel and other direct labor-related expenses and was 80.5% 78.9% of net revenue for the year ended December 31, 2022 December 31, 2023 compared to 81.4% 80.5% of net revenues for the year ended December 31, 2021 December 31, 2022. We delivered a 90-basis (159)-basis point improvement in gross margins against the global pressure of recruiting and wages.

The Americas cost of revenue as a percent of net revenue was 81.5% 79.8% and 83.2% 81.5% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The decrease in cost of 1.8% 1.6% was the result of 2% 2.5% lower costs in our owned U.S. business 60-basis point and U.S. joint ventures and 1.4% lower cost in Brazil, 1.8% lower costs in Mexico, 3.7% lower costs in our U.S. joint ventures partially offset by a 50-basis 230-basis point increase in costs in Canada. We Mexico. These results were able to achieve these results by focusing achieved through our persistent emphasis on recruiting, client contract pricing, adding fuel surcharges when the stabilization of market demanded, reducing field resource wages, enhancement of our higher-margin service offerings, and diminution of travel and reducing overtime among other improvements, expenditures associated with remodel projects.

The Asia-Pacific cost of revenue as a percent of net revenue was 77.3% 74.7% and 73.5% 77.3% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The increase This improvement in cost of 3.8% 2.6% was primarily the result of temporary loss of our higher margin business partially due to operating fully in China during the lockdown, rising rates in Japan, and challenge attracting resources in Australia due compared to the low unemployment, slow recovery from the zero-tolerance policy in 2022, which inflated cost of revenue ratios in 2022.

The EMEA cost of revenue as a percent of net revenue was 77.4% 76.3% and 79.5% 77.4% for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. The decrease in cost of 2.1% 1.1% was primarily the result of the service mix during the quarter and our focus on pricing, operating improvements and new client business, ability to manage gross margins.

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#### Selling, General and Administrative Expenses

Selling, general and administrative expenses of the Company include its corporate overhead, project management, information technology, executive compensation, human resources, legal and accounting expenses. Selling, general and administrative expenses were approximately \$41.1 million, \$43.7 million, or 15.7% 16.7% of net revenue, and approximately \$41.3 million, \$41.1 million, or 16.2% 15.8% of net revenue for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Selling, general and administrative expenses for the year-ended December 31, 2022 December 31, 2023 includes several one-time expenses of approximately \$5 million \$0.5 million related to our consideration of strategic alternatives and a \$1.2 million of higher salary and benefits cost, partially offset by lower bad debt expense related to as 2022 reflected the impending bankruptcy of one of our customers, a larger client.

The Americas selling, general and administrative expenses totaled \$32.2 million and \$28.4 million for the years ended December 31, 2023 and \$26.9 million at December 31, 2022 and 2021, 2022, respectively. The increase of \$1.5 million, \$3.7 million, or 5.6%, 13.1% is primarily the result of consulting and legal charges associated with the one-time review of strategic alternative alternatives, higher compensation related expenses, and the bad debt write-off, increased board compensation, annualization of our investment in recruiting and an increase in selling, general and administrative expenses in moving our Brazil joint venture as an investment technology to support the accelerated growth, cloud.

The Asia-Pacific selling, general and administrative expenses totaled \$6.5 million and \$7.4 million for the years ended December 31, 2023 and \$9.9 million at December 31, 2022 and 2021, 2022, respectively. The decrease of \$2.5 \$0.9 million, or 25.3%, 12.0% is primarily attributable to a \$0.8 million reduction in Japan's selling, general China and administrative Japan's SG&A's expenses as we carefully manage this business these businesses in response to the broader economic trends and a \$1.0 million reduction in China selling, general and administrative expenses as we reduced expenses in reaction to the client impact of zero-Covid policies, trends.

The EMEA selling, general and administrative expenses totaled \$5.0 million and \$5.3 million for the years ended December 31, 2023 and \$4.5 million at December 31, 2022 and 2021, 2022, respectively. The increase of \$0.8 million, or 17.8%, is primarily attributable SG&A for EMEA was flat compared to the investment in resources and operations to support the emerging growth, 2022.

#### Depreciation and Amortization

Depreciation and amortization expense was approximately **\$2.0 million** **\$2.0 million** and **\$2.1 million** **\$2.0 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, respectively **2022**, respectively.

#### **Impairment of Goodwill**

Impairment of goodwill was **\$2.5 million** and **nil** for the years ended **December 31, 2022** and **2021**, respectively. The increase of **\$2.5 million**, or 100%, was attributable to the recognition of impairment losses of **\$2.0 million** and **\$0.5 million** for the reporting units Resource Plus of North Florida, Inc. and SPAR TODOPROMO, SAPI, de CV, respectively, during the three months ended **December 31, 2022**.

#### **Interest Expense Net**

The Company's interest expense **net** was **\$1.0 million** **\$1.9 million** and **\$0.5** **\$1.0 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively.

The America interest expense **net** was **\$0.7 million** **\$1.4 million** and **\$0.7** **\$0.5 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively. The increase was a result of higher interest rates.

The Asia-Pacific interest expense of **\$39,000** **\$0.1** for the year ended **December 31, 2022** **December 31, 2023** versus **interest income** of **\$9,000** **\$0.0** for the year ended **December 31, 2021** **December 31, 2022**. Net interest income in 2021 was primarily due to expenses being offset by income generated from cash balance in banks.

The EMEA **incurred** **interest** **income** **expense** of **\$0.3 million** and **\$43,000** **\$0.4 million** versus **\$0.3 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively.

#### **Other Income, Expense (Income), Net**

Other **income, expense**, **net** was **\$0.5 million** and **\$0.3 million** versus **income** of **\$0.5 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively.

#### **Income Tax Expense**

The Company had income tax expense of **\$2.8 million** **\$2.4 million** with an effective tax rate of **56.6%** **33.0%** and **\$2.1 million** **\$2.8 million** with an effective rate of **51.3%** **56.6%**, for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively. For the year ended **December 31, 2022** **December 31, 2023**, our effective income tax rate of **56.6%** **33.0%** varied from the U.S. federal statutory rate of 21% primarily as a result of dispersion foreign rate differential, sale of global income membership interest disposition of National Merchandising Services, LLC and impact of higher foreign tax rates, permanent items including goodwill impairment charges as well as the incremental tax expense associated with the global intangible low-taxed income inclusion under the Tax Cuts and Jobs Act of 2017. differences.

#### **Noncontrolling Interest Net income attributable to non-controlling interest**

Net income attributable to noncontrolling interest was **\$(2.9) million** **\$0.9 million** and **\$(3.8) million** **\$2.9 million** for the years ended **December 31, 2022** **December 31, 2023** and **2021**, **2022**, respectively.

#### **Critical Accounting Policies and Estimates**

The Company's critical accounting policies, including the assumptions and **judgements** underlying them, are disclosed in Note 2 to the Company's consolidated financial statements included elsewhere in this Annual Report on Form 10-K. These policies have been consistently applied in all material respects and address matters such as impairment of long-lived assets, intangible assets, and goodwill, revenue recognition, allowance for **doubtful accounts**, **credit losses**, and internal use software. While the estimates and **judgements** associated with the application of these policies may be affected by different assumptions or conditions, the Company believes the estimates and **judgements** associated with the reported amounts are appropriate under the circumstances.

#### **Impairment of Long-Lived Assets, Intangible Assets, and Goodwill**

The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of the Company's property and equipment and may not be recoverable. When indicators of potential impairment exist, the Company assesses the recoverability of the assets by estimating whether the Company will recover its carrying value through the undiscounted future cash flows generated by the use of the asset and its eventual disposition. Based on this analysis, if the Company does not believe that it will be able to recover the carrying value of the asset, the Company records an impairment loss to the extent that the carrying value exceeds the estimated fair value of the asset. If any assumptions, projections or estimates regarding any asset change in the future, the Company may have to record an impairment to reduce the net book value of such individual asset.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, the Company assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, the Company recognizes an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value. The Company uses a variety of methodologies to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions hypothetical marketplace participants would use.

Goodwill is subject to annual impairment tests and interim impairment tests if impairment indicators are present. The Company performs the annual impairment test during the third quarter each year. The impairment tests require the Company to first assess qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment test. The Company is not required to calculate the fair value of a reporting unit unless it determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. If it is determined that it is more likely than not, or if the Company elects not to perform a qualitative assessment, the Company proceeds with the quantitative assessment. Under the quantitative test, if the fair value of a reporting unit exceeds its carrying amount, then goodwill of the reporting unit is considered to not be impaired. If the carrying amount of the reporting unit exceeds its fair value, then an impairment loss is recognized in an amount equal to the excess, up to the value of the goodwill.

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#### Revenue Recognition

The Company generates its revenues by providing merchandising services to its clients. Revenues are recognized when the Company satisfies a performance obligation by transferring services promised in a contract to a customer and in an amount that reflects the consideration that the Company expects to receive in exchange for those services. Performance obligations in the Company's contracts represent distinct or separate services that we provide to the Company's customers; generally, the Company's contracts have a single performance obligation. If, at the outset of an arrangement, the Company determines that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

The Company's merchandising services are provided over time, generally on a daily, weekly, or monthly basis, and transaction price is based on the contractually-specified rate-per-driver metric (i.e., rate per hour, rate per store visit, or rate per unit stocked). The Company recognizes revenues for its contracts based on the contractually-specified rate-per-driver metric(s) utilizing the right-to-invoice practical expedient because the Company has a right to consideration for merchandising services completed to date. All of the Company's contracts have a duration of one year or less and over 90% of the Company's contracts are completed in less than 30 days.

Customer deposits, which are considered advances on future work, are deferred and recorded as revenue in the period in which the services are provided.

#### Allowance for Doubtful Accounts Credit Losses

The Company continually monitors the collectability of its accounts receivable based upon current client credit information and financial condition. Balances that are deemed to be uncollectible after the Company has attempted reasonable collection efforts are written off through a charge to the bad debt allowance and a credit to accounts receivable. Accounts receivable balances, net of any applicable reserves or allowances, are stated at the amount that management expects to collect from the outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to bad debt allowance based in part on management's assessment of the current status of individual accounts.

Based on management's assessment, the Company established an allowance for doubtful accounts credit losses of \$1.5 million and \$1.6 million and \$0.6 million at December 31, 2022 December 31, 2023, and 2021, respectively. Bad debt expense was \$1.3 million \$0.3 million and \$0.1 million \$1.3 million for the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

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#### Internal Use Software

The Company capitalizes certain costs associated with its internally developed software. The Company capitalizes the costs of materials and services incurred in developing or obtaining internal use software and such costs include, but are not limited to: the cost to purchase software, the cost to write program code, and payroll and related benefits and travel expenses for those employees who are directly involved with and who devote time to the Company's software development projects. Capitalization of such costs begins during the application development stage once the preliminary project stage is complete, management authorizes and commits to funding the project, and it is probable that the project will be completed and that the software will be used to perform the function intended. Capitalization ceases when the project is substantially complete and ready for its intended purpose. Costs incurred during preliminary project and post-implementation stages, as well as software maintenance and training costs, are expensed in the period in which they are incurred.

The Company capitalized approximately ~~\$1.5~~ \$1.0 million and ~~\$1.2~~ \$1.5 million of costs related to software developed for internal use in ~~2022~~ 2023 and ~~2021~~ 2022, respectively, and recognized approximately \$1.3 million of amortization of capitalized software for the years ended ~~December 31, 2022~~ December 31, 2023 and ~~2021~~ 2022.

#### Recent Accounting Pronouncements

See the sections titled "Summary of Significant Accounting Policies—Recent Accounting Pronouncements" and "—Recently issued accounting pronouncements not yet adopted" in Note 2 to ~~our consolidated financial statements~~ the Company's Consolidated Financial Statements, Summary of Significant Accounting Policies, included elsewhere in this Annual Report on Form 10-K.

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#### Liquidity and Capital Resources

##### **Funding Requirements**

Management believes that based upon the continuation of the Company's existing credit facilities, projected results of operations, vendor payment requirements and other financing available to the Company (including amounts due to affiliates), sources of cash availability should be manageable and sufficient to support ongoing operations over the next year. However, delays in collection of receivables due from any of the Company's major clients, a significant reduction in business from such clients, or a negative economic downturn ~~resulting from the continuing impact of the COVID-19 pandemic~~, could have a material adverse effect on the Company's business, cash resources and ongoing ability to fund operations.

The Company is a party to various domestic and international credit facilities. These various domestic and international credit facilities require compliance with their respective financial covenants. For the year ended ~~December 31, 2022~~ December 31, 2023, the Company was in compliance with all financial covenants under these ~~arrangements other than~~ Resource Plus of North Florida, Inc.'s credit facility with Fifth Third Bank, under which there was no outstanding balance as of December 31, 2022, ~~arrangements~~. See Note 4 to the Company's ~~consolidated financial statements~~ Consolidated Financial Statements, Debt, included elsewhere in this Annual Report on Form 10-K.

#### **Cash Flows for the Years Ended ~~December 31, 2022~~ December 31, 2023 and ~~2021~~ 2022**

Net cash provided by operating activities was \$6.8 million for the year ended December 31, 2023 and net cash used in operating activities was ~~\$4.9 million~~ \$5.0 million for the year ended December 31, 2022 and net cash provided by operating activities was \$2.6 million for the year ended December 31, 2021. The year-over-year ~~decrease~~ increase in net cash provided by operating activities was primarily due to significant increase in accounts receivable due to revenue growth, improved working capital management.

Net cash used in investing activities for the years ended ~~December 31, 2022~~ December 31, 2023 and ~~2021~~ 2022, was \$1.8\$2.3 million and \$1.7 million, \$1.8 million, respectively. The net cash used in investing activities was primarily attributable to capitalization of internal use software.

Net cash ~~provided by~~ used in financing activities for the year ended ~~December 31, 2022~~ December 31, 2023 was approximately ~~\$3.5 million~~ \$3.0 million compared to ~~\$1.3 million~~ \$3.5 million provided in ~~2021~~ 2022. The year-over-year ~~increase~~ decrease in net cash provided by financing activities during ~~2022~~ 2023 was primarily due to ~~increase in net borrowing~~ on repayment of lines of credit.

~~The above activity~~ For the year ended December 31, 2023, the company experienced a net increase in cash and the impact of cash equivalents amounting to approximately \$1.4 million. This positive change reflects foreign exchange rate ~~changes resulted in~~ fluctuations, which contributed a decrease of \$0.2 million. In contrast, the prior fiscal year ending December 31, 2022, recorded a net decrease in cash and cash equivalents for of \$4.1 million, inclusive of a \$0.8 million impact due to foreign exchange rate variations. These figures highlight the ~~year ended December 31, 2022~~ of approximately \$4.1 million. ~~and turnaround in our liquidity position, driven by both improved operational outcomes and favorable exchange rate movements.~~

#### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

#### **Item 8. Financial Statements and Supplementary Data**

See Item 15 of this Annual Report on Form 10-K.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

**Item 9A. Controls and Procedures****-18-****Management's Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer, as our principal financial and accounting officer, have reviewed the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K and, based on their evaluation, have concluded that the disclosure controls and procedures were **not** effective as of such date due to material weaknesses in internal control over financial reporting, described below. date.

**Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer 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.

Because of its inherent limitations, internal control over financial reporting may not detect or prevent misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management utilized the criteria established in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to conduct an assessment of the effectiveness of our internal control over financial reporting as of **December 31, 2022** December 31, 2023. **In connection with the audit of Based on this evaluation, management concluded that our consolidated financial statements for the year ended December 31, 2022, we identified a material weakness in internal control over financial reporting was effective as described below.** of December 31, 2023.

**A material weakness is a deficiency, or a combination Remediation of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.**

**previous year Material Weakness in Internal Control Over Financial Reporting**

**In the fiscal year ending December 31, 2022, Management has determined that identified a material weakness in its within our internal control over financial reporting, existed as the Company has not designed and implemented effective controls used in the financial close process over specifically relating to non-recurring transactions involving with international components. While Although this control deficiency did not result directly lead to any material misstatements in a material error in the annual our financial statements for that year or interim financial statements, there was a reasonable periods, it raised the possibility that a material misstatement in the annual or interim financial statements would not have been detected. such misstatements could remain undetected.**

**Remediation Efforts** In response, during 2023, we implemented our previously disclosed remediation plan that included the appointment of a new Chief Financial Officer, a new Vice President Controller, the creation of a Director of Accounting position and the engagement of an external consultant specializing in SOX compliance. Additionally, we implemented a review process and controls with more precise levels of review for non-recurring transactions with international components including policies and procedures to ensure documentary evidence is maintained, particularly for management review controls.

**The Company has begun These controls were in place as of December 31, 2023, and based on management's evaluation, the process of, and is focused on, designing and implementing effective internal control measures to improve its internal control over financial reporting and remediate the previously identified material weakness identified above. The Company's internal control remediation efforts include the following:** has been remediated.

- Subsequent to year end, the Company hired a new Chief Financial Officer, a new Vice President Controller and a Director of Accounting;
- The Company is in the process of implementing a risk assessment process by which management identifies risks of misstatement related to all account balances;
- Enhancing policies and procedures to retain adequate documentary evidence for certain management review controls over certain business processes including precision of review and evidence of review procedures performed to demonstrate effective operation of such controls;

- Strengthening monitoring activities and protocols that will allow the Company to timely assess the design and the operating effectiveness of controls over financial reporting and make necessary changes to the design of controls, if any;

The Company expects that the actions described above and resulting improvements in controls will strengthen its internal control over financial reporting and will address the identified material weaknesses.

#### Changes in Internal Controls Over Financial Reporting

Except for the material weakness and corrective measures changes in connection with our implementation of the remediation plan discussed above, there was no other changes in the Company's internal controls over financial reporting that occurred during the Company's quarter ended December 31, 2022 December 31, 2023, that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

#### Item 9B. Other Information

None. None.

#### Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

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### PART III

Reference is made below to SGRP's definitive Proxy Statement respecting its 2023 2024 Annual Meeting of Stockholders currently scheduled to be held in May April of 2023 2024, as and when filed with the SEC, which SGRP plans to file pursuant to Regulation 14A in April of 2023, 2024, but not later than 120 days after the end of the Company's 2022 2024 fiscal year (the "2023 2024 Proxy Statement" Statement), For clarity (and without limitation), information appearing in the sections in such 2023 2024 Proxy Statement entitled "PROPOSAL 3 – ADVISORY VOTE ON EXECUTIVE COMPENSATION", "PROPOSAL 4 – ADVISORY VOTE ON THE FREQUENCY THAT THE CORPORATION HOLDS THE ADVISORY VOTE ON EXECUTIVE COMPENSATION", and "REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS" shall not be deemed to be incorporated by reference in this Annual Report.

#### Item 10. Directors, Executive Officers and Corporate Governance

Reference is made to the information set forth under the captions "The Board of Directors of the Corporation", "Executives and Officers of the Corporation", "Security Ownership of Certain Beneficial Owners and Management" and "Corporate Governance" in the 2023 2024 Proxy Statement.

#### Item 11. Executive Compensation

Reference is made to the information set forth under the captions "Security Ownership of Certain Beneficial Owners and Management", "Executive Compensation, Directors and Other Information", "Executive Compensation, Equity Awards and Options" and "Compensation Plans" in the 2023 2024 Proxy Statement.

#### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Reference is made to the information set forth under the captions "Security Ownership of Certain Beneficial Owners and Management", "Executive Compensation, Equity Awards and Options" and "Compensation Plans" in the 2023 2024 Proxy Statement.

#### Item 13. Certain Relationships and Related Transactions, and Director Independence

Reference is made to the information set forth under the caption "Transactions with Related Persons, Promoters and Certain Control Persons" in the 2023 2024 Proxy Statement.

#### Item 14. Principal Accountant Fees and Services

Reference is made to the information set forth under the caption "PROPOSAL 2 – RATIFICATION, ON AN ADVISORY BASIS, OF THE APPOINTMENT OF BDO USA, LLP AS THE COMPANY'S PRINCIPAL INDEPENDENT ACCOUNTANTS" in the 2023 2024 Proxy Statement.

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PART IV

**Item 15. Exhibits and Financial Statement Schedules**

F. Index to Financial Statements filed as part of this report:

Report of Independent Registered Public Accounting Firm (BDO USA, LLP, P.C.; Troy, Michigan; PCAOB ID#243)	<a href="#">F-140</a>
Consolidated Statements of Operations and Comprehensive (Loss) Income for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> and <b>2021</b>	<a href="#">F-242</a>
Consolidated Balance Sheets as of <b>December 31, 2022</b> <b>December 31, 2023</b> and <b>2021</b>	<a href="#">F-343</a>
Consolidated Statements of Stockholders' Equity for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> and <b>2021</b>	<a href="#">F-444</a>
Consolidated Statements of Cash Flows for the years ended <b>December 31, 2022</b> <b>December 31, 2023</b> and <b>2021</b>	<a href="#">F-545</a>
Notes to Consolidated Financial Statements	<a href="#">F-646</a>

3. Exhibits

<u>Exhibit</u>	
<u>Number</u>	<u>Description</u>
3.1	<a href="#">Certificate of Incorporation of SPAR Group, Inc. (referred to therein under its former name of PIA Merchandising Services, Inc.), as amended, incorporated by reference to the Corporation's Registration Statement on Form S-1 (Registration No. 33-80429), as filed with the SEC on December 14, 1995, and the Certificate of Amendment filed with the Secretary of State of the State of Delaware on July 8, 1999 (which, among other things, changes the Corporation's name to SPAR Group, Inc.), (incorporated by reference to Exhibit 4.1 to the Corporation's Registration Statement on Form S-8 (Registration No. 33-80429) as filed with the SEC on April 2, 2021).</a>
3.2	<a href="#">Certificate of Elimination of Series "A" Preferred Stock of SPAR Group, Inc., as of January 25, 2022 (incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022).</a>
3.3	<a href="#">Certificate of Elimination of the Certificate of Designation of Series "A" Preferred Stock of SPAR Group, Inc., adopted as of January 25, 2022 (incorporated by reference to Exhibit 3.1 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022).</a>
3.4	<a href="#">Certificate of Designation of Series "B" Convertible Preferred Stock of SPAR Group, Inc., adopted January 25, 2022 (incorporated by reference to Exhibit 3.2 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022).</a>
3.5 3.4	<a href="#">Amended and Restated By-Laws of SPAR Group, Inc., as adopted, restated, effective and dated January 18, 2019 and as further amended through January 25, 2022 (incorporated by reference to Exhibit 3.3 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022).</a>
3.6 3.5	<a href="#">Amended and Restated Charter of the Audit Committee of the Board of Directors of SPAR Group, Inc., adopted, restated, effective and dated August 12, 2020, (incorporated by reference to Exhibit 3.4 to the First Amendment to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2020, as filed with the SEC on April, 29, 2021 ("SGRP's 2020 Annual Report Amendment").</a>
3.7 3.6	<a href="#">Charter of the Compensation Committee of the Board of Directors of SPAR Group, Inc., Amended, Restated and Dated (as of) August 11, 2020, (incorporated by reference to Exhibit 3.5 to the First Amendment to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2020, as filed with the SEC on April, 29, 2021 ("SGRP's 2020 Annual Report Amendment").</a>

3.8.3.7

[Charter of the Governance Committee of the Board of Directors of SPAR Group, Inc., Dated \(as of\) April 23, 2020 and As Amended through March 18, 2021 \(incorporated by reference to Exhibit 3.6 to the First Amendment to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2020, as filed with the SEC on April 29, 2021 \("SGRP's 2020 Annual Report Amendment"\)\)](#)

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3.09 3.08

[SPAR Group, Inc. Statement of Policy Respecting Stockholder Communications with Directors, adopted on May 18, 2004 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on May 27, 2004\).](#)

3.10 3.9

[SPAR Group, Inc. Statement of Policy Regarding Director Qualifications and Nominations, adopted on May 18, 2004 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on May 27, 2004\).](#)

3.11 3.10

[SPAR Group, Inc. Statement of Policy Respecting Complaints and Communications by Employees and Others as Amended and Restated as of August 13, 2015 \(also known as the Whistleblower Policy\) \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on April 2, 2018\).](#)

3.12

[SGRP 2018 2022 Stock Repurchase Program as approved by SGRP's Audit Committee and adopted by its Board of Directors on November 10, 2017 and ratified on March 14, 2018 May 12, 2022 \(incorporated by reference to SGRP's Annual Current Report on Form 10-K for the fiscal year ended December 31, 2017, 8-K, as filed with the SEC on April 2, 2018 May 24, 2022\).](#)

4.1

[Form of SGRP's Common Stock Certificate \(incorporated by reference to SGRP's Pre-Effective Amendment No. 1 to its Registration Statement on Form S-3 \(Registration No. 333-162657\) as filed with the SEC on February 7, 2011\).](#)

4.2

[Form of SGRP's Series B Preferred Stock Certificate \(as incorporated by reference to SGRP's Annual Report on Form 10-K, as filed herewith\), with the SEC on April 17, 2023.](#)

4.3

[Registration Rights Agreement entered into as of January 21, 1992, by and between SGRP \(as successor to, by merger in 1996 with, PIA Holding Corporation, f/k/a RVM Holding Corporation, the California Limited Partnership, The Riordan Foundation and Creditanstalt-Bankverine \(incorporated by reference to the Form S-1\).](#)

4.4

[SGRP's Offer to Exchange Certain Outstanding Stock Options for New Stock Options dated August 24, 2009 \(incorporated by reference to Exhibits 99\(a\) \(1\)\(A\) through \(G\) of SGRP's Schedule TO dated August 24, 2009, as filed with the SEC on August 25, 2009 \("SGRP's SC TO-I"\)\).](#)

4.5

[Summary Description and Prospectus dated August 24, 2009, respecting the SPAR Group, Inc. 2008 Stock Compensation Plan, as amended \(incorporated by reference to Exhibit 99\(a\)\(1\)\(G\) to SGRP's SC TO-I\).](#)

10.1

[2021 Stock Compensation Plan of SPAR Group, Inc., effective as of August 12, 2021 \(incorporated by reference to Appendix A to the Corporation's Definitive Proxy Statement filed with the SEC on July 13, 2021\).](#)

10.2

[2020 Stock Compensation Plan of SPAR Group, Inc., effective as of January 19, 2021 \(incorporated by reference to Annex B to the Corporation's Definitive Proxy Statement filed with the SEC on December 10, 2020\).](#)

10.3

[2018 Stock Compensation Plan of SGRP, effective as of May 2, 2018 \(incorporated by reference to Annex A to SGRP's Definitive Proxy Statement filed with the SEC on April 18, 2018\).](#)

10.4

[2008 Stock Compensation Plan, effective as of May 29, 2008, and as amended through May 28, 2009 \(the "SGRP 2008 Plan"\) \(incorporated by reference to SGRP's Current Report on Form 8-K dated June 4, 2009, as filed with the SEC on June 4, 2009\).](#)

10.5

[2000 Stock Option Plan, as amended through May 16, 2006 \(incorporated by reference to SGRP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, as filed with the SEC on November 14, 2006\).](#)

10.6

[Phantom Stock Unit Grant and Agreement entered into and is effective as of April 3, 2023, between SGRP and Kori G. Belzer \(as filed herewith\).](#)

10.7

[Phantom Stock Unit Grant and Agreement entered into and is effective as of March 24, 2022, between SGRP and Kori G. Belzer \(as filed herewith\).](#)

10.8

[Phantom Stock Unit Grant and Agreement entered into and is effective as of April 3, 2023, between SGRP and Antonio Calisto Pato \(as filed herewith\).](#)

10.7 [Phantom Stock Unit Grant and Agreement entered into and is effective as of April 3, 2023, between SGRP and William Linnane \(as filed herewith\).](#)

10.9

10.10 [Phantom Stock Unit Grant and Agreement entered into and is effective as of March 24, 2022, between SGRP and William Linnane \(as filed herewith\).](#)

10.8 [Phantom Stock Unit Grant and Agreement entered into and is effective as of April 3, 2023, between SGRP and Ron Lutz \(as filed herewith\).](#)

10.11

10.12 [Phantom Stock Unit Grant and Agreement entered into and is effective as of March 24, 2022, between SGRP and Ron Lutz \(as filed herewith\).](#)

10.9 [Phantom Stock Unit Grant and Agreement entered into and is effective as of April 3, 2023, between SGRP and Mike Matacunas \(as filed herewith\).](#)

10.13

10.14 [Inducement RSU Contract between SPAR Group, Inc. and Antonio Calisto Pato dated March 10, 2023 \(as filed herewith\).](#)

10.10 [Inducement RSU Contract, between SPAR Group, Inc. and William Linnane, dated August 2, 2021 \(incorporated by reference to Exhibit 10.6 to the Corporation's Annual Report on Form 10-K as filed with the SEC on April 15, 2022\).](#)

10.15

10.11 [Inducement RSU Contract, between SPAR Group, Inc. and Ron Lutz, dated August 2, 2021 \(incorporated by reference to Exhibit 10.7 to the Corporation's Annual Report on Form 10-K as filed with the SEC on April 15, 2022\).](#)

10.16

10.12 [Inducement Nonqualified Stock Option Contract, between SPAR Group, Inc. and Mike Matacunas, dated February 22, 2021 \(incorporated by reference to Exhibit 4.5 to the Corporation's Registration Statement on Form S-8 \(Registration No. 33-80429\) as filed with the SEC on April 2, 2021\).](#)

10.17

10.13 [Inducement RSU Contract, between SPAR Group, Inc. and Mike Matacunas, dated February 22, 2021 \(incorporated by reference to Exhibit 10.9 to the Corporation's Annual Report on Form 10-K as filed with the SEC on April 15, 2022\).](#)

10.18

10.14 [Inducement Nonqualified Stock Option Contract, between SPAR Group, Inc. and Fay DeVries, dated August 31, 2020 \(incorporated by reference to Exhibit 4.4 to the Corporation's Registration Statement on Form S-8 \(Registration No. 33-80429\) as filed with the SEC on April 2, 2021\).](#)

10.15 [SGRP 2018 Stock Repurchase Program as approved by SGRP's Audit Committee and adopted by its Board of Directors on November 10, 2017 and ratified on March 14, 2018 \(incorporated by reference to SGRP's Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the SEC on April 2, 2018\).](#)

10.16 [SGRP 2022 Stock Repurchase Program as approved by SGRP's Audit Committee and adopted by its Board of Directors on April 19, 2022 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on May 24, 2022\).](#)

10.17 10.20 [2001 Employee Stock Purchase Plan \(incorporated by reference to SGRP's Proxy Statement for SGRP's annual stockholders meeting held on August 2, 2001, as filed with the SEC on July 12, 2001\).](#)

10.18 10.21 [2001 Consultant Stock Purchase Plan \(incorporated by reference to SGRP's Proxy Statement for SGRP's Annual meeting held on August 2, 2001, as filed with the SEC on July 12, 2001\).](#)

10.19

10.22 [Consulting Agreement dated January 27, 2022, effective February 1, 2022, between SGRP and Thenablers, Ltd., which is wholly owned by and will provide certain consulting services from Panagiotis \("Panos"\) N. Lazaretos \(who retired as a SGRP director effective January 25, 2022\) to SGRP regarding global sales and new markets' expansion \(incorporated by reference to Exhibit 10.3 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022\).](#)

10.20

10.23 [Consulting Agreement dated January 25, 2022, and effective January 26, 2022, between SGRP and James R. Brown, Sr. \(who retired as a SGRP director effective January 25, 2022\) \(incorporated by reference to Exhibit 10.2 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022\).](#)

10.21

10.24 [Change of Control, Voting and Restricted Stock Agreement, effective January 28, 2022, by and among SGRP, Robert G. Brown, William H. Bartels, SPAR Administrative Services, Inc., a Nevada corporation, and SPAR Business Services, Inc., a Nevada corporation \(incorporated by reference to Exhibit 10.1 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 28, 2022\).](#)

10.22 [Change of Control Severance Agreement between SGRP and Antonio Calisto Pato dated as of February 28, 2023 \(as filed herewith\).](#)

10.25

10.23 [Corrective Global Amendment to Change of Control Severance Agreements between SGRP, Fay DeVries, William Linnane and Ron Lutz made and entered into and effective as of August 10, 2022 \(as filed herewith\).](#)

10.26

10.24 [Amended and Restated Change of Control Severance Agreement \(the "CICSA"\) between SPAR Group, Inc. \("SGRP"\) and Fay DeVries made and entered into effective as of August 13, 2021 \(incorporated by reference to Exhibit 10.1 to SGRP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, as filed with the SEC on November 15, 2021\).](#)

10.27

10.25 [Change of Control Severance Agreement between SGRP and William Linnane dated as of July 12, 2021 \(incorporated by reference to Exhibit 10.18 to the Corporation's Annual Report on Form 10-K as filed with the SEC on April 15, 2022\).](#)

10.28

10.26 [Change of Control Severance Agreement between SGRP and Ron Lutz dated as of July 12, 2021 \(incorporated by reference to Exhibit 10.19 to the Corporation's Annual Report on Form 10-K as filed with the SEC on April 15, 2022\).](#)

10.29

10.27 [Change of Control Severance Agreement by and among SPAR Group, Inc., SPAR Marketing Force, Inc. and Mike Matacunas dated as of January 26, 2021 \(incorporated by reference to Exhibit 10.1 to SGRP's Current Report on Form 8-K, as filed with the SEC on February 16, 2021\).](#)

10.30

10.28 [Amended and Restated Change of Control Severance Agreement between Kori G. Belzer and SGRP, dated as of August 10, 2022 \(incorporated by reference to Exhibit 10.2 to SGRP's Quarterly Report on Form 10-Q, as filed with the SEC on August 15, 2022\).](#)

10.31

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10.29

10.32 [Amended and Restated Change of Control Severance Agreement between Lawrence David Swift and SGRP dated as of August 10, 2022 \(incorporated by reference to Exhibit 10.3 to SGRP's Current Report on Form 8-K, as filed with the SEC on August 14, 2022\).](#)

10.30

10.33 [Trademark License Agreement dated as of July 8, 1999, by and between SPAR InfoTech, Inc., and SPAR Trademarks, Inc. \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed with the SEC on March 31, 2003\).](#)

10.31 10.34 [Trademark License Agreement dated as of July 8, 1999, by and between SPAR Marketing Services, Inc., and SPAR Trademarks, Inc. \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, as filed with the SEC on March 31, 2003\).](#)

10.32

10.35 [Business Manager Agreement \(re joint ownership of certain software\) dated as of July 8, 1999, among SPAR Business Services, Inc. \(f/k/a SPAR Marketing Services, Inc.\), SPAR InfoTech, Inc., and SPAR Marketing Force, Inc. \(incorporated by reference to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 1999, as filed with the SEC on May 1, 2000\).](#)

10.33

10.36 [Joint Venture Agreement dated as of September 13, 2016, by and between JK Consultoria Empresarial Ltda.-ME, a limitada formed under the laws of Brazil, Earth Investments, LLC, a Nevada limited liability company, and SGRP Brasil Participações Ltda., a limitada formed under the laws of Brazil \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on April 2, 2018\).](#)

10.34

10.37 [Joint Venture Contract dated July 4, 2014, among SPAR China Inc., established and existing under the laws of Hong Kong, Wedone Shanghai, Co., Ltd., organized and existing under the laws of P.R. China, Shanghai Gold Pack Investment Management Co., Ltd., organized and existing under the laws of P.R. China, and XU Gang, an Australian citizen \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed with the SEC on April 17, 2017\).](#)

10.38

10.35 [Joint Venture Agreement dated as of September 3, 2012, by and between Combined Manufacturers National \(Pty\) Ltd and SGRP Meridian \(Pty\) Ltd, respecting SGRP's additional consolidated subsidiary in South Africa \(incorporated by reference to SGRP's Annual Report on Form 10-K, as filed with the SEC on April 2, 2013\).](#)

10.36

10.39 [Joint Venture Agreement dated as of August 30, 2012, by and between National Merchandising of America, Inc., a Georgia corporation, SPAR NMS Holdings, Inc., a Nevada corporation and consolidated subsidiary of SGRP, and National Merchandising Services, LLC, a Nevada limited liability company and consolidated subsidiary of SGRP \(incorporated by reference to SGRP's Quarterly Report on Form 10-Q, as filed with the SEC on November 9, 2012\).](#)

10.37  
10.40 [Joint Venture Agreement dated as of August 2, 2011, by and among Todopromo, S.A. de C.V., Sepeme, S.A. de C.V., Top Promoservicios, S.A. de C.V., Conapad, S.C., Mr. Juan Francisco Medina Domenzain, Mr. Juan Francisco Medina Staines, Mr. Jorge Carlos Medina Staines, Mr. Julio Cesar Hernandez Vanegas, and SPAR Group International, Inc., respecting SGRP's consolidated subsidiary in Mexico \(incorporated by reference to SGRP's Annual Report on Form 10-K, as filed with the SEC on April 2, 2013\).](#)

10.38 10.41 [Joint Venture Agreement dated as of March 29, 2006, by and between FACE AND COSMETIC TRADING SERVICES PTY LIMITED and SPAR International Ltd., respecting the Company's subsidiary in Australia \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, as filed with the SEC on April 2, 2007\).](#)

10.39 10.42 [Joint Venture Shareholders Agreement between Friedshelf 401 \(Proprietary\) Limited, SPAR Group International, Inc., Derek O'Brien, Brian Mason, SMD Meridian CC, Meridian Sales & Merchandising \(Western Cape\) CC, Retail Consumer Marketing CC, Merhold Holding Trust in respect of SGRP Meridian \(Proprietary\) Limited, dated as of June 25, 2004, respecting SGRP's consolidated subsidiary in South Africa \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, as filed with the SEC on April 12, 2005\).](#)

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10.40 [Asset Purchase Agreement dated as of March 15, 2013, between Market Force Information, Inc., a Delaware corporation, and SPAR Marketing Force, Inc., a Nevada corporation and consolidated subsidiary of SGRP \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on March 20, 2013\).](#)

10.41 [Field Services Agreement dated as of September 1, 2012, between National Merchandising of America, Inc., a Georgia corporation, and National Merchandising Services, LLC, a Nevada limited liability company and consolidated subsidiary of SGRP \(incorporated by reference to SGRP's Quarterly Report on Form 10-Q, as filed with the SEC on November 9, 2012\).](#)

10.42 [Master Field Services Agreement dated as of August 1, 2013, between National Retail Source, LLC, a Georgia limited liability company and affiliate of SGRP, and National Merchandising Services, LLC, a Nevada limited liability company and consolidated subsidiary of SGRP \(incorporated by reference to SGRP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, as filed with the SEC on November 14, 2013\).](#)

10.43 [Share Purchase Agreement \(respecting equity and debt interests in SPAR Business Ideas Provider S.R.L.\) dated as of August 31, 2013, between SPAR InfoTech, Inc. \("Infotech"\), a Nevada corporation and affiliate of SGRP, and SPAR International Ltd. \("SPAR Cayman"\), a Cayman Islands corporation and consolidated subsidiary of SGRP \(incorporated by reference to SGRP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, as filed with the SEC on November 14, 2013\).](#)

10.44 [\\$100,000.00 secured Promissory Note from SMF to Richard Justus dated as of January 1, 2018 \(the "Resource Justus Note"\) \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.45  
10.44 [Securities Pledge and Escrow Agreement securing the Resource Justus Note between SMF and Richard Justus dated as of January 1, 2018 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.45

10.46 [Executive Officer Employment Terms and Severance Agreement between RPI and Richard Justus dated as of January 1, 2018 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.47 [Stock Purchase Agreement as of October 13, 2017, by and between SMF, as buyer, and Richard Justus, as seller \(the "Resource Justus SPA"\). \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.48 [Guaranty of the Resource Paulk Note by SPAR Group, Inc. \("SGRP"\), in favor of Joseph L. Paulk dated as of January 1, 2018 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.49 [\\$2,600,000.00 secured promissory note from SMF to Joseph L. Paulk dated as of January 1, 2018 \(the "Resource Paulk Note"\) \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.50  
10.49 [Securities Pledge and Escrow Agreement securing the Resource Paulk Note between SMF and Joseph L. Paulk dated as of January 1, 2018 \(incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018\).](#)

10.51 10.50

Stock Purchase Agreement as of October 13, 2017, by and between the SPAR Marketing Force, Inc. ("SMF"), as buyer and Joseph L. Paulk, as seller (the "Resource Paulk SPA"). (incorporated by reference to SGRP's Current Report on Form 8-K, as filed with the SEC on January 16, 2018).

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10.52

10.51 Collateral Assignment (Security Agreement) (Trademarks) effective: April 10, 2019, from SPAR Trademarks, Inc., to North Mill. (incorporated by reference to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018, as filed with the SEC on April 24, 2019).

10.53

10.52 Collateral Pledge Agreement dated as of April 10, 2019, by SGRP, the US NM Borrower and SPAR Acquisition, Inc., in favor of North Mill. (incorporated by reference to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018, as filed with the SEC on April 24, 2019).

10.54

10.53 Corporate Guaranty dated as of April 10, 2019, from the NM Guarantors to North Mill. (incorporated by reference to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018, as filed with the SEC on April 24, 2019).

10.55 10.54

Loan and Security Agreement entered into as of April 10, 2019, by and among North Mill Capital LLC, a Delaware limited liability company ("North Mill"), SPAR Marketing Force, Inc., a Nevada corporation (the "US NM Borrower"), SPAR Canada Company, an unlimited company organized under the laws of Nova Scotia (the "Canadian NM Borrower"), and each of SPAR Group, Inc., a Delaware corporation ("SGRP"), and SPAR Acquisition, Inc., SPAR Canada, Inc., SPAR Trademarks, Inc., and SPAR Assembly & Installation, Inc., each a Nevada corporation (including SGRP, each as a "NM Guarantor"). (incorporated by reference to SGRP's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2018, as filed with the SEC on April 24, 2019).

10.56

10.55

Waiver and Modification Agreement entered in as of January 4, 2021, and effective as of December 31, 2020 (the "Modification Agreement"), among North Mill Capital, LLC ("NM"), SPAR Group, Inc. ("SGRP") and certain of its direct and indirect subsidiaries in the United States and Canada, namely SPAR Marketing Force, Inc. ("SMF"), and SPAR Canada Company ("SCC"), and SPAR Canada, Inc., SPAR Acquisition, Inc., SPAR Assembly and Installation, Inc., and SPAR Trademarks, Inc. (together with SGRP, each a "NM Guarantor" and collectively, the "NM Guarantors", and together with SMF and SCC, each a "NM Loan Party" and collectively, the "NM Loan Parties" (incorporated by reference to Exhibit 99.1 to SGRP's Current Report on Form 8-K as filed with the SEC on January 11, 2021).

10.56

10.57

Second Modification Agreement dated as of March 22, 2021, and effective as of April 1, 2021 (the "Second Modification Agreement"), among North Mill Capital, LLC ("NM"), d/b/a SLR Business Credit, SPAR Group, Inc. ("SGRP") and certain of its direct and indirect subsidiaries in the United States and Canada, namely SPAR Marketing Force, Inc. ("SMF"), and SPAR Canada Company ("SCC"), and SPAR Canada, Inc., SPAR Acquisition, Inc., SPAR Assembly and Installation, Inc., and SPAR Trademarks, Inc. (together with SGRP, each a "NM Guarantor" and collectively, the "NM Guarantors", and together with SMF and SCC, each a "NM Loan Party" and collectively, the "NM Loan Parties") (incorporated by reference to Exhibit 99.1 to SGRP's Current Report on Form 8-K as filed with the SEC on March 29, 2021).

10.58

10.57

Third Modification Agreement dated as of December 16, 2021, and effective as of December 1, 2021 (the "Third Modification Agreement"), among North Mill Capital, LLC ("NM"), d/b/a SLR Business Credit, SPAR Group, Inc. ("SGRP") and certain of its direct and indirect subsidiaries in the United States and Canada, namely SPAR Marketing Force, Inc. ("SMF"), and SPAR Canada Company ("SCC"), and SPAR Canada, Inc., SPAR Acquisition, Inc., SPAR Assembly and Installation, Inc., and SPAR Trademarks, Inc. (together with SGRP, each a "NM Guarantor" and collectively, the "NM Guarantors", and together with SMF and SCC, each a "NM Loan Party" and collectively, the "NM Loan Parties") (as filed herewith).

10.59

10.58

Fourth Modification Agreement dated as of July 1, 2022, and effective as of June 30, 2022 (the "Fourth Modification Agreement"), among North Mill Capital, LLC ("NM"), d/b/a SLR Business Credit, SPAR Group, Inc. ("SGRP") and certain of its direct and indirect subsidiaries in the United States and Canada, namely SPAR Marketing Force, Inc. ("SMF"), and SPAR Canada Company ("SCC"), and SPAR Canada, Inc., SPAR Acquisition, Inc., SPAR Assembly and Installation, Inc., and SPAR Trademarks, Inc. (together with SGRP, each a "NM Guarantor" and collectively, the "NM Guarantors", and together with SMF and SCC, each a "NM Loan Party" and collectively, the "NM Loan Parties") (incorporated by reference to Exhibit 10.1 to SGRP's Current Report on Form 10-Q for the quarter ended June 30, 2022, as filed with the SEC on August 15, 2022).

10.60

10.59

Fifth Modification Agreement entered into as of August 9, 2022 (the "Fifth Modification Agreement"), among North Mill Capital, LLC ("NM"), d/b/a SLR Business Credit, SPAR Group, Inc. ("SGRP") and certain of its direct and indirect subsidiaries in the United States and Canada, namely SPAR Marketing Force, Inc. ("SMF"), and SPAR Canada Company ("SCC"), and SPAR Canada, Inc., SPAR Acquisition, Inc., SPAR Assembly and Installation, Inc., and SPAR Trademarks, Inc. (together with SGRP, each a "NM Guarantor" and collectively, the "NM Guarantors", and together with SMF and SCC, each a "NM Loan Party" and collectively, the "NM Loan Parties") (as filed herewith).

10.61 [Sixth Modification Agreement entered into as of February 1, 2023 \(the "Sixth Modification Agreement"\), among North Mill Capital, LLC \("NM"\), d/b/a SLR Business Credit, SPAR Group, Inc. \("SGRP"\) and certain of its direct and indirect subsidiaries in the United States and Canada, namely SPAR Marketing Force, Inc. \("SMF"\), and SPAR Canada Company \("SCC"\), and SPAR Canada, Inc., SPAR Acquisition, Inc., SPAR Assembly and Installation, Inc., and SPAR Trademarks, Inc. \(together with SGRP, each a "NM Guarantor" and collectively, the "NM Guarantors", and together with SMF and SCC, each a "NM Loan Party" and collectively, the "NM Loan Parties"\) \(incorporated by reference to Exhibit 10.1 to SGRP's Current Report on Form 8-K as filed with the SEC on March 2, 2023\).](#)

10.62 [US\\$28 million Fourth Amended and Restated Revolving Credit Master Promissory Note executed and delivered by SMF to NM and dated as of February 1, 2023 \(incorporated by reference to Exhibit 10.2 to SGRP's Current Report on Form 8-K as filed with the SEC on March 2, 2023\).](#)

10.63 [CDN\\$2 million Fourth Amended and Restated Revolving Credit Master Promissory Note executed and delivered by SCC to NM and dated as of February 1, 2023 \(incorporated by reference to Exhibit 10.3 to SGRP's Current Report on Form 8-K as filed with the SEC on March 2, 2023\).](#)

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10.64

10.63 [Letter of Offer dated September 29, 2011, and General Business Factoring Agreement \(undated\) between Oxford Funding Pty Ltd and SPARFACTS Pty Ltd \(incorporated by reference to SGRP's Annual Report on Form 10-K, as filed with the SEC on April 2, 2013\).](#)

10.65

10.64 [Limited Mutual Release Agreement, dated as of January 18, 2019, among Robert G. Brown, William H. Bartels, Christiaan Olivier, Lorrence T. Kellar, Jack W. Partridge, Arthur B. Drogue and R. Eric McCarthey \(incorporated by reference to Exhibit 10.1 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 25, 2019\).](#)

10.65

10.66 [Stipulation of Dismissal, dated as of January 18, 2019 \(incorporated by reference to Exhibit 10.2 to SGRP's Current Report on Form 8-K, as filed with the SEC on January 25, 2019\).](#)

10.67

10.66 [Text of Letter to SPAR Group, Inc. \("SGRP"\), from the Nasdaq Stock Market, Inc. \("Nasdaq"\), dated July 16, 2021 \(incorporated by reference to Exhibit 99.1 to SGRP's Current Report on Form 8-K, as filed with the SEC on July 30, 2021\).](#)

10.68

10.67 [Text of Letter to SPAR Group, Inc. \("SGRP"\), from the Nasdaq Stock Market, Inc. \("Nasdaq"\), dated June 15, 2021, stating that SGRP no longer complies with Nasdaq's majority independent director and audit committee requirements as set forth in Nasdaq Listing Rule 5605 \(incorporated by reference to Exhibit 17.1 to SGRP's Current Report on Form 8-K, as filed with the SEC on June 22, 2021\).](#)

14.1

[SPAR Group Code of Ethical Conduct for its Directors, Executives, Officers, Employees, Consultants and other Representatives Amended and Restated \(as of\) March 15, 2018 \(incorporated by reference to SGRP's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, as filed with the SEC on April 2, 2018\).](#)

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14.2

[Statement of Policy Regarding Personal Securities Transactions in SGRP Stock and Non-Public Information, as adopted, restated, effective and dated as of May 1, 2004, and as further amended through March 10, 2011 \(incorporated by reference to SGRP's Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the SEC on March 15, 2011\).](#)

21.1

[List of Subsidiaries \(as filed herewith\).](#)

23.1

[Consent of BDO USA, LLP P.C. \(as filed herewith\).](#)

31.1

[Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(as filed herewith\).](#)

31.2

[Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 \(as filed herewith\).](#)

32.1

[Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(as filed herewith\).](#)

32.2

[Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(as filed herewith\).](#)

101.INS*	<i>Inline XBRL Instance</i>
101.SCH*	<i>Inline XBRL Taxonomy Extension Schema</i>
101.CAL*	<i>Inline XBRL Taxonomy Extension Calculation</i>
101.DEF*	<i>Inline XBRL Taxonomy Extension Definition</i>
101.LAB*	<i>Inline XBRL Taxonomy Extension Labels</i>
101.PRE*	<i>Inline XBRL Taxonomy Extension Presentation</i>
104	<i>Cover Page Interactive Data File (embedded within the Inline XBRL and contained in Exhibit 101)</i>

\* XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

**Item 16. Form 10-K Summary**

None.

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**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

SPAR Group, Inc.

By: /s/ Michael R. Matacunas

Michael R. Matacunas

President and Chief Executive Officer

Dated as of: April 17, 2023 April 1, 2024

KNOW ALL THESE PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Antonio Calisto Pato and Michael R. Matacunas and each of them, jointly and severally, his attorneys-in-fact, each with full power of substitution, for each of them in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each said attorneys-in-fact or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated.

**SIGNATURE**

**TITLE**

/s/ Michael R. Matacunas

President, Chief Executive Officer and Director,

Michael R. Matacunas

(Principal Executive Officer)

Dated as of: April 17, 2023 April 1st, 2024

/s/ James R. Gillis

Director

Robert G. Brown James R. Gillis

Dated as of: April 17, 2023

April 1st, 2024

/s/ Sean M. Whelan John Bode

Director

Sean M. Whelan John Bode

Dated as of: April 17, 2023

April 1st, 2024

/s/ Michael Wager Linda Houston

Director

Michael Wager Linda Houston

Dated as of: April 17, 2023

April 1st, 2024

/s/ William H. Bartels

Director

William H. Bartels

Dated as of: April 17, 2023

April 1st, 2024

/s/ Peter W. Brown

Director

Peter W. Brown

Dated as of: April 17, 2023

April 1st, 2024

/s/ Antonio Calisto Pato

Chief Financial Officer,

Treasurer and Secretary (Principal Financial and Accounting Officer)

Dated as of: April 17, 2023

April 1st, 2024

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#### **Report of Independent Registered Public Accounting Firm**

Shareholders and Board of the Directors

SPAR Group, Inc. and Subsidiaries

Auburn Hills, Michigan

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of SPAR Group, Inc. and subsidiaries (the "Company") as of December 31, 2022 December 31, 2023, and 2021, 2022, the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

#### Goodwill impairment assessment for the Resource Plus Reporting Unit

##### Revenue Recognition

As discussed indicated in Note 3.2 to the consolidated financial statements, the goodwill balance pertaining Company generates revenues by providing merchandising services to its customers, generally on a daily, weekly, or monthly basis. The Company recognizes revenues as the services are performed based on the contractually-specified rate-per-driver metric(s) (i.e., rate per hour, rate per store visit or rate per unit stocked). For the year ended December 31, 2023, the Company's Resource Plus reporting unit before impairment was \$2.0 million at December 31, 2022 net revenues were \$262.7 million. Management performs impairment assessment for goodwill annually on October 31 of each fiscal year and more frequently if potential impairment indicators exist. Management determined potential impairment indicators existed within the Resource Plus reporting unit and therefore, performed additional quantitative impairment assessments. Management determined that goodwill of the Resource Plus reporting unit was fully impaired at December 31, 2022 and recognized an impairment charge of \$2.0 million. Management's evaluation of goodwill for impairment involves comparison of the fair value of the reporting unit to its carrying value. Management determined the fair value of the Resource Plus reporting unit using an equal weighting of the income and market approaches, which required management to make significant estimates and assumptions related to discount rate and forecasts of revenue and profits.

We identified the valuation of goodwill for the Resource Plus reporting unit during the year revenue recognition from merchandising services as a critical audit matter. Auditing management's impairment assessment is complex and highly judgmental matter due to the significant estimation required large volume of customer contracts and transactions. The principal consideration for our determination is the increased extent of auditor effort involved in determining the fair value of the reporting unit. The determination of the fair value of the Resource Plus reporting unit is sensitive to certain assumptions, which are affected by expected future market performing procedures and economic conditions. Auditing management's impairment assessment involved especially challenging and subjective auditor judgment due evaluating audit evidence related to the uncertainty surrounding future events and the extent of specialized skill required to test certain valuation assumptions. Company's revenue recognition.

The primary procedures we performed to address this critical audit matter included:

- Evaluating Testing the reasonableness accuracy and existence of assumptions used in the Company's impairment assessments, including the forecasted revenue recognized for a sample of revenue transactions by obtaining and profit margin. inspecting source documents such as customer contracts, invoices, cash receipts, and other documents for each applicable per-driver metric (i.e., hours worked, store visits, or units stocked).
- Testing the accuracy cut off of revenue recognized for a sample of revenue transactions prior to and completeness of the data used by management subsequent to develop its projections. December 31, 2023.
- Utilizing personnel with specialized skills and knowledge Performing analytical procedures to evaluate trends in valuation approach and methodologies to assist in: (i) assessing the appropriateness of the fair value methodology, and (ii) evaluating the reasonableness of certain valuation assumptions used, including the discount rate. Company's recognized revenues.

/s/ BDO USA, LLP P.C.

We have served as the Company's auditor since 2013.

Troy, Michigan USA

April 17, 2023 1, 2024

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

	Year Ended December 31,			
	2022		2021	
	\$	261,268	\$	255,719
Net revenues				
Related Party - Cost of revenues		8,804		7,401
Cost of revenues		201,452		200,796
Gross profit		51,012		47,522
Selling, general and administrative expense		41,135		36,778
Majority stockholders change of control agreement		—		4,478
Loss on sale of business				408
Depreciation and amortization		2,033		2,083
Impairment of goodwill		2,458		—
Operating income		5,386		4,183
Interest expense, net		965		585
Other income, net		(482)		(510)
Interest expense				1,919
Other expense (income), net				346
Income before income tax expense		4,903		4,108
Income tax expense		2,777		2,108
Net income		2,126		2,000
Net income attributable to noncontrolling interest		(2,858)		(3,779)
Net loss attributable to SPAR Group, Inc.	\$	(732)	\$	(1,779)
Basic loss per common share attributable to SPAR Group, Inc.	\$	(0.03)	\$	(0.08)
Diluted loss per common share attributable to SPAR Group, Inc.	\$	(0.03)	\$	(0.08)
Weighted- average common shares outstanding – basic		22,109,780		21,266,264
Weighted- average common shares outstanding – diluted		22,109,780		21,266,264
Net income attributable to non-controlling interest				(874)
Net Income (loss) attributable to SPAR Group, Inc.	\$	3,902	\$	(732)
Basic earnings (loss) per common share attributable to SPAR Group, Inc.	\$	0.17	\$	(0.03)
Diluted earnings (loss) per common share attributable to SPAR Group, Inc.	\$	0.16	\$	(0.03)
Weighted average common shares – basic		23,333		22,110
Weighted average common shares – diluted		24,455		22,110
Net income	\$	2,126	\$	2,000
Other comprehensive loss:	\$	4,776	\$	2,126
Other comprehensive (loss):				
Foreign currency translation adjustments		(391)		(3,724)
				1,283
				(391)

Comprehensive income (loss)	1,735	(1,724)
Comprehensive (income) attributable to noncontrolling interest	(2,380)	(1,170)
Comprehensive loss attributable to SPAR Group, Inc.	<u>\$ (645)</u>	<u>\$ (2,894)</u>
Comprehensive income		6,059 1,735
Comprehensive income attributable to non-controlling interest		(317) (2,380)
Comprehensive income (loss) attributable to SPAR Group, Inc.	<u>\$ 5,742</u>	<u>\$ (645)</u>

See accompanying notes to the Company's consolidated financial statements.

<b>SPAR Group, Inc. and Subsidiaries</b>					
Consolidated Balance Sheets					
(In thousands, except share and per share data)					
	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	
<b>Assets</b>					
<b>Current assets:</b>					
<b>Cash and cash equivalents</b>	\$ 9,345	\$ 13,473	\$ 10,719	\$ 9,345	
<b>Accounts receivable, net</b>	63,714	54,171	59,776	63,714	
<b>Prepaid expenses and other current assets</b>	7,861	4,382	5,614	7,861	
<b>Total current assets</b>	<u>80,920</u>	<u>72,026</u>	<u>76,109</u>	<u>80,920</u>	
 Property and equipment, net	3,261	2,929	2,871	3,261	
<b>Operating lease right-of-use assets</b>	969	1,781	2,323	969	
<b>Goodwill</b>	1,708	4,166	1,382	1,708	
<b>Intangible assets, net</b>	2,040	2,295	1,180	2,040	
<b>Deferred tax assets, net</b>	3,766	4,468			
<b>Deferred income taxes</b>			4,687	3,766	
<b>Other assets</b>	1,934	1,351	1,729	1,934	
<b>Total assets</b>	<u>\$ 94,598</u>	<u>\$ 89,016</u>	<u>\$ 90,281</u>	<u>\$ 94,598</u>	
 <b>Liabilities and stockholder's equity</b>					
<b>Liabilities and equity</b>					
<b>Current liabilities:</b>					
<b>Accounts payable</b>	\$ 10,588	\$ 8,943	\$ 9,488	\$ 10,588	
<b>Accrued expenses and other current liabilities</b>	20,261	22,031	15,274	20,261	
<b>Due to affiliates</b>	2,964	3,270	3,205	2,964	
<b>Customer incentives and deposits</b>	2,399	3,901	1,905	2,399	
<b>Lines of credit and short-term loans</b>	17,980	11,042	17,530	17,980	
<b>Current portion of operating lease liabilities</b>	363	1,019	1,163	363	
<b>Total current liabilities</b>	<u>54,555</u>	<u>50,206</u>	<u>48,565</u>	<u>54,555</u>	
 <b>Operating lease liabilities, net of current portion</b>	606	762			
<b>Operating lease liabilities, less current portion</b>			1,160	606	
<b>Long-term debt</b>	1,376	700	310	1,376	
<b>Total liabilities</b>	<u>56,537</u>	<u>51,668</u>	<u>50,035</u>	<u>56,537</u>	
 <b>Commitments and contingencies – See Note 6</b>					
 <b>Stockholders' equity:</b>					

Series A convertible preferred stock, \$0.01 par value per share:				
2,445,598 shares authorized as of December 31, 2022 and 2021; No shares outstanding as of December 31, 2022	–	–	–	
Series B convertible preferred stock, \$0.01 par value per share:				
2,000,000 shares and no shares authorized as of December 31, 2022 and 2021, respectively;				
2,000,000 shares and no shares outstanding as of December 31, 2022 and 2021, respectively; 854,753 shares and no shares outstanding as of December 31, 2022 and 2021, respectively	9	–	–	
Common stock, \$0.01 par value per share:				
47,000,000 shares authorized as of December 31, 2022 and 2021. Shares outstanding 22,853,653 – December 31, 2022 and 21,320,414 – December 31, 2021	229	213	213	
Treasury stock, at cost 205,485 shares and 54,329 shares as of December 31, 2022 and 2021	(285)	(104)	(104)	
Equity:				
SPAR Group, Inc. equity				
Preferred stock, Series - A, \$.01 par value:				
Authorized and available shares– 2,445,598 Issued and outstanding shares– None	–	–	–	
Preferred stock, Series - B. \$.01 par value:				
Authorized and available shares– 2,000,000 Issued and outstanding shares– 650,000 at December 31, 2023 and 854,753 at December 31, 2022	7	9	9	
Common stock, \$.01 par value:				
Authorized shares – 47,000,000 Issued and outstanding shares – 23,446,444 at December 31, 2023 and 23,055,633 at December 31, 2022	232	229	229	
Treasury stock, at cost 205,485 shares at December 31, 2023 and 205,485 Shares at December 31, 2022	(285)	(285)	(285)	
Additional paid-in capital	20,708	17,231	21,004	20,708
Accumulated other comprehensive loss	(4,941)	(5,028)	(3,341)	(4,941)
Retained earnings	6,707	7,439	10,609	6,707
<b>Total stockholders' equity attributable to SPAR Group, Inc.</b>	<b>22,427</b>	<b>19,751</b>		
Noncontrolling interests	15,634	17,597		
<b>Total stockholders' equity</b>	<b>38,061</b>	<b>37,348</b>		
<b>Total liabilities and stockholders' equity</b>	<b>\$ 94,598</b>	<b>\$ 89,016</b>		
Total SPAR Group, Inc. equity			28,226	22,427
Non-controlling interest			12,020	15,634
<b>Total equity</b>			<b>40,246</b>	<b>38,061</b>
<b>Total liabilities and equity</b>	<b>\$ 90,281</b>	<b>\$ 94,598</b>		

**See accompanying notes to the Company's consolidated financial statements.**

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SPAR Group, Inc. and Subsidiaries

### *Consolidated Statements of Stockholders' Equity*

### Consolidated Statements of Stockholder's Equity

(In thousands)

Share-based compensation	–	–	–	–	–	–	711	–	–	–	711	–	–	–
Exercise of stock options	198	2	–	–	–	–	(125)	–	–	–	(123)	74	–	–
Other changes to noncontrolling interest	–	–	–	–	–	–	–	–	–	4	4	–	–	–
Director liability settlement	–	–	–	–	52	(102)	–	–	–	–	–	(102)	–	–
Distribution to noncontrolling investors	–	–	–	–	–	–	–	–	–	(40)	(40)	–	–	–
Other comprehensive income	–	–	–	–	–	–	–	(1,115)	–	(2,609)	(3,724)	–	–	–
Majority shareholder agreement	–	–	–	–	–	–	–	–	–	–	–	2,000	2	–
Conversion of Series B convertible preferred stock	–	–	–	–	–	–	–	–	–	1,718	16	(1,145)	(1	–
Control change of NCI	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Distribution to non-controlling investors	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repurchases of common stock	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Retirement of shares	–	–	–	–	–	–	–	–	–	(151)	–	–	–	–
Other comprehensive income (loss), net of tax	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Net (loss) income	–	–	–	–	–	–	–	–	–	(1,779)	3,779	2,000	–	–
Balance at December 31, 2021	21,320	\$ 213	–	\$ –	54	\$ (104)	\$ 17,231	\$ (5,028)	\$ 7,439	\$ 17,597	\$ 37,348	–	–	–
Balance at December 31, 2022	–	–	–	–	–	–	–	–	–	–	–	22,961	\$ 229	855 \$
Share-based compensation	–	–	–	–	–	–	346	–	–	–	346	–	–	–
Exercise of stock options	74	–	–	–	–	–	(118)	–	–	–	(118)	–	–	–
Conversion of Series B convertible preferred stock	1,718	16	(1,145)	(11)	–	–	–	–	–	–	5	307	3	(205)

Majority shareholder	–	–	2,000	20	–	–	3,249	–	–	–	3,269
Agreement											
Repurchases											
of common stock	–	–	–	–	151	(181)	–	–	–	–	(181)
Control change of NCI											(2,558)
Dividend to NCI											(1,785)
Other											
comprehensive income (loss)	–	–	–	–	–	–	–	87	–	(478)	(391)
Retirement of shares	(151)	–	–	–	–	–	–	–	–	–	–
Net (loss) income	–	–	–	–	–	–	–	–	(732)	2,858	2,126
Balance at December 31, 2022	22,961	\$ 229	855	\$ 9	205	\$ (285)	\$ 20,708	\$ (4,941)	\$ 6,707	\$ 15,634	\$ 38,061
Retirement of Shares								(27)	–	–	–
Payments to Acquire NCI								–	–	–	–
Sale of Joint Ventures								–	–	–	–
Distribution to non-controlling investors								–	–	–	–
Other comprehensive income (loss), net of tax								–	–	–	–
Net income								–	–	–	–
Balance at December 31, 2023									23,241	\$ 232	\$ 650

See accompanying notes to the Company's consolidated financial statements.

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#### SPAR Group, Inc. and Subsidiaries

##### Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,	
	2022	2021
<b>Cash Flows from operating activities:</b>		
Net income	\$ 2,126	\$ 2,000
Adjustments to reconcile net income to cash (used in)/provided by operating activities		
Depreciation and amortization	2,033	2,083

<i>Impairment of goodwill</i>	2,458	-
<i>Amortization of operating lease right-of-use assets</i>	646	1,120
<i>Bad debt expenses, net of recoveries</i>	1,092	128
<i>Deferred income tax expense (benefit)</i>	994	(267)
<i>Share-based compensation expense</i>	346	711
<i>Majority stockholders change in control agreement</i>	-	4,478
<i>Changes in operating assets and liabilities:</i>		
<i>Accounts receivable, net</i>	(11,237)	(7,305)
<i>Prepaid expenses and other assets</i>	(3,285)	(510)
<i>Accounts payable</i>	1,718	1,095
<i>Operating lease liabilities</i>	(744)	(1,120)
<i>Accrued expenses, other current liabilities, due to affiliates and customer incentives and deposits</i>	(1,191)	216
<i>Net cash (used in) provided by operating activities</i>	(5,044)	2,629
<i>Cash flows from investing activities:</i>		
<i>Purchases of property and equipment</i>	(1,797)	(1,722)
<i>Net cash used in investing activities</i>	(1,797)	(1,722)
<i>Cash flows from financing activities:</i>		
<i>Borrowings under lines of credit</i>	30,467	77,200
<i>Repayments under lines of credit</i>	(25,648)	(75,451)
<i>Proceeds related to stock options exercised</i>	118	-
<i>Payments related to stock options exercised</i>	-	(123)
<i>Repurchase of common stock</i>	(181)	-
<i>Distribution to non-controlling investors</i>	(1,785)	-
<i>Acquisition of minority interest</i>	(2,558)	-
<i>Proceeds from term debt</i>	3,530	-
<i>Payments on term debt</i>	(454)	(300)
<i>Net cash provided by financing activities</i>	3,489	1,326
<i>Effect of foreign exchange rate changes on cash and cash equivalent</i>	(776)	(4,732)
<i>Net decrease in cash and cash equivalents</i>	(4,128)	(2,499)
<i>Cash and cash equivalents at beginning of year</i>	<u>13,473</u>	<u>15,972</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ 9,345</u>	<u>\$ 13,473</u>
<i>Supplemental disclosure of cash flow information:</i>		
<i>Cash paid for interest</i>	\$ 1,200	\$ 701
<i>Cash paid for income taxes</i>	\$ 2,287	\$ 2,219
<i>Supplemental disclosure of non-cash investing and financing activities:</i>		
<i>Non-cash net majority stockholders agreement</i>	\$ 3,270	\$ -
<i>Treasury shares from director liability settlement</i>	\$ -	\$ 102

	<i>Year Ended December 31,</i>	
	<i>2023</i>	<i>2022</i>
<i>Cash flows from operating activities:</i>		
<i>Net income</i>	\$ 4,776	\$ 2,126
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>		
<i>Depreciation and amortization</i>	2,001	2,033
<i>Impairment of goodwill</i>	-	2,458
<i>Amortization of operating lease assets</i>	875	646
<i>Provision for expected credit losses</i>	88	1,092
<i>Deferred income tax expense</i>	921	994

<i>Share based compensation</i>	297	346
<i>Loss on disposal of business</i>	408	-
<i>Changes in operating assets and liabilities, net of business disposals:</i>		
<i>Accounts receivable</i>	3,232	(11,237)
<i>Prepaid expenses and other assets</i>	2,082	(3,285)
<i>Accounts payable</i>	(2,960)	1,718
<i>Operating lease liabilities</i>	(875)	(744)
<i>Accrued expenses, other current liabilities and customer incentives and deposits</i>	(4,024)	(1,191)
<i>Net cash provided by (used in) operating activities</i>	6,821	(5,044)
<i>Cash flows from investing activities:</i>		
<i>Cash transferred in sale of business</i>	(1,111)	-
<i>Purchases of property and equipment and capitalized software</i>	(1,242)	(1,797)
<i>Other investing</i>	84	-
<i>Net cash used in investing activities</i>	(2,269)	(1,797)
<i>Cash flows from financing activities:</i>		
<i>Borrowings under lines of credit</i>	103,742	30,467
<i>Repayments under lines of credit</i>	(104,845)	(25,648)
<i>Proceeds from stock options exercised</i>	-	118
<i>Repurchase of common stock</i>	-	(181)
<i>Distribution to non-controlling investors</i>	(1,673)	(1,785)
<i>Payments to acquire noncontrolling interests</i>	(473)	(2,558)
<i>Proceeds from term debt</i>	930	3,530
<i>Payments on term debt</i>	(701)	(454)
<i>Net cash used in financing activities</i>	(3,020)	3,489
<i>Effect of foreign exchange rate changes on cash</i>	(158)	(776)
<i>Net increase (decrease) in cash and cash equivalents</i>	1,374	(4,128)
<i>Cash and cash equivalents at beginning of year</i>	9,345	13,473
<i>Cash and cash equivalents at end of year</i>	\$ 10,719	\$ 9,345
<i>Supplemental disclosure of cash flows information</i>		
<i>Interest paid</i>	\$ 2,331	\$ 1,200
<i>Income taxes paid</i>	\$ 1,585	\$ 2,287
<i>Non-cash Majority Stockholders Agreement</i>	\$ -	\$ 3,270

See accompanying notes to the Company's consolidated financial statements.

#### 1. Nature of the Business

SPAR Group, Inc. ("SGRP" or the "Corporation"), and its subsidiaries (and SGRP together with its subsidiaries may be referred to as "SPAR Group", the "Company", "SPAR", "We", or "Our") is a global merchandising and brand marketing services company, providing a broad range of services to retailers, consumer goods manufacturers and distributors around the world.

**2. Summary of Significant Accounting Policies****Principles of Consolidation**

The Company consolidates its 100%-owned subsidiaries and all of the 51%-owned joint ventures in which the Company has a controlling financial interest. All significant intercompany transactions have been eliminated in the consolidated financial statements.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the amounts disclosed for contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting year. Significant balances subject to such estimates and assumptions include carrying amounts of property and equipment and intangible assets, valuation allowances for receivables, carrying amounts for deferred tax assets and liabilities, and liabilities incurred from operations and customer incentives. Actual results could differ from those estimates.

**Segment Reporting**

Reportable segments are components of the Company for which separate financial information is available that is evaluated on a regular basis by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company's CODM is the Chief Executive Officer.

The Company provides similar merchandising, **business technology, marketing** and **marketing business** services throughout the world. Until December 31, 2021, the Company historically operated within **world** and has **two** three reportable regional segments: (i) **the domestic division**, which was comprised of the business in the United States, and (ii) **the international division**, which was comprised of all countries outside United States.

Effective January 1, 2022 to better leverage the regional footprint to align with global growth strategy, the Company realigned its reportable segments from two segments to three regional segments as follows: Americas, which is comprised of United States, Canada, Brazil and Mexico; (ii) Asia-Pacific ("APAC"), which is comprised of Japan, China, **India** and **Australia; India**; and (iii) Europe, Middle East and Africa ("EMEA"), which is comprised of South Africa. Certain corporate expenses have been allocated to segments based on each segment's revenue as a **percent** percentage of total company revenue.

**Variable Interest Entities**

The Company consolidates all entities where a controlling financial interest exists. The Company has considered its relationships with its 51%-owned joint ventures to determine whether the Company has a variable interest in these entities, and if so, whether the Company is the primary beneficiary of the relationship. US GAAP requires variable interest entities ("VIEs") to be consolidated if an entity's interest in the VIE is a controlling financial interest. Under the variable model, a controlling financial interest is determined based on which entity, if any, has (i) the power to direct the activities of the VIE that most significantly impacts the VIE's economic performance and (ii) the obligations to absorb losses that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change. The consolidation status of a VIE may change as a result of such reassessments. Changes in consolidation status are applied prospectively in accordance with US GAAP.

**2. Summary of Significant Accounting Policies (continued)****Cash Equivalents**

The Company considers all short-term, highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company maintains cash balances with high quality financial institutions and periodically evaluates the creditworthiness of such institutions. At times, the Company's cash and cash equivalents balances with individual banking institutions are in excess of insured limits. The Company does not believe it is exposed to significant credit risk and the Company has not experienced any losses related to its cash and cash equivalents balances. No customer accounted for more than 10% of the Company's net revenue for the years ended December 31, 2022 2023 and December 31, 2021, 2022. No customer accounted for more than 10% of the Company's accounts receivable, net as of December 31, 2022 2023 and December 31, 2021, 2022.

#### Revenue Recognition

The Company generates its revenues by providing merchandising services to its clients. Revenues are recognized when the Company satisfies a performance obligation by transferring services promised in a contract to a customer and in an amount that reflects the consideration that the Company expects to receive in exchange for those services. Performance obligations in the Company's contracts represent distinct or separate services that we provide to the Company's customers; generally, the Company's contracts have a single performance obligation. If, at the outset of an arrangement, the Company determines that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

The Company's merchandising services are provided over time, generally on a daily, weekly, or monthly basis, and transaction price is based on the contractually-specified rate-per-driver metric (i.e., rate per hour, rate per store visit, or rate per unit stocked). The Company recognizes revenues for its contracts based on the contractually-specified rate-per-driver metric(s) utilizing the right-to-invoice practical expedient because the Company has a right to consideration for merchandising services completed to date. All of the Company's contracts with customers In general, (i) Standard Merchandising Service Contracts have a duration of one year or less and over to 90% of the Company's contracts are completed in years with indexed rate increases while individual brand projects can be added with less than 30 6 days.

months duration. (ii) Retail Remodel Contracts typically auto-renew with annual project SOWs, with regional awards typically granted 6 to 12 months in advance and individual projects assigned quarterly/monthly. (iii) Fulfillment Contracts are typically an annual award and selected projects can be less than 6 months. (iv) Standard Assembly Service Agreements are 1 to 3 years in duration with indexed rates increases. Customer deposits, which are considered advances on future work, are deferred and recorded as revenue in the period in which the services are provided.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

#### 2. Summary of Significant Accounting Policies (continued)

##### Unbilled Accounts Receivable

Unbilled accounts receivable represents services performed but not billed and are included as accounts receivable.

#### Allowance for Doubtful Accounts Credit Losses

The Company continually monitors the collectability of its accounts receivable based upon current client credit information and financial condition. Balances that are deemed to be uncollectible after the Company has attempted reasonable collection efforts are written off through a charge to the bad debt allowance for credit losses and a credit to accounts receivable. Accounts receivable balances, net of any applicable reserves or allowances, are stated at the amount that management expects to collect from the outstanding balances. The Company provides for probable uncollectible amounts through a charge to earnings and a credit to bad debt allowance for credit losses based in part on management's assessment of the current status of individual accounts. Based on management's assessment, the Company established an allowance for doubtful accounts credit losses of \$1.6 million \$1.5 million and \$0.6 million \$1.6 million at December 31, 2022, 2023, and 2021, 2022, respectively. Bad debt Credit loss expense was \$1.3 million \$0.3 million and \$1.3 million for the years ended December 31, 2022 2023 and 2021, 2022, respectively.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

#### 2. Summary of Significant Accounting Policies (continued)

##### Leases

The Company determines if a contract contains a lease at inception. The Company's material operating leases consist of office space and equipment. The Company recognizes a right-of-use ("ROU") asset and lease liability for operating leases with a term of greater than one year. The ROU asset is measured as the sum of (1) the present value of all remaining fixed and in-substance fixed payments using the rate implicit in the lease whenever that is readily determinable or the Company's incremental borrowing rate, (2) any lease payments made at or before the commencement date (less any lease incentives received) and (3) any initial direct costs incurred. The lease liability is measured similarly to the ROU asset, but excludes any payments made before the commencement date and initial direct costs incurred. Lease terms include options to extend or terminate the lease if it is reasonably certain the Company will exercise these options.

Expense for operating leases and leases with a term of one year or less is recognized on a straight-line basis over the term of the lease, unless another systematic and rational basis is more representative of the derivation of benefit from use of the leased property. Variable lease payments are recognized in the period in which the related obligation is incurred and consist primarily of payments for insurance and property taxes. Operating lease expense and variable lease payments are recorded in selling, general and administrative expense in the consolidated statements of operations and comprehensive income (loss).

## **Property and Equipment, Net**

Property and equipment, including leasehold improvements, are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years for equipment, three to seven years for furniture and fixtures, and three to five years for capitalized software costs. Leasehold improvements are depreciated over the shorter of their estimated useful lives or the related lease terms, which range from three to fifteen years. Maintenance and minor repairs are expensed as incurred.

## **Internal Use Software**

The Company capitalizes certain costs associated with its internally developed software. The Company capitalizes the costs of materials and services incurred in developing or obtaining internal use software and such costs include, but are not limited to: the cost to purchase software, the cost to write program code, and payroll and related benefits for those employees who are directly involved with and who devote time to the Company's software development projects. Capitalization of such costs begins during the application development stage once the preliminary project stage is complete, management authorizes and commits to funding the project, and it is probable that the project will be completed and that the software will be used to perform the function intended. Capitalization ceases when the project is substantially complete and ready for its intended purpose. Costs incurred during preliminary project and post-implementation stages, as well as software maintenance and training costs, are expensed in the period in which they are incurred.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

## **2. Summary of Significant Accounting Policies (continued)**

### **Impairment of Long-Lived Assets**

The Company continually monitors events and changes in circumstances that could indicate that the carrying amounts of the Company's property and equipment and may not be recoverable. When indicators of potential impairment exist, the Company assesses the recoverability of the assets by estimating whether the Company will recover its carrying value through the undiscounted future cash flows generated by the use of the asset and its eventual disposition. Based on this analysis, if the Company does not believe that it will be able to recover the carrying value of the asset, the Company records an impairment loss to the extent that the carrying value exceeds the estimated fair value of the asset. If any assumptions, projections or estimates regarding any asset change in the future, the Company may have to record an impairment to reduce the net book value of such individual asset.

## **Intangible Assets, Net**

Intangible assets consist primarily of customer contracts and lists, trade names, patents and non-compete agreements, all of which have a finite useful life. Intangible assets are amortized based on the pattern in which the economic benefits of the intangible assets are estimated to be realized.

When facts and circumstances indicate that the carrying value of definite-lived intangible assets may not be recoverable, the Company assesses the recoverability of the carrying value by preparing estimates of sales volume and the resulting profit and cash flows expected to result from the use of the asset or asset group and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, the Company recognizes an impairment loss. The impairment loss recognized is the amount by which the carrying amount of the asset or asset group exceeds the fair value.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

## **2. Summary of Significant Accounting Policies (continued)**

### **Goodwill**

Goodwill may result from business acquisitions. Goodwill is assigned to reporting units based on the expected benefit from the synergies arising from each business combination, determined by using certain financial metrics, including the forecast discounted cash flows associated with each reporting unit. The goodwill acquired in a business combination is allocated to the appropriate reporting unit as of the acquisition date.

Goodwill is subject to annual impairment tests and interim impairment tests if impairment indicators are present. The Company performs the annual impairment test as of October 31st each year. The impairment tests require the Company to first assess qualitative factors to determine whether it is necessary to perform a quantitative goodwill impairment test. The Company is not required to calculate the fair value of a reporting unit unless it determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. If it is determined that it is more likely than not, or if the Company elects not to perform a qualitative assessment, the Company proceeds with the quantitative assessment. Under the quantitative test, if the fair value of a reporting unit exceeds its carrying amount, then goodwill of the reporting unit is considered to not be impaired. If the carrying amount of the reporting unit exceeds its fair value, then an impairment loss is recognized in an amount equal to the excess, up to the value of the goodwill.

#### **Treasury Stock**

The Company records treasury stock activities under the cost method whereby the cost of the acquired stock is recorded as treasury stock. The Company's accounting policy upon the formal retirement of treasury stock is to deduct the par value from the Company's common stock and to reflect any excess of cost over par value as a reduction to additional paid-in capital (to the extent created by previous issuances of the shares).

#### **Noncontrolling Interest**

The Company recognizes noncontrolling interest related to VIEs, in which the Company is the primary beneficiary, as equity in the consolidated financial statements separate from the parent entity's equity. The amount of net income or loss attributable to noncontrolling interests is included in consolidated net income on the face of the consolidated statements of operations and comprehensive loss. Changes in the parent entity's ownership interest in a subsidiary that do not result in deconsolidation are treated as equity transactions if the parent entity retains its controlling financial interest. In addition, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss. Because these transactions take place between entities under common control, any gains or losses attributable to these transactions are required to be included within additional paid-in-capital on the consolidated balance sheets.

#### **Advertising and Promotional Expenses**

Advertising and promotional expenses are included in selling, general and administrative expenses within the consolidated statements of operations and comprehensive loss and are expensed when incurred. Advertising and promotional expenses ~~were~~ were \$9,466 and \$19,549 and \$9,298 during the years ended December 31, 2022 2023 and 2021, 2022, respectively.

#### **Share-Based Compensation**

The Company measures all share-based awards granted to employees and directors based on the fair value on the date of the grant and recognizes compensation expense for those awards, over the requisite service period, which is generally the vesting period of the respective award, on a straight-line basis for the entire award. The fair value of stock options is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair market value of the Company's common stock, expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and the Company's expected dividend yield.

#### **2. Summary of Significant Accounting Policies (continued)**

The Company classifies share-based compensation expense in its consolidated statements of operations and comprehensive (loss) income in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified. The Company made a policy election to estimate the number of share-based compensation awards that are expected to vest to determine the amount of compensation expense recognized in earnings. Forfeiture estimates are revised if subsequent information indicates that the actual number of forfeitures is likely to differ from previous estimates.

Excess tax benefits are realized from the exercise of stock options and are reported as a financing cash inflow in the consolidated statement of cash flows.

#### **Fair Value Measurements**

Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The US GAAP fair value framework uses a three-tiered approach. Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;
- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3 – Prices or valuation techniques where little or no market data is available that requires inputs significant to the fair value measurement and unobservable.

## **2. Summary of Significant Accounting Policies (continued)**

If the inputs used to measure the fair value fall within different levels of the hierarchy, the fair value is determined based upon the lowest level input that is significant to the fair value measurement. Whenever possible, the Company uses quoted market prices to determine fair value. In the absence of quoted market prices, the Company uses independent sources and data to determine fair value.

Due to their short-term nature, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses approximated the fair values (Level 1) as of December 31, 2022 2023 and 2021 2022. The carrying value of the Company's long-term debt with variable interest rates approximates fair value based on instruments with similar terms (Level 2).

### **Income Taxes**

Income tax provisions and benefits are made for taxes currently payable or refundable, and for deferred income taxes arising from future tax consequences of events that were recognized in the Company's financial statements or tax returns and tax credit carry forwards. The effects of income taxes are measured based on enacted tax laws and rates applicable to periods in which the differences are expected to reverse. If necessary, a valuation allowance is established to reduce deferred income tax assets to an amount that will more likely than not be realized.

The calculation of income taxes involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step involves evaluating the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step involves estimating and measuring the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as the Company has to determine the probability of various possible outcomes. The Company's evaluation of uncertain tax positions is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

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**SPAR Group, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

## **2. Summary of Significant Accounting Policies (continued)**

### **Recently Adopted Accounting Pronouncements**

In December 2019, the FASB issued ASU No.2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU No.2019-12"), which simplifies the accounting for income taxes by removing a variety of exceptions within the framework of ASC 740. The Company adopted ASU No.2019-12 on January 1, 2021, and the amendments applicable to the Company were applied prospectively. The adoption of this standard did not have a material impact on the Company's consolidated financial statements or disclosures for the year ended December 31, 2021.

### **Recently Issued Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU No. 2016-13"), which replaces replaced the existing incurred loss impairment model with an expected credit loss model model. The Company adopted ASU No.2016-13 on January 1, 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements or disclosures for the year ended December 31, 2023.

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**SPAR Group, Inc. and requires a financial asset measured Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

## **2. Summary of Significant Accounting Policies (continued)**

### **Recently Issued Accounting Pronouncements Not Yet Adopted**

In August 2023, the FASB issued ASU No.2023-05, Business Combinations – Joint Venture Formations (Subtopic 805):Recognition and Initial Measurement, which will require joint ventures to recognize and initially measure its assets and liabilities at amortized cost to be presented at the net amount expected to be collected, fair value upon formation. The guidance will be effective for the Company beginning prospectively for all joint venture formations on or after January 1, 2023, 2025, and interim periods therein. Early adoption and retrospective application is permitted. The Company will adopt this new standard in the first quarter of 2023 and does not believe its adoption will have a material effect on its consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU No.2023-07, Segment Reporting (Topic 280):Improvements to Reportable Segment Disclosures, which will require Companies to report additional segment information, including certain significant segment expenses, and permit the disclosure of additional measures of a segment's profit or loss. The guidance will be effective for the Company's fiscal year beginning January 1, 2024 and for interim periods thereafter. The Company is currently evaluating the impact adoption will have on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU No.2023-09, Income Taxes (Topic 740):Improvements to Income Tax Disclosures, which will require Companies to report specific categories of rate-reconciliation, certain details of income taxes paid and of certain information by tax jurisdictions. The guidance will be effective for the Company's fiscal year beginning January 1, 2025. The Company is currently evaluating the impact adoption will have on its consolidated financial statements and related disclosures.

### 3. Supplemental Balance Sheet Information

	<i>December 31,</i>	
	<i>2023</i>	<i>2022</i>
<i>Accounts receivable, net, consists of the following:</i>		
<i>(in thousands)</i>		
<i>Trade</i>	\$ 51,567	\$ 53,658
<i>Unbilled</i>	6,537	10,436
<i>Non-trade</i>	3,133	1,274
<i>Gross Accounts Receivable</i>	61,237	65,368
<i>Less allowance for credit losses</i>	(1,461)	(1,654)
<i>Accounts Receivable, net</i>	<u><u>\$ 59,776</u></u>	<u><u>\$ 63,714</u></u>
	<i>December 31,</i>	
<i>Activity in allowance for credit losses</i>		
<i>(in thousands)</i>		
<i>Beginning balance in allowance for credit losses</i>	\$ 1,654	\$ 564
<i>Current provision for expected credit losses</i>	261	1,269
<i>Allowances associated with businesses sold</i>	(281)	-
<i>Write-offs charged against the allowance</i>	(126)	(179)
<i>Recoveries of amounts previously written off</i>	(47)	-
<i>Ending balance in allowance for credit losses</i>	<u><u>\$ 1,461</u></u>	<u><u>\$ 1,654</u></u>
	<i>December 31,</i>	
<i>Property and equipment consist of the following:</i>		
<i>(in thousands)</i>		
<i>Equipment</i>	\$ 5,062	\$ 5,109
<i>Furniture and fixtures</i>	2,330	2,319
<i>Leasehold improvements</i>	366	352
<i>Capitalized software development costs</i>	18,336	17,298
	26,094	25,078
<i>Less accumulated depreciation and amortization</i>	(23,223)	(21,817)
<i>Property and equipment, net</i>	<u><u>\$ 2,871</u></u>	<u><u>\$ 3,261</u></u>

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

### 3. Supplemental Balance Sheet Information (continued)

	<i>December 31,</i>	
	<i>2022</i>	<i>2021</i>
<b>Accounts Receivable Net</b>		
<i>Accounts receivable, net, consists of the following as of periods presented (in thousands):</i>		
<i>Trade</i>	\$ 53,658	\$ 44,424
<i>Unbilled</i>	10,436	8,168
<i>Non-trade</i>	1,274	2,143
<i>Accounts receivable, gross</i>	65,368	54,735
<i>Less allowance for doubtful accounts</i>	(1,654)	(564)
<i>Accounts receivable, net</i>	<u><u>\$ 63,714</u></u>	<u><u>\$ 54,171</u></u>
<b>Property and Equipment, Net</b>	<i>December 31,</i>	

Property and equipment, net consists of the following as of the periods presented (in thousands):

	2022	2021
<i>Equipment</i>	\$ 5,109	\$ 4,741
<i>Furniture and fixtures</i>	2,319	2,319
<i>Leasehold improvements</i>	352	351
<i>Internal use software</i>	<u>17,298</u>	<u>15,823</u>
<i>Property and equipment, gross</i>	25,078	23,234
<i>Less accumulated depreciation and amortization</i>	<u>(21,817)</u>	<u>(20,305)</u>
<i>Property and equipment, net</i>	<u>\$ 3,261</u>	<u>\$ 2,929</u>

Depreciation expense (including amortization of internal use software and intangible assets as described below) was \$2.0 million and \$2.1 million for the years ended December 31, 2022 and 2021, respectively.

The Company capitalized \$1.5 million and \$1.2 million of costs related to internal use software in the years ended December 31, 2022 and 2021, respectively.

The Company recognized approximately \$1.2 million and \$1.1 million and \$1.2 million of amortization expense related to internal use software for the years ended December 31, 2022 and 2021, respectively.

	Americas	Asia-Pacific	EMEA	Americas	Asia-Pacific	EMEA	Total
<b>Goodwill</b>							
<i>Goodwill (in thousands):</i>							
Balance at December 31, 2021	\$ 3,728	\$ -	\$ 438	\$ 4,166			
<i>(in thousands)</i>							
Balance at January 1, 2022							
Aggregate goodwill acquired				\$ 3,728	\$ -	\$ 438	\$ 4,166
Accumulated impairment losses				\$ (2,458)	\$ -	\$ -	\$ (2,458)
Balance at December 31, 2022	<u>\$ 1,270</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 1,708</u>			
<i>Change in goodwill due to impact of foreign currency</i>	-	-	-	-	\$ 7	\$ -	\$ 7
Impairment of goodwill	<u>(2,458)</u>	<u>-</u>	<u>-</u>	<u>(2,458)</u>			
Balance at December 31, 2022	<u>\$ 1,270</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 1,708</u>			
<i>Sale of business</i>				(333)	- -	-	(333)
Balance at December 31, 2023	<u>\$ 944</u>	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 1,382</u>			

Goodwill is generally deductible for tax purposes, except for the portion related to purchase accounting step-up goodwill.

As of December 31, 2022 and 2021, accumulated impairment losses of goodwill were \$2.5 million and \$0, \$0.25 million, respectively.

#### Goodwill Impairment of Resource Plus of North Florida, Inc.

The Company acquired Resource Plus of North Florida, Inc. ("Resource Plus") in 2018 as a joint venture partnership and owns 51% of the Resource Plus business. At the time of the acquisition, the Company recorded \$2.0 million of goodwill and \$1.2 million of intangible assets relating to brand and technology. Due to the loss of a significant customer, during the year ended December 31, 2022, Resource Plus did not meet original forecast and reduced forecasts. The Company performed the Step 1 qualitative test recorded goodwill for impairment test using a combination of the discounted cash flow and guideline public company methodologies.

Key assumptions include management's estimates of forecasted revenue and forecasted cash flows. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions, estimates, and market factors. Estimating the fair value of individual reporting units requires the Company to make assumptions and estimates regarding its future plans, as well as industry, economic, and regulatory conditions. These assumptions and estimates include estimated future annual net cash flows, income tax considerations, discount rates, growth rates, and other market factors. The Company's expectations also include certain assumptions that could be negatively impacted if the Company is unable to meet its cost expectations in relation to inflation. If current expectations of future growth rates and margins are not met, if market factors outside of the Company's control, such as discount rates, income tax rates, foreign currency exchange rates, inflation, or any other factors, change, or if management's expectations or plans otherwise change, including updates to the Company's long-term operating plans, then one or more of our reporting units might become impaired in the future.

As of December 31, 2022, the Company was required to test the Resource Plus reporting unit for impairment due to continued decline in revenues and profitability. The Company performed the Step 1 qualitative impairment test using a combination of the discounted cash flow and guideline public company methodologies. Key assumptions include management's estimates of forecasted revenue and forecasted cash flows.

The impairment test indicated the goodwill of Resource Plus was fully impaired and the Company recorded an impairment loss of \$2.0 million during the year ended December 31, 2022.

**Goodwill Impairment of SPAR TODOPROMO, SAPI, de CV**

The Company acquired SPAR TODOPROMO, SAPI, de CV ("SPAR Mexico") in 2011 as a joint venture partnership and currently owns 51% of the SPAR Mexico business. At time of acquisition, the Company recorded \$0.5 million of goodwill. During year ended December 31, 2022, SPAR Mexico did not meet original forecasts due to labor law changes in Mexico. The Company performed the Step 1 qualitative tested recorded goodwill for impairment test using a combination of the discounted cash flow and guideline public company methodologies. The impairment test indicated that the goodwill of SPAR Mexico was fully impaired and the Company recorded an impairment loss of \$0.5 million **USD** during the year ended December 31, 2022.

<b>Intangible Assets, Net</b>	<b>December 31,</b>	
	<b>2022</b>	<b>2021</b>
<i>Intangible assets, net consists of the following as of the periods presented:</i>		
Customer contracts and lists	\$ 3,543	\$ 3,362
Trade names	900	900
Patents	870	870
Non-compete agreements	520	520
Intangible assets, gross	5,833	5,652
Less accumulated amortization	(3,793 )	(3,357 )
Intangible assets, net	<b>\$ 2,040</b>	<b>\$ 2,295</b>

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**SPAR Group, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements (continued)

**3. Supplemental Balance Sheet Information (continued)**

**Intangible Assets**

<i>Intangible assets consist of the following:</i> (in thousands)	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Customer contracts and lists	\$ 3,011	\$ 3,543
Trade names	900	900
Patents	870	870
Non-compete	-	520
	4,781	5,833
Less accumulated amortization	(3,601 )	(3,793 )
Intangible assets, net	<b>\$ 1,180</b>	<b>\$ 2,040</b>

The decline in gross intangible assets of \$1.1 million is due to the sale of NMS and Australia. Please see note 10. Related Party Transactions for more information.

The Company is amortizing its intangible assets over lives ranging from 5 to 25 years. Amortization expense for the years ended December 31, **2022** **2023** and **2021** **2022** was approximately \$0.4 and **\$0.5**, **\$0.4**, respectively.

The annual amortization for each of the following years succeeding December 31, **2022** **2023** is summarized as follows (in thousands):

<i>(in thousands)</i>	<b>Amount</b>	<b>Amount</b>
<b>Year</b>		
2023	\$ 351	
2024	290	\$ 172
2025		204
2026		204
2027		108
2028		36

Thereafter		883	504
Total		\$ 2,040	\$ 1,180

Accrued Expenses and Other Current Liabilities	December 31,			
	2022	2021	December 31,	
		2023	2022	
Accrued expenses and other current liabilities:				
(in thousands)				
Taxes payable	\$ 2,660	\$ 2,397	\$ 1,598	\$ 2,660
Accrued salaries and wages	9,327	8,082	9,206	9,327
Accrued accounting and legal expenses	2,186	1,251	1,018	2,186
Accrued third party labor	2,411	1,927	1,477	2,411
Majority stockholders change of control agreement	—	4,478		
Other	3,677	3,896	1,975	3,677
Accrued expenses and other current liabilities	\$ 20,261	\$ 22,031	\$ 15,274	\$ 20,261

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

#### 4. Debt

##### North Mill Capital Credit Facility

The Company, through SPAR Marketing Force, Inc. ("SMF") and SPAR Canada Company ULC ("SCC", and collectively with SMF, the "NM Borrowers"), has a secured revolving credit facility in the United States (the "US Revolving Credit Facility") and Canada (the "Canada Revolving Credit Facility", and collectively with the US Revolving Credit Facility, the "NM Credit Facility") with North Mill Capital, LLC, d/b/a SLR Business Credit ("NM").

In order to obtain, document and govern the NM Credit Facility, SMF, SCC, SGRP and certain of SGRP's direct and indirect subsidiaries in the United States and Canada (including SMF and SCC as borrowers and SGRP as a guarantor, collectively, the "NM Loan Parties") entered into a Loan and Security Agreement with NM dated as of April 10, 2019, which, as amended from time to time (as amended, the "NM Loan Agreement"), governs the NM Credit Facility.

On January 5, 2021, Pursuant to the NM Loan Parties and NM executed and delivered a First Modification Agreement, as of January 4, 2021, and effective as of December 31, 2020 (the "First Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to extend the NM Credit Facility from October 10, 2021, to April 10, 2022, and increased the amount of the US Revolving Credit Facility to \$14.5 million and decreased the Canada Revolving Credit Facility to CDN\$1.5 million. In addition, the First Modification Agreement increased SMF's borrowing base availability for unbilled receivables to up to 70% from January 1, 2021, through June 30, 2021, and increased the cap on unbilled accounts for SMF to \$4.5 million from \$3.9 million.

On March 22, 2021, the NM Parties and NM executed and delivered a Second Modification Agreement, effective as of April 1, 2021 (the "Second Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to extend the NM Credit Facility from April 10, 2022, to October 10, 2023, and increased the amount of the US Revolving Credit Facility to \$16.5 million while the Canada Revolving Credit Facility remained at CDN\$1.5 million. In addition, the Second Modification Agreement permanently increased SMF's borrowing base availability for unbilled receivables to up to 70%, and increased the cap on unbilled accounts for SMF to \$5.5 million from \$4.5 million.

On December 16, 2021, the NM Parties and NM executed and delivered a Third Modification Agreement, effective as of December 1, 2021 (the "Third Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to temporarily increase the borrowing base availability under the NM Credit Facility, and the NM Borrowers agreed to pay certain additional fees, reimburse NM for legal and documentation fees incurred in connection with the NM Loan Agreement and such amendments.

On July 1, 2022, the NM Loan Parties and NM executed and delivered a Fourth Modification Agreement, effective as of June 30, 2022 (the "Fourth Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to extend the NM Credit Facility from October 10, 2023, to October 10, 2024, and increased the amount of the US Revolving Credit Facility to \$17.5 million while the Canada Revolving Credit Facility remained at CDN\$1.5 million. In addition, the Fourth Modification Agreement permanently increased SMF's borrowing base availability for billed receivables to up to 90% from 85%, and unbilled receivables to up to 80% from 70%, and increased the cap on unbilled accounts for SMF to \$6.5 million from \$5.5 million.

On August 9, 2022, the NM Loan Parties and NM executed and delivered a Fifth Modification Agreement, effective immediately (the "Fifth Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to temporarily increase the borrowing base availability under the NM Credit Facility, and the NM Borrowers agreed to pay certain additional fees.

On February 1, 2023, the NM Loan Parties and NM executed and delivered a Sixth Modification Agreement, effective immediately (the "Sixth Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to increase the amount of the US Revolving Credit Facility to \$28.0 million and increase the Canada Revolving Credit Facility to CDN\$2.0 million. In addition, the Sixth Modification Agreement increased the cap on unbilled accounts in the borrowing base for SMF to \$7.0 million from \$6.5 million.

On March 27, 2024, the NM Loan Parties and NM executed and delivered a Seventh Modification Agreement, effective immediately (the "Seventh Modification Agreement"), pursuant to which the NM Loan Parties and NM agreed to extend the NM Credit Facility from October 10, 2024 to October 10, 2025.

The Restated US Note and Restated Canadian Note (together, the "NM Notes") and the NM Loan Agreement together require the NM Borrowers to pay interest on the loans thereunder equal to: (i) the Prime Rate designated from time to time by Wells Fargo Bank; plus (ii) one and nine-tenths percentage points (1.90%) or an aggregate minimum of 6.75% per annum. In addition, the NM Borrowers are paying a facility fee to NM in an amount equal to: (i) for the year commencing on October 10, 2022, approximately \$0.1 million plus 0.80% of the amount of any advances other than under the US Revolving Credit Facility plus an additional facility fee of \$15,000 for every incremental \$1.0 million of loan balance in excess of \$21.0 million, and (ii) for the year commencing on October 10, 2023, approximately \$0.2 million plus 0.80% of the amount of any advances other than under the US Revolving Credit Facility plus an additional facility fee of \$15,000 for every incremental \$1.0 million of loan balance in excess of \$21.0 million. For the Sixth Modification Agreement, the NM Borrowers paid NM a fee of approximately \$28,000 for the US and \$3,000 for Canada.

As of December 31, 2023, the aggregate interest rate was 10.40% per annum and the aggregate outstanding loan balance was approximately \$12.5 million, which is included within lines of credit and short-term loans in the condensed consolidated balance sheets. The aggregate outstanding loan balance is divided between the US Revolving Credit Facility and the Canada Revolving Credit Facility as follows: (i) the outstanding loan balance under the US Revolving Credit Facility was approximately \$11.9 million; and (ii) the outstanding loan balance under the Canada Revolving Credit Facility was approximately \$0.6 million.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Debt (continued)**

The NM Credit Facility contains certain financial and other restrictive covenants and also limits certain expenditures by the NM Loan Parties, including maintaining a positive trailing EBITDA for each of the NM Borrowers (i.e., SMF and SCC) and imposes limits on all of the NM Loan Parties (including SGRP) on non-ordinary course payments and transactions, incurring or guaranteeing indebtedness, increases in executive, officer or director compensation, capital expenditures and certain other investments. The NM Loan Parties were in compliance with such covenants as of December 31, 2022, 2023.

The obligations of the NM Borrowers are secured by the receivables and other assets of the NM Borrowers and substantially all of the assets of the other NM Loan Parties, however, the obligations are not secured by any equity in, financial asset respecting or asset of any Excluded Subsidiary (as such term is defined in the NM Loan Agreement). Pursuant to the NM Loan Agreement, Excluded Subsidiary means each of the following direct or indirect subsidiaries of SGRP: (i) Resource Plus of North Florida, Inc. ("Resource Plus"), Mobex of North Florida, Inc., and Leasex, LLC, and their respective subsidiaries; (ii) NMS Retail Services ULC, which is an inactive Nova Scotia ULC; (iii) SPAR Group International, Inc.; (iv) SPAR FM Japan, Inc.; (v) SPAR International, Ltd.; (vi) each other subsidiary formed outside of the United States or Canada; and (vii) any other entity in which any such subsidiary is a partner, joint venture or other equity investor.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Debt (continued)**

**Fifth Third Credit Facility**

One of the Company's consolidated subsidiaries, Resource Plus, was a party to a revolving line of credit facility (the "Fifth Third Credit Facility") from Fifth Third Bank for \$3.5 million, which ended in March 2022.

As of December 31, 2021, there was no outstanding balance under the Fifth Third Credit Facility. Resource Plus closed the line of credit with Fifth Third Bank in March 2022 and as such, there was no balance outstanding as of December 31, 2022. Resource Plus maintained an existing \$0.9 million cash balance with Fifth Third Bank to be in compliance with their insurance policy.

**Resource Plus – Seller Notes**

Effective with the closing of the Company's acquisition of Resource Plus in 2018, the Company issued into promissory notes with the sellers of \$2.3 \$2.7 million. The promissory notes are payable at annual installments in various amounts on December 31 of each year, starting with December 31, 2018 and continuing through December 31, 2023.

As of December 31, 2022, 2023, and 2021, the annual interest rate was 1.85% and the balance outstanding under the promissory notes was approximately \$1.0 \$1.1 million, payable in January 2024, which is included in lines of credit and short-term loans in the consolidated balance sheets.

**International Credit Facilities**

In October 2017, SPARFACTS Australia Pty. Ltd. secured a line of credit facility with National Australia Bank, for AUD \$0.8 million. The facility provides for borrowing based upon a formula, as defined in the applicable loan agreement (principally 80% of eligible accounts receivable less certain deductions). The annual interest rate was 10.60% as of December 31, 2022. As of December 31, 2022 the outstanding balance was AUD \$0.2 million or \$0.1 million USD and was due on demand. As of December 31, 2021 the balance was AUD \$0.2 million or \$0.1 million USD and was due on demand.

In December 2020, SPAR China secured a loan with Industrial Bank for 3.0 million Chinese Yuan. The loan will expire was renewed in July 2023. December 22 2023, The annual interest rate was 4.00% as of with an expiration date in December 31, 2022. As of December 31, 2022, the outstanding balance was 3.0 million Chinese Yuan or approximately \$0.4 million and was due on demand. As of December 31, 2021, the outstanding balance was 3.0 million Chinese Yuan or \$0.5 million and was due on demand. In June 2021, SPAR China, Inc. ("SPAR China") secured a loan with People's Bank of China for 1.0 million Chinese Yuan. The loan expired in June 2022 and was not renewed. As of December 31, 2022, there is no balance outstanding. As of December 31, 2021, the outstanding balance was 1.0 million Chinese Yuan or \$0.1 million and was due on demand.

In December 2021, SPAR China secured a loan with Industrial and Commercial Bank of China for 2.0 million Chinese Yuan. The loan will expire was paid in December 2023. July 2023 The annual interest rate and a new loan was 4.15% as secured in November 2023 for 2.0 million Chinese Yuan with expiration date of December 31, 2022. November 2024. As of December 31, 2022, the outstanding balance was 2.0 million Chinese Yuan or \$0.3 million and was due on demand. As of December 31, 2021, the outstanding balance was 2.0 million Chinese Yuan or \$0.3 million and was due on demand.

In March 2022, SGRP Meridian (Pty), Ltd. secured loans with Investec Bank Ltd, for 60.0 million South African Rand; of which 30.0 million 105 million South African Rand is due which expires July 2023. 2025. This loan is secured by the company's available cash and Accounts Receivable and is being repaid in monthly installments commensurate with an amortization schedule. The annual interest rate was 10.50% of 11.75% is calculated based on the South African Prime rate. As part of the agreement, SGRP Meridian is subject to covenant restrictions that mandate minimum levels of Debt to EBITDA, Asset and Accounts Receivable balances, and coverage ratios.

SGRP Meridian is in compliance with these covenants as of December 31, 2022. As of December 31, 2022, the outstanding balance was approximately 52.3 million South African Rand or \$3.1 million USD.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**4. Debt (continued)**

**Summary of the Company's lines of credit and short-term loans (in thousands):**

	Interest Rate as of	Balance as of		Interest Rate as of	Balance as of	
	December 31, 2022	December 31, 2022	December 31, 2021	December 31, 2021	December 31, 2021	December 31, 2021
United States - North Mill Capital	5.25 %	\$ 14,399		5.38 %	\$ 9,680	
United States - Resource Plus Seller						
Notes	1.85 %	1,000		1.87 %	300	
Australia - National Australia Bank	10.60 %	156		6.76 %	118	
South Africa - Investec Bank Ltd.	10.50 %	1,700		- %	-	
China - People's Bank of China	- %	-		3.71 %	157	
China - Industrial Bank	4.00 %	435		6.17 %	472	
China - Industrial and Commercial						
Bank of China	4.15 %	290		4.23 %	315	
<b>Total</b>		<b>\$ 17,980</b>			<b>\$ 11,042</b>	

	Interest Rate as	Interest Rate as			Interest Rate as	
	of	Balance as of	of		Balance as of	of
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
USA - North Mill Capital	10.40 %	\$ 12,475		5.25 %	\$ 14,399	
USA - Resource Plus Sellers	1.85 %	1,120		1.85 %	1,000	
Australia - National Australia Bank	N/A	-		10.60 %	156	
South Africa - Investec Bank Ltd.	11.75 %	3,369		10.50 %	1,700	
China- Industrial Bank	3.56 %	283		4.00 %	435	
China- Industrial and Commercial Bank of China	4.00 %	283		4.15 %	290	
<b>Total</b>		<b>\$ 17,530</b>			<b>\$ 17,980</b>	

**4. Debt (continued)**

Summary of Unused Company Credit and Other Debt Facilities (in thousands):

	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
<u>Unused Availability:</u>				
United States	\$ 4,601	\$ 5,319	\$ 6,525	\$ 4,601
Mexico	1	743	—	1
China	—	157	—	—
Australia	390	455	—	390
South Africa	454	—	2,064	454
<b>Total Unused Availability</b>	<b>\$ 5,446</b>	<b>\$ 6,674</b>	<b>\$ 8,589</b>	<b>\$ 5,446</b>

Summary of the Company's Long- term debt (dollars in thousands):

	Interest Rate as of December 31, 2022	Balance Outstanding December 31, 2022	Interest Rate as of December 21, 2021	Balance Outstanding December 31, 2021
South Africa - Investec Bank Ltd.	10.5 %	\$ 1,376	—	\$ —
United States - Resource Plus Seller Notes	— %	—	1.87 %	700
<b>Total</b>		<b>\$ 1,376</b>		<b>\$ 700</b>

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	Interest Rate as of December 31, 2023	Balance Outstanding December 31, 2023	Interest Rate as of December 21, 2022	Balance Outstanding December 31, 2022
South Africa - Investec Bank Ltd.	11.75 %	\$ 310	10.50 %	\$ 1,376
<b>Total</b>		<b>\$ 310</b>		<b>\$ 1,376</b>

**5. Income Taxes**

Beginning in 2018, the Tax Cuts and Jobs Act (the "Act") included two (2) new U.S. corporate tax provisions, the global intangible low-taxed income regime ("GILTI") and the base-erosion and anti-abuse tax ("BEAT"). The GILTI provision requires the Company to include in its U.S. income tax return non-U.S. subsidiary earnings in excess of an allowable return on the non-U.S. subsidiary's tangible assets. The Company has elected to treat GILTI as a period cost. The Company evaluated the GILTI provision resulting in a financial statement impact of approximately **\$325 thousand** **\$0** and **\$400 thousand** **\$0.3 million** for the year ended December 31, **2022** **2023** and December 31, **2021** **2022** respectively. The Company is below the three-year average gross receipts threshold for BEAT to apply.

Income (loss) before income taxes is summarized as follows (in thousands):

	Year Ended December 31,		Year Ended December 31,	
	2022		2021	
	\$ (4,079)	\$ (5,672)	\$ (2,134)	\$ (4,079)
Domestic	8,982	9,780	9,267	8,982
Foreign				
<b>Total:</b>	<b>\$ 4,903</b>	<b>\$ 4,108</b>	<b>\$ 7,133</b>	<b>\$ 4,903</b>

The income tax expense (benefit) is summarized as follows (in thousands):

	Year Ended December 31,	
	2023	2022

<i>Current:</i>			
Federal		\$ (54 )	\$
Foreign		2,311	2,705
State		150	
<i>Deferred:</i>			
Federal		(145 )	(1,000 )
Foreign		91	3,000
State		4	(2,000 )
<b>Net expense</b>		<b>\$ 2,357</b>	<b>\$ 2,705</b>

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*SPAR Group, Inc. and Subsidiaries*  
*Notes to Consolidated Financial Statements (continued)*

**5. Income Taxes (continued)**

	<i>Year Ended December 31,</i>	
	<i>2022</i>	<i>2021</i>
<i>Current:</i>		
Federal	\$ 24	\$
Foreign	2,705	2,400
State	66	1,100
<i>Deferred:</i>		
Federal	(128 )	(600 )
Foreign	317	2,000
State	(207 )	(0 )
<b>Net expense</b>	<b>\$ 2,777</b>	<b>\$ 2,100</b>

The provision for income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The items causing this difference are as follows (dollars in thousands):

	<i>Year Ended December 31,</i>				<i>Year Ended December 31,</i>			
	<i>2022</i>	<i>Rate</i>	<i>2021</i>	<i>Rate</i>	<i>2023</i>	<i>Rate</i>	<i>2022</i>	<i>Rate</i>
Provision for income taxes at federal statutory rate	\$ 1,030	21.0 %	\$ 863	21.0 %	\$ 1,498	21.0 %	\$ 1,030	21.0 %
State income taxes, net of federal benefit	(125 )	(2.5)%	68	1.6 %	123	1.7 %	(125 )	(2.5)%
Permanent differences	(19 )	(0.4)%	74	1.8 %	282	4.0 %	(19 )	(0.4)%
<b>Goodwill impairment</b>	<b>517</b>	<b>10.5 %</b>	-	- %	-	-	<b>517</b>	<b>10.5 %</b>
<b>Goodwill adjustment</b>								
<b>Section 162(m) adjustment</b>							55	0.8%
<b>Return to provision adjustment</b>	<b>(223 )</b>	<b>(4.5)%</b>	-	- %	<b>(339 )</b>	<b>(4.8 )%</b>	<b>(223 )</b>	<b>(4.5 )%</b>
<b>Foreign tax rate differential</b>	<b>1,016</b>	<b>20.7 %</b>	<b>731</b>	<b>17.8 %</b>	<b>877</b>	<b>12.3 %</b>	<b>1,016</b>	<b>20.7 %</b>
<b>GILTI tax</b>	<b>323</b>	<b>6.6 %</b>	<b>401</b>	<b>9.7 %</b>	-	-	<b>323</b>	<b>6.6 %</b>
<b>Sale of membership interest</b>							<b>149</b>	<b>2.1%</b>
<b>Change in valuation allowance</b>	<b>308</b>	<b>6.3%</b>	-	- %	<b>(268 )</b>	<b>(3.8)%</b>	<b>308</b>	<b>6.3%</b>
<b>Other</b>	<b>(50 )</b>	<b>(1.1)%</b>	<b>(29 )</b>	<b>- 0.6 %</b>	<b>(20 )</b>	<b>(0.3)%</b>	<b>(50 )</b>	<b>(1.1)%</b>
<b>Net expense</b>	<b>\$ 2,777</b>	<b>56.6 %</b>	<b>\$ 2,108</b>	<b>51.3 %</b>	<b>\$ 2,357</b>	<b>33.0 %</b>	<b>\$ 2,777</b>	<b>56.6 %</b>

In 2022, 2023, our effective income tax rate of **56.6% 33.0%** varied from the U.S. federal statutory rate of 21% primarily as a result of dispersion foreign rate differential, sale of global income membership interest disposition of National Merchandising Services, LLC, and impact of higher foreign tax rates, permanent items including goodwill impairment, as well as the incremental tax expense associated with the global intangible low-taxed income inclusion under the Tax Cuts and Jobs Act of 2017.differences.

Deferred taxes consist of the following (in thousands):

	<i>December 31,</i>		
	<i>2023</i>	<i>2022</i>	
<i>Deferred tax assets:</i>			
Net operating loss carry forwards	\$ 2,270	\$ 2,627	
Capital loss carry forwards	58	-	
Federal Research and Development Credit	240	240	
Foreign withholding tax	316	-	
Deferred revenue	-	86	
Accrued payroll	155	270	
Outside basis in domestic partnership	-	16	
Allowance for credit losses and other receivable	63	327	
Share-based compensation expense	253	326	
Business interest limitation	519	340	
Operating lease liability	504	134	
Capitalized software development costs	63	-	
Other	1,371	739	
<b>Total deferred tax assets, gross</b>	<b>5,812</b>	<b>5,105</b>	
Valuation allowance	(242)	(611)	
<b>Total deferred tax assets</b>	<b>5,570</b>	<b>4,494</b>	
<i>Deferred tax liabilities:</i>			
Goodwill & Intangible assets of subsidiaries	324	376	
Capitalized software development costs	-	135	
Right to Use Asset	504	134	
Depreciation	55	83	
<b>Total deferred tax liabilities</b>	<b>883</b>	<b>728</b>	
<b>Net deferred income taxes</b>	<b>\$ 4,687</b>	<b>\$ 3,766</b>	

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

##### 5. Income Taxes (continued)

Deferred taxes consist of the following (in thousands):

	<i>December 31,</i>		
	<i>2022</i>	<i>2021</i>	
<i>Deferred tax assets:</i>			
Net operating loss carry forwards	\$ 2,627	\$ 4,144	
Federal Research and Development Credit	240	240	
Deferred revenue	86	330	
Accrued payroll	270	217	
Payroll taxes payable	-	100	
Outside basis in domestic partnership	16	92	
Allowance for doubtful accounts and other receivable	327	93	
Share-based compensation expense	326	407	
Business interest limitation	340	-	
Depreciation	-	156	

Operating Lease Liability	134	453
Other	739	343
Valuation allowance	(611)	(478)
Total deferred tax assets	4,494	6,097
 Deferred tax liabilities:		
Goodwill & Intangible assets of subsidiaries	376	700
Capitalized software development costs	135	476
Right To Use Asset	134	453
Depreciation	83	-
Total deferred tax liabilities	728	1,629
Net deferred taxes	\$ 3,766	\$ 4,468

As of December 31, 2022, 2023, the Company's deferred tax assets were primarily the result of U.S. Net Operating Loss ("NOL") and Brazil NOL. The Company has gross U.S. Federal NOL carryforwards of \$5.1 million \$5.0 million and tax effected amount of \$1.1 million. Of the \$1.1 million U.S. Federal NOL carryforward, approximately \$630 thousand \$0.6 million has no expiration date, and the remaining balance, if unused, will expire in years 2027 through 2031. The Company has a U.S. State NOL deferred tax asset of \$88 thousand \$0.1 million of varying expiration dates from 2024 to 2041. The Company has \$240 thousand gross \$0.3 million of US Capital Loss carryforwards with expiration date of 2028. The tax effected amount of US Capital Loss carryforward is \$0.1 million. The Company has \$0.2 million US Research and Development credits with expiration dates ranging 2031 to 2035. The Company has additional gross NOL carryforwards of \$1.9 million \$1.7 million in Brazil, \$1.2 million in Australia, all of which has no expiration date. The tax effected amounts amount of the Brazil and Australia NOL carryforwards are \$662 thousand and \$346 thousand respectively, is \$0.6 million. The Company has additional gross NOL carryforwards of \$1.0 million in China, and \$1.1 million in China, \$622 thousand in Mexico and \$11 thousand in Japan with expiration dates beginning in 2028, 2033 and 2033, respectively. The tax effected amounts of China, Mexico and Japan Mexico NOL carryforwards are \$264 thousand, \$187 thousand \$0.2 million, and \$4 thousand \$0.3 million respectively.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing net deferred tax assets. U.S. based-based net deferred tax assets are approximately \$2.2 million \$2.3 million. Management continues to monitor its operating performance and currently believes that the achievement of the required future taxable income necessary to realize these deferred assets is more likely than not. Key considerations in this assessment includes current tax law that is expected to continue to generate future U.S. taxable income based on the results of our foreign operations (GILTI tax), include our expectation of continued improvements in U.S. operating results and the period of time available to generate future taxable income. For Brazil, Mexico and Japan Mexico losses it is expected to be more likely than not that there will be sufficient taxable income to utilize the losses in future years. For China and Australia management does not expect its more likely than not deferred tax assets can be realized and therefore a full valuation allowance is recorded with respect to these jurisdictions.

A reconciliation of the beginning and ending amount of uncertain tax position reserves is as follows (in thousands):

	Year Ended December 31,	
	2022	2023
Balance at January 1	\$ 42	\$ 46
Additions based on tax positions related to the current year	4	8
Additions for tax positions of prior years	-	-
Reductions for tax positions of prior years	-	-
Settlements	-	-
Removal for tax provisions of prior years	-	-
Balance at December 31	<u>\$ 46</u>	<u>\$ 54</u>
	Year Ended December 31,	
	2023	2024
Beginning balance	\$ 46	\$ 54
Additions based on tax positions related to the current year	8	-
Removal for tax provisions of prior years	-	-
Ending balance	<u>\$ 54</u>	<u>\$ 54</u>

The provision for income taxes includes the impact of uncertain tax position reserves and changes to reserves that are considered appropriate. As of December 31, 2022, 2023, included in the balance of uncertain tax position reserves are \$46 thousand \$0.05 million of reserves that, if recognized, would affect the effective rate on of income from continuing operations. Interest and penalties that the tax law requires to be paid on the underpayment of taxes should be accrued on the difference between the amount claimed or expected to be claimed on the return and the tax benefit recognized in the financial statements. The Company's policy is to record this interest and penalties as additional tax expense. We accrued penalties of \$8 thousand and interest of \$3.4 thousand during 2022 2023 and in total, as of December 31, 2022 2023 recognized a liability related to the uncertain tax position reserves noted above for penalties of \$14 \$15 thousand and interest of \$17 thousand. During 2021 2022, we accrued penalties of \$3 \$8 thousand and interest of \$7.3 thousand and in total, as of December 31, 2021 2022, recognized a liability of penalties of \$13 \$14 thousand and interest of \$16 thousand. Management does not expect in the next 12 months that the uncertain tax position reserves will significantly increase or decrease. Consistent with that expectation, interest and penalties related to the uncertain tax position reserve should not significantly increase.

**F.** Details of the Company's tax reserves at December 31, 2023 are outlined in the table below (in thousands):

	<b>Taxes</b>	<b>Interest</b>	<b>Penalty</b>	<b>Total Tax Liability</b>
<i>Domestic</i>				
State	\$ 54	\$ 17	\$ 15	\$ 86
Federal	—	—	—	—
International	—	—	—	—
<b>Total reserve</b>	<b>\$ 54</b>	<b>\$ 17</b>	<b>\$ 15</b>	<b>\$ 86</b>

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SPAR Group, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

#### 5. Income Taxes (continued)

Details of the Company's tax reserves at December 31, 2022, are outlined in the table below (in thousands):

	<b>Taxes</b>	<b>Interest</b>	<b>Penalty</b>	<b>Total Tax Liability</b>
<i>Domestic</i>				
State	\$ 46	\$ 17	\$ 14	\$ 77
Federal	—	—	—	—
International	—	—	—	—
<b>Total reserve</b>	<b>\$ 46</b>	<b>\$ 17</b>	<b>\$ 14</b>	<b>\$ 77</b>

In management's view, the Company's tax reserves at December 31, 2022 2023 and 2021 2022, for potential domestic state tax liabilities were sufficient. The Company has evaluated the tax liabilities of its international subsidiaries and does not believe a reserve is necessary at this time.

SPAR and its subsidiaries file numerous consolidated, combined and separate company income tax returns in the U.S. Federal jurisdiction and in many U.S. states and foreign jurisdictions. With few exceptions, SPAR is subject to U.S. Federal, state and local income tax examinations for the years 2019 2020 through the present. Foreign entities are subject to tax audits that vary based on jurisdiction. However, tax authorities have the ability to review years prior to the position taken by the Company to the extent that SPAR utilized tax attributes carried forward from those prior years.

#### 6. Commitments and Contingencies

##### Legal Matters

The Company is a party to various legal actions and administrative proceedings arising in the normal course of business. In the opinion of Company's management, resolution of these matters is not anticipated to have a material adverse effect on the Company or its estimated or desired affiliates, assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, legal costs, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results or condition.

All previous In the year ended December 31, 2022, prior open and potential claims between the Significant Stockholders significant stockholders and the Company have been released mutually upon execution of the Change of Control, Voting and Restricted Stock Agreement ("CIC Agreement"), as of January 28, 2022. See Note 10. Related Party Transactions.

All prior litigations associated with the Company through SPAR Business Services, Inc., a corporation ("SBS") and its independent contractors have been resolved, including the claims of SBS and the Company in the SBS bankruptcy and settlement, and all additional related claims raised later by SBS and Robert G Brown were released by them in the CIC Agreement. The SBS bankruptcy and settlement are described in the Company's Current Report filed with the SEC on August 8, 2019.

As of ~~in the year ended~~ December 31, 2022, ~~all final~~ payment of the prior SBS Clothier litigation settlement ~~has been~~ was paid in full.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

## 7. Common Stock

As of December 31, 2022, 2023, the Company's Corporation's certificate of incorporation authorized the Company Corporation to issue 47,000,000 shares of common stock, par value \$0.01 per share.

The voting, dividend and liquidation rights of the holders of the Company's Corporation's common stock are subject to and qualified by the rights, powers and preferences of the holders of the Company's Corporation's Series B convertible preferred stock. Each share of the Company's Corporation's common stock ~~is~~ are entitled to one vote on all matters submitted to a vote of the Company's Corporation's stockholders. Holders of the Company's Corporation's common stock are entitled to receive dividends as may be declared by the Company's Corporation's board of directors (the "Board"), if any, subject to the preferential dividend rights of the Company's Corporation's Series B convertible preferred stock. No cash dividends had been declared or paid during the periods presented.

In May 2022, the Board authorized the Company Corporation to repurchase up to 500,000 shares of the Company's Corporation's common stock pursuant to the 2022 Stock Repurchase Program (the "2022 Stock Repurchase Program"), which ~~ends~~ ended May 2023.

During the year ended December 31, 2022, there were 151,156 shares of common stock repurchased for \$187,427 under the 2022 Stock Repurchase Program. There were no share repurchases that were significantly in excess of the current market price at time of repurchase.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

## 8. Preferred Stock

The Company's Corporation's certificate of incorporation authorizes it to issue 3,000,000 shares of preferred stock with a par value of \$0.01 per share, which may have such preferences and priorities over the Company's Corporation's common stock and other rights, powers and privileges as the Board of may establish in its discretion.

In January 2022, the Company Corporation filed a Certificate of Elimination for its "Certificate of Designation of Series "A" Preferred Stock of SPAR Group, Inc." (the "Certificate of Elimination"). Pursuant to the Certificate of Elimination, the previous Series A convertible preferred stock designation was cancelled and withdrawn. As a result, all 3,000,000 shares of the previously authorized Series A convertible preferred stock were returned to the Company's Corporation's authorized "blank check" preferred stock. There were no shares of Series A convertible preferred stock outstanding at the time of the cancellation.

Subsequent to filing the Certificate of Elimination, in January 2022, the Company Corporation filed a "Certificate of Designation of Series "B" Preferred Stock of SPAR Group, Inc." (the "Preferred Designation") with the Secretary of State of Delaware, which designation had been approved by the Board in January 2022. The Preferred Designation created a series of 2,000,000 shares of convertible preferred stock designated as "Series B" convertible preferred stock, par value of \$0.01 per share.

The Series B convertible preferred stock do not carry any voting or dividend rights and upon vesting ~~automatically convert~~ converted into the Company's Corporation's common stock at a ratio of 1-to-1.5. See Note 10. The holders of the Series B convertible preferred stock ~~have had~~ had a liquidation preference over the Company's Corporation's common stock and ~~vote~~ voted together for matters pertaining only to the Series B convertible preferred stock where only the holders of the Series B convertible preferred stock are entitled to vote. The holders of outstanding Series B Preferred Stock do not have the right to vote for directors or other matters submitted to the holders of the Company's Corporation's common stock.

In January 2022, 2,000,000 shares of Series B convertible preferred stock were issued to the majority stockholders and related parties pursuant to the Change of Control, Voting and Restricted Stock Agreement. See Note 10.

During the year ended December 31, 2022, 1,145,247 shares of Series B convertible preferred stock ~~automatically~~ converted to 1,717,870 shares of the Company's Corporation's common stock.

As of the year ended December 31, 2022, 854,753 shares of Series B convertible preferred stock were outstanding, which upon vesting will would automatically convert to into 1,282,129 shares of the Company's Corporation's common stock.

Following During the year ended December 31, 2023, all of the remaining Series B convertible preferred stock shares converting to common stock and when there are no more 854,753 shares of Series B convertible preferred stock outstanding, vested and automatically became convertible into 1,282,129 shares of the Company Corporation's common stock of which 307,129 shares of the Corporation's Common Stock were issued prior to December 31, 2023. However, at December 31, 2023, 975,000 shares of SGRP Common Stock were in the process of being issued and the remaining shares of Series B Preferred Stock were in the process of being returned and cancelled.

Once the shares of Series B Preferred Stock are fully retired, SGRP may change or cancel the authorized Series B convertible preferred stock, Preferred Stock, and to the extent it reduces such authorization without issuance, the Company it can create other series of preferred stock Preferred Stock with potentially different dividends, preferences and other terms.

## 9. Retirement Plans

The Company has a 401(k) Profit Sharing Plan covering substantially all eligible domestic employees. The Company made discretionary contributions of \$0.1 million \$0.1 million and \$72,000 \$0.1 million for the year years ended December 31, 2022 2023 and 2021, 2022, respectively.

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SPAR Group, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

## 10. Related Party Transactions

### Domestic Related Party Transactions

#### Change of Control, Voting and Restricted Stock Agreement

The Related Party Transaction in the year ended December 31, 2022 was the Change of Control, Voting and Restricted Stock Agreement (the "CIC Agreement" "CIC Agreement"), which became effective on January 28, 2022, when signed by the Company and Robert G. Brown, ("Mr. Brown" "Brown"), William H. Bartels, ("Mr. Bartels" "Bartels"), SPAR Administrative Services, Inc., a corporation ("SAS" "SAS"), and collectively with Mr. Brown, Mr. Bartels and SAS, the ("Majority Stockholders" "Stockholders"). Mr. Bartels and Mr. Brown are Directors of the Corporation. Mr. Brown was the Chairman of the Board of Directors of SGRP (the "Board" "Board"), but ceased holding that position when the 2022 By-Laws (as defined below) became effective on January 25, 2022.

The execution of the CIC Agreement was conditional upon making the changes to and restatement of the Corporation's Corporation's 2022 By-Laws, which were approved by the Board and became effective on January 25, 2022 (the "2022 By-Laws").

The financial terms of the CIC Agreement to the Majority Stockholders, totaled \$4,477,585, consisting of the following:

- a. The Corporation issued to the Majority Stockholders 2,000,000 restricted shares of Series B Preferred Stock, which are convertible into 3,000,000 SGRP Shares pursuant to the 1:1.5 conversion ratio set forth in the Preferred Designation and the CIC Agreement, subject to adjustment for a forward or reverse share split, share dividend, or similar transactions. These shares will vest over time upon execution of the CIC Agreement in 5 phases through November 10, 2023, assuming the Majority Stockholders' ongoing compliance with the terms and conditions of the CIC Agreement. Series B Preferred Shares may only be transferred to affiliates and certain related parties of the Majority Stockholders if those affiliates and certain related parties execute a joinder to the CIC Agreement. The Series B Preferred Stock shares was valued at \$3,690,000 in total, based on the SGRP stock price on December 31, 2021 of \$1.23 per share for the 3,000,000 conversion SGRP shares.
- b. The Corporation made a \$250,000 cash payment to Mr. Brown and agreed to reimburse up to \$35,000 of the legal expenses of the Majority Stockholders that were incurred after January 1, 2021, in connection with the negotiation and execution of the CIC Agreement.

c. The Corporation assumed financial responsibility for, and paid directly to Affinity Insurance Company, Ltd., \$502,585 to settle SAS obligations and the related claim for the 2014-2015 plan year year.

#### James R. Brown, Sr. Advisor Agreement

On January 25, 2022, the **Corporation** entered into a consulting agreement with Mr. James R. Brown, Sr., effective January 26, 2022, following his retirement as a director of SGRP on January 25, 2022, pursuant to which Mr. Brown will serve as a Board advisor to SGRP from time to time for a term of one (1) year (the "Brown Advisor Agreement"). As compensation for his services, Mr. Brown was entitled to receive compensation at a rate of \$55,000 for the term of the Brown Advisor Agreement. Payments will be made in equal quarterly installments and will be pro-rated for partial quarters. This **The** agreement has expired, expired in the year ended December 31, 2022.

#### Panagiotis Lazaretos Consulting Agreement

On January 27, 2022, the Corporation entered into a consulting agreement with Thenablers, Ltd. effective February 1, 2022 (the "Lazaretos Consulting Agreement"). Thenablers, Ltd. is wholly owned by Mr. Panagiotis Lazaretos, a retired director of the Corporation. Following Mr. Lazaretos' retirement as a director on January 25, 2022, Thenablers, Ltd. agreed to provide the consulting services of Mr. Lazaretos to the Corporation regarding global sales and new markets' expansion. The Lazaretos Consulting Agreement cannot be terminated by the consent of either party for the first twelve (12) months, and automatically expires on January 31, 2024. As compensation for its services, Thenablers, Ltd. is entitled to receive: (i) base compensation at a rate of \$10,000 per month for the term of the Consulting Agreement; (ii) incentive based compensation as calculated in Exhibit A of the Lazaretos Consulting Agreement; and (iii) the outstanding options granted to Mr. Panagiotis ("Panos") N. Lazaretos on February 4, 2022 will continue to be outstanding and vest according to their terms under the agreement. As permitted by that agreement, on February 2, 2023, the Corporation gave notice that it was terminating that agreement effective July 31, 2023.

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#### SPAR Group, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)

##### **10. Related Party Transactions (continued)**

###### **Other Domestic Related Party Transactions**

National Merchandising Services, LLC ("NMS"), is a consolidated domestic subsidiary of the Company and is owned jointly by SGRP and by National Merchandising of America, Inc. ("NMA"). Mr. Edward Burdekin is the Chief Executive Officer and President and a director of NMS and also is an executive officer and director of NMA. Ms. Andrea Burdekin, Mr. Burdekin's wife, is the sole stockholder and also a director of both NMA and NMS. NMA is a related party of the Company but is not under the control of or consolidated with the Company. Mr. Burdekin's wife also owns National Store Retail Services ("NSRS"). Since September 2018 through June of 2021, NSRS provided substantially all of the domestic merchandising specialist field force used by NMS. For those services, NMS agrees to reimburse NSRS certain costs for providing those services plus a premium ranging from 4.0% to 10.0% of certain costs. Starting in July of 2021, the domestic merchandising specialist field force services provided by NSRS was transitioned to National Remodel & Setup Services, LLC ("NRSS") with the same financial arrangement. Ms. Andrea Burdekin is the owner of NRSS. NMS also leases office space from Mr. Burdekin's Personal property.

Resource Plus, is a consolidated domestic subsidiary of the Company and is owned jointly by the Company and by Mr. Richard Justus. Mr. Justus has an ownership interest in RJ Holdings which owns the buildings where Resource Plus is headquartered and operates. Both buildings are subleased to Resource Plus.

On December 1, 2021, the Corporation entered into the Agreement for Marketing and Advertising Services (the "WB Agreement") with WB Marketing, Inc. (the "Agent", and together with the Company, the "Parties"). The Agent is an entity owned and controlled by Mrs. Jean Matacunas who is the wife of President and Chief Executive Officer, Michael R. Matacunas. Mr. Matacunas is also a minority owner of the Agent. The service fees paid to WB Marketing for the **year** years ended December 31, 2023 and 2022, were \$103,000 and \$189,000, respectively.

Prior to December 31, 2023, National Merchandising Services, LLC ("NMS"), was a consolidated domestic subsidiary of the Company owned jointly by SGRP and by National Merchandising of America, Inc. ("NMA"). Mr. Edward Burdekin was the Chief Executive Officer and President and a director of NMS and also an executive officer and director of NMA. Ms. Andrea Burdekin, Mr. Burdekin's wife, was the sole stockholder and also a director of both NMA and NMS. NMA was a related party of the Company but is not under the control of or consolidated with the Company. Mr. Burdekin's wife also owns National Remodel & Setup Services, LLC ("NRSS"). During the years ended December 31, 2022 was \$189,000.

F- and 22 2023.

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#### SPAR Group, Inc. and Subsidiaries

Notes NRSS provided substantially all of the domestic merchandising specialist field force used by NMS. For those services, NMS reimbursed NRSS certain costs for providing those services plus a premium ranging from 4.0% to **Consolidated Financial Statements (continued)** 10.0% of certain costs. NMS also leased office space from Mr. Burdekin's personal property. In December 2023, the Company sold its ownership interest in NMS.

On 10. December 22, 2023, the Company entered into an agreement with National Retail Remodel Services (the "Buyer") to sell its 51% ownership interest in National Merchandising Services, LLC ("NMS") to the Buyer for total consideration of \$1,441,004. The transaction closed on December 31, 2023. Per the agreement, the purchase price is due from the Buyer as follows: (1) a payment of \$700,000 due immediately to the escrow agent upon closing, releasable to the Company in January 2024; (2) \$523,000 in the form of the Buyer's promissory note due and payable on January 31, 2024; and (3) a payment of up to \$209,004 contingent upon collection of an outstanding receivable. The \$700,000 and \$523,000 portions of consideration for this transaction are recorded in "Other Receivables" at December 31, 2023. The Company's December 31, 2023 financial results include a loss on this sale of approximately \$427,000, primarily reflecting the write-off of remaining goodwill related to NMS. The Company has not Related Party Transactions (continued)

included the contingent purchase price payment in the determination of the amount of the loss as collection of that receivable is not known as of filing date.

#### International Related Party Services

SGRP Meridian (Pty), Ltd. ("Meridian") is a consolidated international subsidiary of the Company and is owned 51% by the Company. Mr. Adrian Wingfield, who is a Director of Meridian, is one of the owners of Merhold Holding Trust ("MHT"). MHT owns the building where Meridian is headquartered.

The Corporation's Company's principal Brazilian subsidiary, SPAR BSMT, is owned 51% by the Company. Mr. Jonathan Dagues Martins, ("JDM") is the Chief Executive Officer and President of each SPAR Brazil subsidiary pursuant to a Management Agreement between JDM and SPAR BSMT dated September 13, 2016. JDM also is a director of SPAR BSMT. Accordingly, JKC and JDM are each is a related party respecting of the Company. EILLC is owned by Mr. Peter W. Brown, a director of SPAR BSMT and the Corporation.

Prior to December 31, 2023, SPARFACTS is was a consolidated international subsidiary of the Company and is owned 51% by SGRP. Ms. Lydha Chapman is was a director of SPARFACTS. Her various companies provide office lease, accounting and consultant services to SPARFACTS. In December 2023, the Company sold its ownership interest in SPARFACTS.

On December 22, 2023, the Company entered into an agreement with Sabizz Pty Ltd CAN (the buyer) to sell its 51 percent interest in SPARfacts Pty Limited CAN for (1) one dollar; (2) assumption of all liabilities and obligations related to ownership of the shares; and (3) \$75 thousand AUD for the rights to use the SPARfacts brand and name for up to 6 months following the closing date. The transaction closed on December 31, 2023. The Company's 2023 year end financial results include a \$19,000 gain on the sale.

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#### SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

#### 10. Related Party Transactions (continued)

##### Summary of Certain Related Party Transactions

The following costs of affiliates were charged to the Company (in thousands):

	Year Ended December 31,		Year Ended December 31,	
	2022	2021	2023	2022
<b>Services provided by affiliates:</b>				
National Store Retail Services (NSRS) (1)	\$ -	\$ 3,799		
National Remodel & Setup Services (NRSS) (1)	8,565	3,484	\$ 5,173	\$ 8,565
Consulting and administrative services (RJ Holdings) (2)	477	567	472	477
Office lease expenses (RJ Holdings) (2)	248	248	8	248
Office and vehicle lease expenses (MPT, MCPT, MHT) (2)	-	115		
Consulting and administrative fees (SPARFACTS) (2)	431	325	112	431
Other (2)	157	151	178	157
<b>Total services provided by affiliates</b>	<b>\$ 9,878</b>	<b>\$ 8,689</b>	<b>\$ 5,943</b>	<b>\$ 9,878</b>

Due to affiliates consists of the following (in thousands):

	December 31,		December 31,	
	2022	2021	2023	2022
<b>Loans from local investors:(3)</b>				
China	\$ 1,382	\$ 1,784	\$ 2,316	\$ 1,382
Mexico	623	623	623	623

Australia	693	597	-	693
Resource Plus	266	266	266	266
<b>Total due to affiliates</b>	<b>\$ 2,964</b>	<b>\$ 3,270</b>	<b>\$ 3,205</b>	<b>\$ 2,964</b>

(1) Represent loans from the local investors into the Company's subsidiaries (representing their proportionate share of working capital loans). The loans have no payment terms and are due on demand.

(2) These expenses are reflected in "Selling, general, and administrative expense" expense in the consolidated statements of operations and comprehensive (loss) income.

(3) Represent loans from the local investors into the Company's subsidiaries (representing their proportionate share of working capital loans). The loans have no payment terms and are due on demand.

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**SPAR Group, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

**10. Related Party Transactions (continued)**

**Bartels' Retirement and Director Compensation**

William H. Bartels retired as an employee of the Company as of January 1, 2020. However, he continues to serve as a member of SPAR's Board. Mr. Bartels is also one of the founders and a significant stockholder of SGRP.

Effective as of January 18, 2020, SPAR's Governance Committee proposed and unanimously approved retirement benefits for the five-year period commencing January 1, 2020, and ending December 31, 2024 (the **"Five-Year Period"** "Five-Year Period"), for Mr. Bartels. The aggregate value of benefits payable to Mr. Bartels is approximately \$220,558 per year and a total of \$1,102,790 for the Five-Year Period. The Company recognized \$700,000 of retirement benefits during the year ended December 31, 2020, representing the present value of the future Retirement Compensation, Supplemental Fees and Medical Benefits payments due Mr. Bartels. As of December 31, **2022** **2023** \$290,917 **200,923** of retirement benefits remains outstanding and is included within Accrued expenses and other current liabilities on the consolidated balance sheets.

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**SPAR Group, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

**10. Related Party Transactions (continued)**

**2022 Deferred Compensation Agreement**

The Corporation prepared a 2022 Stock Compensation Plan that would have included Awards for NQSOs and RSUs (as defined below), but that plan was never submitted to its shareholders for approval. However, the Board had previously approved, for certain key executives, incentive stock based awards for 2022 using RSUs or cash. Since there were no plan based RSUs available, those executives instead received deferred compensation.

On and effective as of March 24, 2022, the Corporation issued an award of 111,111 Phantom Stock Units to each of its executives: Kori G. Belzer; William Linnane; and Ron Lutz. Each Phantom Stock Unit represents the right of the grantee to receive cash payments based on the fair market value of SGRP's Common Stock at the time of vesting. Vesting will occur in three tranches of one-third each over the three (3) year period following the Grant Date, provided that (i) the Grantee is an employee of the Company at the time and (ii) the Corporation has achieved 90% of the agreed upon the applicable financial target for the year commencing with 2022 (which was EBITDA for 2022), but tranches will rollover to the following year and be payable upon achievement of 120% of the agreed upon the applicable financial target for such following year. The Phantom Stock Units do not possess the rights of common stockholders of the Corporation, including any voting or dividend rights, and cannot be exercised or traded for the SGRP's Common Stock. Due to the cash settlement feature, the Phantom Stock Units are classified as liabilities in accrued expenses and other current liabilities and other long-term liabilities in the consolidated balance sheet. As Accrued expenses and other current liabilities on the Consolidated Balance Sheet included \$555 thousand and \$0 related to Phantom Stock Units as of December 31, 2023 and December 31, 2022, no Phantom Stock Unit had vested and performance targets are not probable of being met, therefore no expense has been recognized for these awards.

respectively.

**Other Related Party Transactions and Arrangements**

SPAR Business Services, Inc. ("SBS"), and SPAR InfoTech, Inc. ("InfoTech"), are related parties and affiliates of SGRP, but are not under the control or part of the consolidated Company. SBS is an affiliate and related party because it is owned by SBS LLC, which in turn is beneficially owned by Robert G. Brown, Director and significant shareholder of SGRP. InfoTech is an affiliate and related party because it is owned principally by Robert G. Brown. SPAR Administrative Services, Inc. ("SAS"), is a related party and affiliate of SGRP, but is not under the control or part of the consolidated Company. SAS is an affiliate and related party because it is beneficially owned by William H. Bartels (a Director and significant stockholder of SGRP) and family members of Robert G. Brown. See Change of Controls, Voting and Restricted Stock Agreement, above.

In July 1999 SMF, SBS and Infotech entered into a perpetual software ownership agreement providing that each party independently owned an undivided share of, and has the right to unilaterally license and exploit, certain portions of the Company's proprietary scheduling, tracking, coordination, reporting and expense software are co-owned with and each of SBS and Infotech and each entered into a non-exclusive royalty-free license licenses from the Company to use certain "SPAR" trademarks in the United States. SAS uses the "SPAR" name through the SBS License.

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SPAR Group, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

## 11. Share Based Compensation

### **Inducement Stock Award Summary**

On August 2, 2021, as an inducement to Ron Lutz to become the Corporation's Chief Global Commercial Officer, the Corporation granted to Mr. Lutz's RSU Awards issued and effective on that date having a fair market value of \$50,000 (representing 26,882 SGRP Shares at \$1.86 per share) as of that date and vesting in one (1) year. On August 2, 2022, those RSUs automatically vested and converted and became payable either, at the option of SGRP, in cash or SGRP's Common Stock issued directly from SGRP. On September 30, 2022, SGRP elected to issue Common Stock in a letter to Mr. Lutz, giving rise to Mr. Lutz's right to receive such Common Stock.

On August 2, 2021, as an inducement to William Linnane to become the Corporation's Chief Strategy and Growth Officer, the Corporation granted to Mr. Linnane RSU Awards issued and effective on that date having a fair market value of \$50,000 (representing 26,882 SGRP Shares at \$1.86 per share) as of that date and vesting in one (1) year. On August 2, 2022, those RSUs automatically vested and converted and became payable either, at the option of SGRP, in cash or SGRP's Common Stock issued directly from SGRP. On September 30, 2022, SGRP elected to issue Common Stock in a letter to Mr. Linnane, giving rise to Mr. Linnane's right to receive such Common Stock.

On February 22, 2021, Michael R. Matacunas received the following inducement awards approved by SGRP's (the Issuer) Board of Directors for:

1. options to purchase 630,000 shares of the Common Stock of the Issuer at an exercise price of \$1.90 per share (which was the market price on February 22, 2021, the date the options were issued). Subject to certain conditions (including Mr. Matacunas' continued employment by the Issuer at such time), the options were scheduled to automatically vest in one year. On February 22, 2022, the options automatically vested and became exercisable at the option of the Reporting Person, which requires notice and payment of \$1.90 per share to SGRP to effect such exercise. The options automatically expire on February 22, 2031.
2. Restricted Stock Units (RSUs) for \$50,000 of shares of SGRP's Common Stock representing 26,315 shares of SGRP's Common Stock based on the market price of \$1.90 per share on February 22, 2021 (the RSU issuance date). On February 22, 2022, those RSUs automatically vested and converted and became payable either, at the option of SGRP, in cash or SGRP's Common Stock issued directly from SGRP. On September 30, 2022, SGRP elected to issue Common Stock in a letter to Mr. Matacunas, giving rise to Mr. Matacunas' right to receive such Common Stock but no exercise price or other payment for such shares was required.
3. RSUs for \$100,000 of shares of SGRP's Common Stock issuable on May 15 of each year he remains employed by SGRP, commencing in 2022. On May 15, 2022, Mr. Matacunas automatically received from SGRP for RSUs for 89,286 shares of the SGRP's Common Stock based on the market price of \$1.12 per share on May 13, 2022 (the last trading day preceding the RSU issuance date). Subject to certain conditions (including Mr. Matacunas' continued employment by the Issuer at such time), those RSUs (and each of the anniversary issuances) are scheduled to automatically vest one year after their May 15 issuance and convert and become payable either (at the option of SGRP) in cash or Common Stock issued directly from the Issuer, but no exercise price or other payment for such shares is required.

On August 31, 2020, as an inducement to Fay DeVries to become the Corporation's Chief Financial Officer, Treasurer and Secretary, the Corporation granted to Ms. DeVries an Award consisting of nonqualified options to acquire 200,000 SGRP shares at \$0.85 per share, vesting twenty-five percent (25%) of the total number of shares of Common Stock subject hereto on August 31, 2021, and the balance of the Option shall thereafter be to have vested and become exercisable in a series As of three (3) successive equal annual installments upon the Optionee's completion of each additional year of employment over the three-year period following August December 31, 2021, 2023. An additional twenty-five percent (25%) of the total number of shares of Common Stock subject to such option vested on August 31, 2022. The remaining unvested balance of the fifty percent (50%) of shares subject to such options expired when Ms. DeVries left employment with the Company on has outstanding stock options and unvested restricted stock units granted under its February 27, 2023. None of Ms. DeVries's vested options have been exercised.

### **2021 2008 Plan**

On June 4, 2021, the Board and the Board's Stock Compensation Committee (the "Plan, 2018 Stock Compensation Committee") approved the revised proposed Plan, 2020 Stock Compensation Plan and 2021 Stock Compensation Plan, of SPAR Group, Inc. (the "2021 Plan") for submission, approval and ratification which generally permitted stock-based awards under terms determined by the Corporation's stockholders at their Annual Meeting on August 12, 2021. At that meeting, the 2021 Plan was ratified and approved by the Corporation's stockholders and became effective immediately on August 12, 2021 (the "2021 Plan Effective Date"), through May 31, 2022 (the "2021 Plan Period"). The 2021 Plan terminated on May 31, 2022.

The 2021 Plan provides for the issuance Company's board of Awards for NQSOs directors. Stock options and RSUs (as defined below) respecting shares generally provided for vesting over service periods of SGRP's Common Stock ("SGRP Shares one") covering up to a total four years, with option exercise prices generally equal to fair market value on the date of 400,000 SGRP Shares ("Maximum Award") under the 2021 Plan ("New Awards") to, in or otherwise respecting SGRP Shares ("New Award Shares") so long as the New Award Shares covered by each proposed New Award or group of New Awards in the aggregate (NQSOs plus RSUs) do not at the time of the proposed issuance exceed the Maximum Award and the RSU component does not exceed 150,000 New Award Shares.

No Option Awards were granted in 2022 or 2021 under the 2021 Plan

grant. As of December 31, 2021, 2023, RSU Awards covering 58,011 SGRP Shares had been granted no further shares were available under the 2021 Plan, and no RSU Awards were granted in 2022 under the 2021 Plan. RSU Awards covering 14,502 SGRP Shares granted under the 2021 Plan vested during 2022, which the Corporation elected to satisfy through the issuance of SGRP Shares, and RSU Awards covering 29,004 SGRP Shares granted under the 2021 Plan remained unvested at December 31, 2022.

Option Awards under the 2021 Plan expire on the fifth anniversary of grant or sooner as provided in the 2021 Plan, whether or not vested. Once vested under the 2021 Plan, RSU Awards do not expire. Under the 2021 Plan: (i) each stock option Award must vest over a four-year period following the date of grant in four (4) equal amounts annually starting on the first anniversary of the grant date; (ii) any RSU Award granted to an employee shall vest over a three-year period following the date of grant annually in three (3) equal amounts starting on the first anniversary of the RSU grant date; and (iii) any RSU Award granted to a Director shall vest over a one-year period following the date of grant in four (4) equal amounts quarterly with one (1) installment vesting at the end of each three-month period following the date of the RSU grant date.

#### 2020 Plan

The Board authorized and approved the revised proposed 2020 stock compensation plan of SGRP (the "2020 Plan"), which was submitted to and approved by SGRP's stockholders at the Special Meeting of SGRP's stockholders on January 19, 2021 (the "2020 Plan Effective Date"). The 2020 Plan became effective immediately upon such approval.

The 2020 Plan: (a) has a four-month term from the 2020 Plan Effective Date (as defined below) through May 1, 2021 (the "2020 Plan Period"); and (b) provides for the issuance of "non-qualified" option awards to purchase shares of SGRP's Common Stock ("SGRP Shares") aggregating: (i) 550,000 SGRP Shares; plus (ii) 50,000 SGRP Shares for each of up to the first three (3) additional new Directors during the period December 1, 2020, to April 30, 2021 (for a possible total of 700,000 SGRP Shares) available these plans for future Awards during the 2020 Plan Period awards. The Company also granted stock options and restricted stock units as outlined below (the "20-21 Maximum") inducements under 2020 Plan. Since one (1) new director joined the Board on the 2020 Plan Effective Date, 600,000 SGRP Shares were available for Awards on the 2020 Plan Effective Date.

The 2020 Plan required the Corporation to issue as of the plan effective date new awards for options to purchase: (i) an aggregate of 125,000 SGRP Shares to 19 employees (other than the Named Executive Officers) in individual amounts designated by the Board; (ii) 10,000 SGRP Shares to each of Panagiotis N. Lazaretos, Igor Novgorodtsev, Robert G. Brown and Arthur H. Baer (each a director); and (iii) 50,000 SGRP Shares to each member of the Board of Directors on the Effective Date of the Plan. Those options were granted by the Board on February 4, 2021. The 2020 Plan was terminated on May 1, 2021, and no further options were granted under it contracts with selected executives.

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SPAR Group, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

#### 11. Share-Based Share Based Compensation and Other Plans (continued)

##### Stock options

##### 2008 Plan Summary

2008 Plan Stock option award activity for the years ended December 31, 2022, 2023 and 2021 is summarized below for the periods presented:

Option Awards	Shares	Price	Weighted-Average		
			Remaining	Contractual	Intrinsic Value
Outstanding at January 1, 2021	1,457,936	\$ 1.31		3.63	\$ 113
Granted	-	-	-	-	-
Exercised/cancelled	679,062	1.08	-	-	295
Forfeited or expired	(87,712 )	-	-	-	-
Outstanding at December 31, 2021	691,162	\$ 1.53		2.60	\$ 72
Granted	-	-	-	-	-
Exercised	57,500	1.07	-	-	10
Forfeited or expired	(120,562 )	-	-	-	-
Outstanding at December 31, 2022	513,100	\$ 1.63		2.16	\$ 68
Exercisable at December 31, 2022	513,100	\$ 1.63		2.15	\$ 68
Weighted-Average					
Weighted-Average			Aggregate		

Option Awards	Shares	Average Exercise Price	Remaining Contractual Term (Years)		Intrinsic Value (thousands)
			Term (Years)	Value	
Outstanding at January 1, 2022	691,162	\$ 1.53	2.60	\$ 72	
Granted	—	—	—	—	—
Exercised / cancelled	(57,500)	1.07	—	—	10
Forfeited or expired	(120,562)	—	—	—	—
Outstanding at December 31, 2022	513,100	1.63	2.16	68	
Granted	—	—	—	—	—
Exercised / cancelled	—	—	—	—	—
Forfeited or expired	(291,100)	2.10	—	—	—
Outstanding at December 31, 2023	\$ 222,000	\$ 1.01	3.27	\$ 12	
Exercisable at December 31, 2023	<u><u>222,000</u></u>	<u><u>\$ 1.01</u></u>	<u><u>3.27</u></u>	<u><u>\$ 12</u></u>	

The Company recognized \$0 and \$13,000 in stock-based compensation expense relating to stock option awards during the years ended December 31, 2022 2023 and 2021, respectively. The recognized tax benefit on stock-based compensation expense related to stock options during the years ended December 31, 2022 and 2021, was approximately \$0 and \$3,000, respectively.

As of December 31, 2022, total unrecognized stock-based compensation expense related to stock options was \$0.

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**SPAR Group, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

**11. Share- Based Compensation and Other Plans (continued)**

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**2018 Plan Summary**

2018 Plan Stock option award activity for the years ended December 31, 2022 2023 and 2021 2022 are summarized below:

Option Awards	Shares	Weighted- Average Exercise Price			Shares	Weighted- Average Exercise Price			
		Weighted- Average Exercise	Remaining Contractual	Aggregate Intrinsic Value		Weighted- Average Exercise	Remaining Contractual	Aggregate Intrinsic Value	
						Term (Years)	(thousands)		
Outstanding at January 1, 2021	430,000	\$ 0.90	7.87	\$ 8					
Outstanding at January 1, 2022					160,000	\$ 0.93	6.82	\$ 31	
Granted	—	—	—	—	—	—	—	—	
Exercised/cancelled	230,000	0.85	—	235	(12,500)	0.76	—	8	
Forfeited or expired	(40,000)	—	—	—	(2,500)	—	—	—	
Outstanding at December 31, 2021	160,000	\$ 0.93	6.82	\$ 31					
Outstanding at December 31, 2022					145,000	\$ 0.94	5.79	\$ 52	
Granted	—	—	—	—	—	—	—	—	
Exercised	12,500	0.76	—	8	—	—	—	—	
Forfeited or expired	(2,500)	—	—	—	—	—	—	—	
Outstanding at December 31, 2022	145,000	\$ 0.94	5.79	\$ 52					
Exercisable at December 31, 2022	<u><u>135,000</u></u>	<u><u>\$ 0.98</u></u>	<u><u>5.64</u></u>	<u><u>\$ 44</u></u>					
Outstanding at December 31, 2023					145,000	\$ 0.94	4.79	\$ 26	
Exercisable at December 31, 2023					145,000	\$ 0.94	4.79	\$ 26	

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**SPAR Group, Inc. and Subsidiaries**

**Notes to Consolidated Financial Statements (continued)**

## 11. Share Based Compensation (continued)

No stock options were granted in **2022** **2023** under the 2018 Plan. The total intrinsic value of stock options awards exercised during the year ended December 31, **2022** **2023** and **2021** **2022** was **\$8,000** **\$0** and **\$235,000**, **\$8,000**, respectively.

The Company recognized **\$6,000** **\$1,000** and **\$23,000** **\$6,000** in stock-based compensation expense relating to stock option awards during the years ended December 31, **2022** **2023** and **2021** **2022**, respectively. The recognized tax benefit on stock-based compensation expense related to stock options during the years ended December 31, **2022** **2023** and **2021** **2022** was approximately **\$2,000** **\$0** and **\$6,000**, **\$2,000**, respectively.

As of December 31, **2022** **2023**, there was no unrecognized stock-based compensation expense related to stock options granted under the 2018 Plan.

### 2020 Plan Summary

Following are the specific valuation assumptions used for options granted in 2021 for the 2020 Plan:

	2021
Expected volatility	52.8 %
Expected dividend yields	0.0 %
Expected term (in years)	5
Risk free interest rate	1.0 %
Expected forfeiture rate	4.0 %

2020 Plan Stock option award activity for the years ended December 31, **2022** **2023** and **2021** **2022** are summarized below:

Option Awards	Shares	Price	Weighted-Average			Shares	Price	Weighted-Average		
			Exercise	Remaining	Aggregate			Exercise	Remaining	Aggregate
					Intrinsic Value					Value
Shares	Price	Term (Years)			(thousands)	Shares	Price	Term (Years)		(thousands)
Outstanding at January 1, 2021	–	\$ –	–	–	\$ –	385,000	\$1.55	4.10	–	\$–
Outstanding at January 1, 2022	565,000	1.55	4.10	–	–	–	–	–	–	–
Granted	–	–	–	–	–	–	–	–	–	–
Exercised/cancelled	–	–	–	–	–	–	–	–	–	–
Forfeited or expired	(180,000)	–	–	–	–	(10,000)	–	–	–	–
Outstanding at December 31, 2021	385,000	\$ 1.55	4.10	\$ –	–	375,000	\$1.55	3.10	–	\$–
Outstanding at December 31, 2022	–	–	–	–	–	–	–	–	–	–
Granted	–	–	–	–	–	–	–	–	–	–
Exercised	–	–	–	–	–	–	–	–	–	–
Forfeited or expired	(10,000)	–	–	–	–	(20,000)	–	–	–	–
Outstanding at December 31, 2022	375,000	\$ 1.55	3.10	\$ –	–	355,000	\$1.55	2.10	–	\$–
Exercisable at December 31, 2022	91,250	\$ 1.55	3.10	\$ –	–	177,500	\$1.55	2.10	–	\$–
Outstanding at December 31, 2023	–	–	–	–	–	–	–	–	–	–
Exercisable at December 31, 2023	–	–	–	–	–	–	–	–	–	–

No stock options were granted in **2022** **2023** under the 2020 Plan. The total intrinsic value of stock option awards exercised during the years ended December 31, **2022** **2023** and **2021** **2022** was **\$0**.

The Company recognized **\$58,000** **\$47,000** and **\$57,000** **\$58,000** in stock-based compensation expense relating to stock option awards during the years ended December 31, **2022** **2023** and **2021** **2022**, respectively. The recognized tax benefit on stock-based compensation expense related to stock options during the years ended December 31, **2022** **2023** and **2021** **2022** was approximately **\$15,000** **\$12,000** and **\$16,000**, **\$15,000**, respectively.

As of December 31, **2022** **2023**, total unrecognized stock-based compensation expense related to stock options was **\$121,000**, **\$58,000**. This expense is expected to be recognized over a weighted average period of approximately **2.11.1** years.

**11. Share Based Compensation (continued)****CFO Inducement Plan Summary**

CFO Inducement Plan Stock option award activity for the years ended December 31, 2022 2023 and 2021 2022 are summarized below:

Option Awards	Weighted-Average				Weighted-Average			
	Shares	Price	Term (Years)	(thousands)	Shares	Price	Term (Years)	(thousands)
	Exercise	Remaining	Intrinsic	Value	Exercise	Remaining	Contractual	Value
Outstanding at January 1, 2021	200,000	\$ 0.85	9.67	\$ 60.00				
Outstanding at January 1, 2022					150,000	0.85	8.67	57
Granted	—	—	—	—	—	—	—	—
Exercised/cancelled	50,000	0.85	—	—	(50,000)	0.85	—	—
Forfeited or expired	—	—	—	—	—	—	—	—
Outstanding at December 31, 2021	150,000	\$ 0.85	8.67	\$ 57				
Outstanding at December 31, 2022					100,000	0.85	7.67	\$ 45
Granted	—	—	—	—				
Exercised	50,000	0.85	—	—				
Forfeited or expired	—	—	—	—	(100,000)	\$ 0.85	—	—
Outstanding at December 31, 2022	100,000	\$ 0.85	7.67	\$ 45				
Exercisable at December 31, 2022	—	\$ —	—	—				
Outstanding at December 31, 2023					\$ —	\$ —	\$ —	\$ —
Exercisable at December 31, 2023					\$ —	\$ —	\$ —	\$ —

No stock options were granted in 2022 2023 under the CFO Inducement Plan. The total intrinsic value of stock option awards exercised during the years ended December 31, 2022 2023 and 2021 2022 was \$45,000 \$0 and \$37,000.

\$45,000.

The Company recognized \$19,000 a benefit of \$6,000 and \$22,000 in stock-based compensation expense of \$19,000 relating to stock option awards during the years ended December 31, 2022 2023 and 2021 2022, respectively. The recognized tax benefit on stock-based compensation expense related to stock options during the years ended December 31, 2022 2023 and 2021 2022, was approximately \$5,000 \$0 and \$5,000 respectively.

As of December 31, 2022 2023, total there was no unrecognized stock-based share-based compensation expense related to stock options was \$32,000. This expense is expected to be recognized over a weighted average period of approximately 1.7 years.

granted under the CFO Inducement Plan.

**CEO Inducement Plan Summary**

Following are the specific valuation assumptions used for options granted in 2021 for the CEO Plan:

	2021
Expected volatility	52.7 %
Expected dividend yields	0.0 %
Expected term (in years)	1
Risk free interest rate	0.76 %
Expected forfeiture rate	6 %

CEO Inducement Plan stock option award activity for the years ended December 31, 2022 2023 and 2021 2022 are summarized below:

	Weighted-Average			Weighted-Average		
	Weighted-	Average	Aggregate	Weighted-	Average	Aggregate

Option Awards	Average Exercise			Remaining Contractual	Intrinsic Value	Average Exercise			Remaining Contractual	Intrinsic Value
	Shares	Price	Term (Years)	(thousands)		Shares	Price	Term (Years)	(thousands)	
<b>Outstanding at January 1, 2021</b>	–	\$ –	–	–	\$ –	–	–	–	–	–
<b>Outstanding at January 1, 2022</b>						630,000	\$ 1.90	9.15	\$ –	–
Granted	630,000	1.90	9.15	–	–	–	–	–	–	–
Exercised/Cancelled	–	–	–	–	–	–	–	–	–	–
Forfeited or expired	–	–	–	–	–	–	–	–	–	–
<b>Outstanding at December 31, 2021</b>	<b>630,000</b>	<b>\$ 1.90</b>	<b>9</b>	<b>\$ –</b>	<b>–</b>					
<b>Outstanding at December 31, 2022</b>						630,000	\$ 1.90	8.15	\$ –	–
Granted	–	–	–	–	–	–	–	–	–	–
Exercised	–	–	–	–	–	–	–	–	–	–
Forfeited or expired	–	–	–	–	–	–	–	–	–	–
<b>Outstanding at December 31, 2022</b>	<b>630,000</b>	<b>\$ 1.90</b>	<b>8.15</b>	<b>\$ –</b>	<b>–</b>					
<b>Exercisable at December 31, 2022</b>	<b>630,000</b>	<b>\$ 1.90</b>	<b>8.15</b>	<b>\$ –</b>	<b>–</b>					
<b>Outstanding at December 31, 2023</b>						630,000	\$ 1.90	7.15	\$ –	–
<b>Exercisable at December 31, 2023</b>						630,000	\$ 1.90	7.15	\$ –	–

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## SPAR Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

**11. Share Based Compensation (continued)**

No stock options were granted in **2022** **2023** under the CEO Inducement Plan. The total intrinsic value of stock option awards exercised during the years ended December 31, **2022** **2023** and **2021** **2022** was \$0.

The Company recognized **\$85,000** **\$0** and **\$509,000** **\$85,000** in stock-based compensation expense relating to stock option awards during the years ended December 31, **2022** **2023** and **2021**, **2022**, respectively. The recognized tax benefit on stock-based compensation expense related to stock options during the years ended December 31, **2022** **2023** and **2021** **2022**, was **\$21,000** **\$0** and **\$126,000**, **\$21,000**, respectively.

As of December 31, **2022** **2023**, there was no unrecognized share-based compensation expense related to stock options granted under the CEO Inducement Plan.

**F- 28 Restricted Stock Units**

## SPAR Group, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

**11. Share- Based Compensation and Other Plans (continued)**

The following table summarizes the activity for Restricted Stock Unit (RSU) awards during the years ended December 31, **2022** **2023** and **2021**: **2022**

	Shares	Weighted-Average		Shares	Weighted-Average	
		Grant Date	Fair Value		Grant Date	Fair Value
<b>Unvested at January 1, 2021</b>	–	\$ –	–	–	–	–
Granted	138,090	–	1.87			
Vested	–	–	–			
Forfeited	–	–	–			
<b>Unvested at December 31, 2021</b>	<b>138,090</b>	<b>\$ 1.85</b>	<b>–</b>			
<b>Unvested at January 1, 2022</b>				138,090	\$ 1.85	–
Granted	–	–	–	–	–	–
Vested	99,415	1.86	(99,415)	99,415	1.86	–

Forfeited	—	—	—	—
Unvested at December 31, 2022	<u>38,675</u>	\$ <u>1.81</u>	<u>38,675</u>	\$ <u>1.81</u>
Granted			304,513	1.16
Vested			(100,337)	1.20
Forfeited			(16,575)	1.81
Unvested at December 31, 2023	<u>226,276</u>	\$ <u>1.19</u>		

During the years ended December 31, 2022 2023 and 2021 2022, the Company recognized approximately \$101,000 \$235,000 and \$87,000, \$101,000, respectively, of stock-based compensation expense related to RSUs. The recognized tax benefit on stock-based compensation expense related to RSUs during the years ended December 31, 2022 and 2021 was approximately \$25,000 and \$21,000, respectively.

During the years ended December 31, 2022 2023 and 2021 2022, the total fair value of RSUs vested was \$104,000 and \$120,000, and \$0 respectively.

As of December 31, 2022 2023, total unrecognized stock-based compensation expense related to unvested RSUs awards was \$56,000. This expense \$78,000, which is expected to be recognized over a weighted average period of approximately 1.6 0.3 years.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**11. Share- Based Compensation and Other Plans (continued)**

**Share-Based Compensation Expense Phantom Stock Awards**

Share-based compensation expense See Note 10, Related Party Transactions for a description of the years ended December 31, 2022 and 2021 was \$346,000 and \$711,000, respectively.

Company's phantom stock awards.

**12. Segment Information**

The operations Company reports net revenues from operating income by reportable segment. Reportable segments are components of the Company for which separate financial information is available that is evaluated on a regular basis by the chief operating decisionmaker in deciding how to allocate resources and performance metrics in assessing performance.

The Company provides similar merchandising and marketing services throughout the world, operating within three reportable geographic segments. The Company evaluates those segments to improve its administration and operational and strategic focuses, and it tracks and reports certain financial information separately for each country remains unchanged; of those segments. The Company measures the accounting policies for each country also remains the same. Therefore, the change performance of segment reporting has had no impact to the existing accounting policies its segments and are subsidiaries using the same metrics. The primary measurement utilized by management is operating profits, historically the key indicator of long-term growth and profitability, as those described the Company may reinvest the operating profits of each of its international subsidiaries in Note 2. Management evaluates performance as follows (in thousands): its local markets in an effort to improve market share and continue expansion efforts.

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

**12. Segment Information (continued)**

(in Thousands)	Year Ended December 31,			
	2022		2023	2022
	2022	2021	2023	2022
<b>Revenue, net:</b>				
Net revenues				
Americas	\$ 198,581	\$ 186,430	\$ 203,705	\$ 198,581
Asia - Pacific	26,009	33,791	24,480	26,009
EMEA	36,678	35,498	34,562	36,678
<b>Total revenue</b>	<b>\$ 261,268</b>	<b>\$ 255,719</b>		

Total Net revenues				\$ 262,747	\$ 261,268
<b>Operating income (loss):</b>					
<b>Operating Income (loss)</b>					
Americas	\$ 4,103	\$ 2,427	\$ 7,240	\$ 4,103	
Asia - Pacific	(1,621)	(967)	(599)	(1,621)	
EMEA	2,904	2,723	2,757	2,904	
<b>Total operating income</b>	<b>\$ 5,386</b>	<b>\$ 4,183</b>			
Total Operating Income (loss)			\$ 9,398	\$ 5,386	
<b>Interest expense (income), net:</b>					
<b>Interest expense</b>					
Americas	\$ 675	\$ 551	\$ 1,388	\$ 675	
Asia - Pacific	39	(9)	122	39	
EMEA	251	43	409	251	
<b>Total interest expense</b>	<b>\$ 965</b>	<b>\$ 585</b>			
Total Interest expense			\$ 1,919	\$ 965	
<b>Other (income) expense, net:</b>					
<b>Other expense (income), net</b>					
Americas	\$ (38)	\$ 74	\$ 1,070	\$ (38)	
Asia - Pacific	(62)	(341)	(759)	(62)	
EMEA	(382)	(243)	35	(382)	
<b>Total other (income), net</b>	<b>\$ (482)</b>	<b>\$ (510)</b>			
Total Other expense (income), net			\$ 346	\$ (482)	
<b>Income (loss) before income tax expense:</b>					
<b>Income before income tax expense</b>					
Americas	\$ 3,466	\$ 1,802	\$ 4,304	\$ 3,466	
Asia - Pacific	(1,598)	(617)	236	(1,598)	
EMEA	3,035	2,923	2,593	3,035	
<b>Total income before income tax expense</b>	<b>\$ 4,903</b>	<b>\$ 4,108</b>			
Total Income before income tax expense			\$ 7,133	\$ 4,903	
<b>Income tax expense:</b>					
<b>Income tax expense</b>					
Americas	\$ 1,949	\$ 865	\$ 1,543	\$ 1,949	
Asia - Pacific	(18)	498	62	(18)	
EMEA	846	745	752	846	
<b>Total income tax expense</b>	<b>\$ 2,777</b>	<b>\$ 2,108</b>			
Total Income tax expense			\$ 2,357	\$ 2,777	
<b>Net income (loss):</b>					
<b>Net income</b>					
Americas	\$ 1,517	\$ 937	\$ 3,236	\$ 1,517	
Asia - Pacific	(1,580)	(1,115)	(24)	(1,580)	
EMEA	2,189	2,178	1,564	2,189	
<b>Total net income</b>	<b>\$ 2,126</b>	<b>\$ 2,000</b>			
Total Net income			\$ 4,776	\$ 2,126	
<b>Net income attributable to non-controlling interest:</b>					
<b>Net income (loss) attributable to non-controlling interest</b>					
Americas	\$ (1,857)	\$ (1,604)	\$ (492)	\$ 1,857	

Asia - Pacific	650	103	33	(650)
EMEA	(1,651)	(2,278)	1,333	1,651
<b>Total net income attributable to non-controlling interest</b>	<b>\$ (2,858)</b>	<b>\$ (3,779)</b>		
<b>Total Net income (loss) attributable to non-controlling interest</b>			<b>\$ 874</b>	<b>\$ 2,858</b>
<b>Net (loss) income attributable to SPAR Group, Inc.:</b>				
<i>Net Income (loss) attributable to SPAR Group, Inc.</i>				
Americas	\$ (340)	\$ (667)	\$ 3,729	\$ (340)
Asia - Pacific	(930)	(1,012)	(57)	(930)
EMEA	538	(100)	230	538
<b>Total net (loss) attributable to SPAR Group, Inc.</b>	<b>\$ (732)</b>	<b>\$ (1,779)</b>		
<b>Total Net Income (loss) attributable to SPAR Group, Inc.</b>			<b>\$ 3,902</b>	<b>\$ (732)</b>
<i>Depreciation and amortization:</i>				
Americas	\$ 1,821	\$ 1,974	\$ 1,737	\$ 1,821
Asia - Pacific	104	67	94	104
EMEA	108	42	170	108
<b>Total depreciation and amortization</b>	<b>\$ 2,033</b>	<b>\$ 2,083</b>		
<b>Total Depreciation and amortization:</b>			<b>\$ 2,001</b>	<b>\$ 2,033</b>
<i>Impairment of goodwill:</i>				
<i>Impairment of goodwill</i>				
Americas	\$ 2,458	\$ -	\$ -	\$ 2,458
Asia - Pacific	-	-	-	-
EMEA	-	-	-	-
<b>Total impairment of goodwill</b>	<b>\$ 2,458</b>	<b>\$ -</b>		
<b>Total Impairment of goodwill</b>			<b>\$ -</b>	<b>\$ 2,458</b>
<i>Capital expenditures:</i>				
Americas	\$ 1,805	\$ 1,560	\$ 1,077	\$ 1,805
Asia - Pacific	20	25	71	20
EMEA	100	137	101	100
<b>Total capital expenditures</b>	<b>\$ 1,925</b>	<b>\$ 1,722</b>		
<b>Total Capital expenditures:</b>			<b>\$ 1,249</b>	<b>\$ 1,925</b>

There were no **inter-company** **inter-segment** sales for **2022** **2023** or **2021** **2022**.

SPAR Group, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

**12. Segment Information (continued)**

	<i>December 31,</i>		<i>December 31,</i>	
	<i>2022</i>	<i>2021</i>	<i>2023</i>	<i>2022</i>
<i>Assets:</i>				
Americas	\$ 75,440	\$ 64,960	\$ 71,372	\$ 75,440
Asia - Pacific	5,952	10,699	13,361	5,952

EMEA	13,206	13,357	5,548	13,206
Total assets	\$ 94,598	\$ 89,016	\$ 90,281	\$ 94,598

**Geographic Data (in thousands)**

	Year Ended December 31,				Year Ended December 31,			
	2022		2021		2023		2022	
	% of consolidated net revenue		% of consolidated net revenue		% of consolidated net revenue		% of consolidated net revenue	
United States	\$ 112,327	43.0%	\$ 100,326	39.1%	\$ 104,647	39.8%	\$ 112,327	43.0%
Brazil	68,301	26.1	55,219	21.6	74,873	28.5	68,301	26.1%
South Africa	36,678	14.0	35,498	13.9	34,562	13.2	36,678	14.0
Mexico	9,706	3.7	22,459	8.8	11,691	4.4	9,706	3.7
China	10,931	4.2	15,769	6.2	10,167	3.9	10,931	4.2
Japan	7,133	2.7	9,704	3.8	6,256	2.4	7,133	2.7
India	6,276	2.4	7,058	2.8	6,148	2.3	6,276	2.4
Canada	8,247	3.2	8,426	3.3	12,494	4.8	8,247	3.2
Australia	1,669	0.6	1,260	0.5	1,909	0.7	1,669	0.6
<b>Total net revenue</b>	<b>\$ 261,268</b>	<b>100.0%</b>	<b>\$ 255,719</b>	<b>100.0%</b>	<b>\$ 262,747</b>	<b>100.0%</b>	<b>\$ 261,268</b>	<b>100.0%</b>
<b>Total net international revenue</b>								

	Year Ended December 31,				Year Ended December 31,	
	2022		2021			
<i>(in thousands)</i>						
<i>Long lived assets:</i>						
Americas	\$ 4,605		\$ 3,968	\$ 4,585	\$ 4,605	
Asia - Pacific	1,244		1,798	1,015	1,244	
EMEA	315		295	745	315	
<b>Total long lived assets</b>	<b>\$ 6,164</b>		<b>\$ 6,061</b>	<b>\$ 6,345</b>	<b>\$ 6,164</b>	

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**13. Earnings Per Share**

The following table sets forth the computations of basic and diluted earnings per share (in thousands, except per share data):

	Year Ended December 31,	
	2022	2021
<i>Numerator:</i>		
Net loss attributable to SPAR Group, Inc.	\$ (732)	\$ (1,779)
<i>Denominator:</i>		
Weighted- average common shares outstanding	22,110	21,266
<i>Effect of dilutive securities</i>		

Shares used in diluted net loss per share calculations				
		<u>22,110</u>		<u>21,266</u>
Basic net loss per common share:	\$	(0.03)	\$	(0.08)
Diluted net loss per common share:	\$	(0.03)	\$	(0.08)

	Year Ended December 31,	
	2023	2022
<i>Numerator:</i>		
Net income attributable to SPAR Group, Inc.	\$ 3,902	\$ (732)
<i>Denominator:</i>		
Shares used in basic net income per share calculation	23,333	22,110
<i>Effect of diluted securities:</i>		
Stock options and unvested restricted shares	147	—
Convertible Series B Preferred Stock	975	—
Shares used in diluted net income per share calculations	<u>24,455</u>	<u>22,110</u>
Basic net income (loss) per common share:	\$ 0.17	\$ (0.03)
Diluted net income (loss) per common share:	\$ 0.16	\$ (0.03)

The Company excluded 1,753,100 stock options, 38,675 RSUs and 854,753 shares of Series B convertible preferred stock, 1,753,100 stock options, 38,675 RSUs, from the computation of diluted net loss per share for the year ended December 31, 2022 because including them would have had an anti-dilutive effect.

The Company excluded no shares of Series B convertible preferred stock, 2,016,162 stock options, 138,090 RSUs, and no phantom stock units from the computation of diluted net loss per share for the year ended December 31, 2021 because including them would have had an anti-dilutive effect.

#### 14. Leases

The Company is a lessee under certain operating leases for office space and equipment.

The components of lease expenses consisted of the following for the periods presented (in thousands):

Lease Costs	Classification	Year Ended		Year Ended	Year Ended	
		December 31, 2022	December 31, 2021		December 31, 2023	December 31, 2022
Operating lease cost	Selling, general and administrative expense	\$ 470	\$ 1,013	Selling, General and Administrative Expense	\$ 875	\$ 470
Short-term lease cost	Selling, general and administrative expense	502	513	Selling, General and Administrative Expense	378	502
Variable lease costs(1)	Selling, general and administrative expense	20	175	Selling, General and Administrative Expense	-	20
Variable costs (1)						
Total lease cost	Total lease cost	\$ 992	\$ 1,701	Total lease cost	\$ 1,253	\$ 992

(1) Variable lease costs consist primarily of property taxes, property insurance, and common area or other maintenance costs for the Company's leases of office space.

The following includes supplemental information for the periods **presented** **presented** (in thousands).

	Year Ended	Year Ended	Year	Year
	December 31, 2022	December 31, 2021	Ended	Ended
	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	\$ 997	\$ 1,543	\$ 875	\$ 997
Right-of-use assets obtained in exchange for lease obligations				
Operating leases	\$ -	\$ 2,172	\$ 2,229	\$ -

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SPAR Group, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

Balance sheet information related to leases consisted of the following as of the periods **presented** **presented** (in thousands):

Leases	December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
<b>Assets:</b>				
Operating lease right-of-use assets	\$ 969	\$ 1,781	\$ 2,323	\$ 969
<b>Liabilities:</b>				
Current portion of operating lease liabilities	363	1,019	1,163	363
Non-current portion of operating lease liabilities	606	762	1,160	606
<b>Total operating lease liabilities</b>	<b>969</b>	<b>1,781</b>	<b>\$ 2,323</b>	<b>\$ 969</b>
Weighted average remaining lease term - operating leases (in years)	2.04	4.92	2.64	2.04
Weighted average discount rate - operating leases	6.4%	24.0%	8.8%	6.4%

The following table summarizes the maturities of lease liabilities as of December 31, **2022** **2023** (in thousands):

For the Year Ended December 31,		Amount	Amount
2025	2023	420	
	2024	278	\$ 1,315
	2026	422	838
2027	2026	74	188
	2028	49	155
Thereafter		45	112
Less: Present value discount		319	5
Total future operating lease liability			\$ 2,613
Less: present value discount			290
Present value of operating lease liabilities		969	\$ 2,323

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## 15. Subsequent Events

### Appointment of Chief Financial Officer ("Agreement to sell the Company's CFO") of SPAR's ownership interest in its South African Joint Venture

On February 22, 2022, SPAR Group, Inc. issued the Company entered into a Press Release (the "Release") announcing Sale of Shares Agreement to sell its 51% ownership interest in SGRP Meridian Proprietary Limited to Friedshelf 401 (Pty) Ltd., Lindicom Proprietary Limited, and Lindicom Empowerment Holdings Proprietary Limited for

180,700,000 South African Rand (approximately \$9.9 million using the appointment of Mr. Antonio Calisto Pato exchange rates on February 27, 2023, December 31, 2023), as the Corporation's new Chief Financial Officer (the "CFO"). Mr. Calisto Pato commenced his role on February 27, 2023. In this role, Mr. Calisto Pato is responsible for Finance, Treasury and Accounting. As CFO, Mr. Calisto Pato is both an Executive and an Officer; who reports directly to Mr. Matacunas, President and CEO 80% of which would be paid upon closing. Closing of the Corporation, sale is dependent upon a number of conditions (including the approval by the South African government), and closing is expected in the second quarter of 2024.

#### **North Mill Credit Modification Agreement to sell the Company's ownership interest in its Chinese Joint Venture**

On February 1, 2023, 23, 2024, the NM Loan Parties Company entered into an Equity Transfer Agreement to sell its 51% ownership interest in SPAR (Shanghai) Marketing Management Co., Ltd. to Shanghai Jingbo Enterprise Consulting Co., Ltd. and NM executed and delivered a Sixth Modification Agreement, effective immediately (the "Sixth Modification Agreement"), pursuant Shanghai Wedone Marketing Management Co. Ltd. The total price to which be paid to the NM Loan Parties and NM agreed to increase Company is \$200,000. The sale is deemed completed when the amount transferred equity is registered in the name of the US Revolving Credit Facility to \$28 million and increase buyers with the Canada Revolving Credit Facility to CDN\$2 million. In addition, the Sixth Modification Agreement increased the cap on unbilled accounts in the borrowing base for SMF to \$7 million from \$6.5 million. Chinese Market Supervision Administration.

#### **To evidence Agreement to sell the increase Company's Brazilian subsidiary that owns its interest in its Brazilian Joint Venture**

On March 26, 2024, the Company signed a share purchase agreement with JK Consultoria Empresarial Ltda. ("JKC") to acquire the Company's Brazilian holding company (which in turn owns the Company's 51 percent interest in its Brazilian joint venture subsidiary) for BRL 58.9 million or approximately \$11.8 million. Closing of the sale is dependent upon a number of conditions and is expected in the US Revolving Credit Facility, SMF executed and delivered to NM a \$28 million Fourth Amended and Restated Revolving Credit Master Promissory Note (the "Restated US Note"), which amends, restates, supersedes and replaces the prior US dollar note. To evidence the increase in the Canadian Revolving Credit Facility, SCC executed and delivered to NM a CDN\$2 million Fourth Amended and Restated Revolving Credit Master Promissory Note (the "Restated Canadian Note"), which amends, restates, supersedes and replaces the prior CDN\$ note. second quarter of 2024.

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Exhibit 10.6

#### **The Restated US Note**

SPAR GROUP, INC.

#### **Phantom Stock Grant and Restated Canadian Note (together, Agreement)**

**This Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of April 3, 2023 (as the "NM Notes") and the NM Loan Agreement together require the NM Borrowers to pay interest on the loans thereunder equal to: (i) the Prime Rate designated same may be supplemented, modified, amended, restated or replaced from time to time by Wells Fargo Bank; plus (ii) one in the manner provided herein, this "Agreement", between the SPAR Group, Inc., a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and nine-tenths percentage points (1.90% Kori G. Belzer, (the "Grantee")) or an aggregate minimum of 6.75% per annum. In addition, whose name and current address are set forth on the NM Borrowers are paying signature page below. The Grantee and the Corporation may be referred to individually as a facility fee to NM in an amount equal to: (i) for "Party" and collectively as the year commencing on October 10, 2022, \$140,000 plus 0.80% of the amount of any advances other than under the US Revolving Credit Facility plus an additional facility fee of \$15,000 for every incremental \$1 million of loan balance in excess of \$21 million, and (ii) for the year commencing on October 10, 2023, \$168,000 plus 0.80% of the amount of any advances other than under the US Revolving Credit Facility plus an additional facility fee of \$15,000 for every incremental \$1 million of loan balance in excess of \$21 million. For the Sixth Modification Agreement, the NM Borrowers paid NM a fee of \$28,000. "Parties".

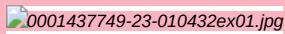
As of January 31, 2023, the aggregate interest rate was 8.45% per annum and the aggregate outstanding loan balance was \$13.5 million. The aggregate outstanding loan balance is divided between the US Revolving Credit Facility and the Canada Revolving Credit Facility as follows: (i) the outstanding loan balance under the US Revolving Credit Facility is \$12,967,000; and (ii) the outstanding loan balance under the Canada Revolving Credit Facility is CAD \$752,000 (when divided by the applicable foreign exchange rate of 1.3413,

equaled approximately \$561,000) for a total US and Canadian loan balance on that date of approximately \$13.5 million. Outstanding amounts are classified as short-term

debt. **WITNESSETH:**

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**Exhibit 4.21. SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.



2. **Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

3. **Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 181,818 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of April 3, 2023 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$240,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.32 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

4. **Vesting.** (a) None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the three (3) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on the applicable vesting date. The vesting for the first tranche will be upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT. If the first year criteria is achieved, the second and third tranches will respectively vest on the second and third anniversary dates of the vesting of the first year's tranche with no additional vesting criteria.

(b) The calculation of the achievement of the 2023 Global EBIT will be based on SGRP's audited financial statements and adjusted for each of the following:

(i) Total Operating Income and Domestic Operating Income each shall exclude any and all applicable accruals, expenses, assumptions, reimbursements, indemnifications, advancements and payments arising out of or related to any agreement or arrangement with related parties, shareholders or directors endeavoring to resolve any debt, obligations, claims or governance issues with any of them.

(ii) Total Operating Income shall also shall exclude both the negative and positive effects (i.e., both upside and downside) of (A) any and all domestic or foreign mergers and acquisitions (including new joint ventures), which effects include (without limitation) any and all applicable accruals, revenues, expenses, income and payments arising out of or related to any such domestic or foreign merger or acquisition, (B) an increase or decrease in Non-Executive Director Board Compensation; and (C) of normal and customary accounting adjustments required by an outside auditor or third party.

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(iii) In the discretion of management with the approval of the Board, Total Operating Income and Domestic Operating Income each may exclude the negative and positive effects (i.e., both upside and downside) any and all applicable any income or expense item that was extraordinary, non-operational, non-recurring or non-routine.

(c) The Grantee agrees that: (i) in the event RSUs are available for such exchange under an underlying shareholder approved stock-based plan, the Corporation shall have the right, in its discretion, at any time and from time to time to exchange unvested RSUs for the Grantee's Phantom Shares (on a one for one basis) for some or all of the Phantom Shares in any tranche, subject to the same vesting criteria; and (ii) acknowledges that unvested RSUs may be settled in cash or stock (or in combination).

5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within \_\_\_ days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

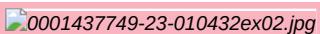
(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period

of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.



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10. **Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.

(d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

11. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration:** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. "**Arbitration Exclusion**" shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery:** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

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(c) **No Class or Collective Action; Government Complaints:** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

(d) **Arbitration Fees and Costs:** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

12. **Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by a court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall

not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof,** and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

KORI G. BELZER:

SPAR Group, Inc.

By: /s/

/s/

Michael R. Matacunas, Chief Executive Officer and  
President

[ ▲ Grantee's Signature ▲ ]

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: January 8, 2024

Employee's Current Address:

111 Willits St #210

Birmingham, MI 48009

Dated as of: 1/8/2024

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### **I. Certain Defined Terms**

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant

Shareholder) that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

"Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

"Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or
- (f) "individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

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"Change of Control Value" shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or
- (b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or
- (c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or
- (d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

"Charter" shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"DEGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DEUCC" shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended.

"Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

"Exchange Rules" shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Fair Market Value"** shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

**"Legal Representative"** shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

**"Representative"** shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

**"Retires"** and **"Retirement"** shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

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**"Securities Act"** shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Securities Exchange Act"** shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Securities Law"** shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

**"SGRP Board"** shall mean the Board of Directors of SGRP.

**"SGRP By-Laws"** shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

**"SGRP Committee"** shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

**"SGRP Compensation Committee"** shall mean the SGRP Board's Compensation Committee.

**"SGRP Company"** shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

**II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit 10.6 10.7

SPAR GROUP, INC.

**Phantom Stock Grant and Agreement**

**This Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of March 24, 2022 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **Kori G. Belzer**, (the "Grantee"), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

**WITNESSETH:**

1. **SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

2. **Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

3. **Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 111,111 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of March 24, 2022 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$180,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.35 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

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4. **Vesting.** None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the three (3) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on the applicable vesting date. The vesting for the first tranche will be upon the achievement by the Company of 90% or greater of the 2022 budgeted global EBIT. "EBIT" shall mean the earnings of the Company (or relevant segment or group) before interest, income, franchise and similar taxes, and amortization and depreciation for such computation period; in each case based on SGRP's audited financial statements and adjusted for and excluding each income or expense item that was extraordinary, non-operational, non-recurring or non-routine. Examples of such exclusions include (without limitation) gains or losses on foreign exchange, goodwill impairments, non-operating income or losses, non-cash compensation, and CIC and other expenses related to stockholder claims, disputes and resolutions. If the 90% of such 2022 threshold is not met, the first tranche will remain unvested for one additional year. If the Company (or relevant segment or group) achieves 120% or greater of the 2023 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT) the first tranche will vest along with the second tranche scheduled for that year. If the 90% of such 2023 threshold is not met for the second year, the first tranche expires and the second tranche remains unvested for the third year. If the Company achieves 120% or greater of the 2024 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT), the second tranche will vest along with the third tranche scheduled for that year. If the 90% of such 2024 threshold is not met for the third year, the second tranche expires and the third tranche remains unvested for the third year. If the Company achieves 120% or greater of the 2025 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT), EBIT and its adjustments shall be reasonably determined by SGRP's management and reasonably confirmed by the Compensation Committee (acting alone), provided, however, that the Compensation Committee (acting alone) shall have the discretion to add such additional adjustments to EBIT so as to facilitate vesting.

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5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

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9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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10. **Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) **No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units;** and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) **The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.**

(c) **Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.**

(d) **The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.**

(e) **The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.**

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

11. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration.** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. "Arbitration Exclusion" shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery.** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

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(c) **No Class or Collective Action; Government Complaints.** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

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(d) **Arbitration Fees and Costs.** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

12. **Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such

other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document

executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short- term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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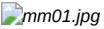
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21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof,** and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

SPAR Group, Inc.

By: 

[ ▲ Officer's Signature ▲ ]

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: 2/15/2023

KORI G. BELZER:



[ ▲ Grantee's Signature ▲ ]

Employee's Current Address:

Dated as of: 2/15/2023

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant

Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son- in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or

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- (f) ""individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

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Change of Control Value" shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or
- (b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or
- (c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or

(d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

"Charter" shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"DEGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DEUCC" shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended. "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code. "Exchange Rules" shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Fair Market Value" shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

"Legal Representative" shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

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"Representative" shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

"Retires" and "Retirement" shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

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"Securities Act" shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Exchange Act" shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Law" shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

"SGRP Board" shall mean the Board of Directors of SGRP.

"SGRP By-Laws" shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided

therein.

"SGRP Committee" shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

"SGRP Compensation Committee" shall mean the SGRP Board's Compensation Committee.

"SGRP Company" shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

**II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit **10.7** **10.8**

**SPAR GROUP, INC.**

**Phantom Stock Grant and Agreement**

**This Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of April 3, 2023 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **Antonio Calisto Pato**, (the "Grantee"), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

**WITNESSETH:**

**1. SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

**2. Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

**3. Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 75,758 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of April 3, 2023 (the "Grant Date"). For clarity, this Award is in addition to the previous 150,000 RSU inducement award to Grantee and does not affect that previous award. For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$100,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.32 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award

and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

4. **Vesting.** (a) None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the one (1) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on April 3, 2024, which will be the applicable vesting date subject to achievement of the criteria provided below. The vesting will be upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT.

(b) The calculation of the achievement of the 2023 Global EBIT will be based on SGRP's audited financial statements and adjusted for each of the following:

- (i) Total Operating Income and Domestic Operating Income each shall exclude any and all applicable accruals, expenses, assumptions, reimbursements, indemnifications, advancements and payments arising out of or related to any agreement or arrangement with related parties, shareholders or directors endeavoring to resolve any debt, obligations, claims or governance issues with any of them.
- (ii) Total Operating Income shall also shall exclude both the negative and positive effects (i.e., both upside and downside) of (A) any and all domestic or foreign mergers and acquisitions (including new joint ventures), which effects include (without limitation) any and all applicable accruals, revenues, expenses, income and payments arising out of or related to any such domestic or foreign merger or acquisition, (B) an increase or decrease in Non-Executive Director Board Compensation; and (C) of normal and customary accounting adjustments required by an outside auditor or third party.

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(iii) In the discretion of management with the approval of the Board, Total Operating Income and Domestic Operating Income each may exclude the negative and positive effects (i.e., both upside and downside) any and all applicable any income or expense item that was extraordinary, non-operational, non-recurring or non-routine.

(c) The Grantee agrees that: (i) In the event RSUs are available for such exchange under an underlying shareholder approved stock-based plan, the Corporation shall have the right, in its discretion, at any time and from time to time to exchange unvested RSUs for the Grantee's Phantom Shares (on a one for one basis) for some or all of the Phantom Shares in any tranche, subject to the same vesting criteria; and (ii) acknowledges that unvested RSUs may be settled in cash or stock (or in combination).

5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within 15 days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise

prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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**10. Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.

(d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

**11. Mutual Agreement to Arbitrate.** (a) **Binding Arbitration:** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. "Arbitration Exclusion" shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery:** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

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(c) **No Class or Collective Action; Government Complaints:** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

(d) **Arbitration Fees and Costs:** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

**12. Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute

respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof,** and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

SPAR Group, Inc.

By: /s/

Michael R. Matacunas, Chief Executive Officer and President

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: 1/11/2024

ANTONIO CALISTO PATO:

/s/

[▲ Grantee's Signature ▲]

Employee's Current Address:

1207 Willow Oaks Trail  
Weddington, NC 28104

Dated as of: 1/11/2024

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

**"Business Day"** shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

**"Change in Control"** shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or

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(f) individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

**"Change of Control Value"** shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or
- (b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or
- (c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or
- (d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

**"Charter"** shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"DEGCL"** shall mean the General Corporation Law of the State of Delaware, as amended.

**"DEUCC"** shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended.

**"Disability"** shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

**"Exchange Rules"** shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

**"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Fair Market Value"** shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

**"Legal Representative"** shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

**"Representative"** shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

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**"Retires"** and **"Retirement"** shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

**"Securities Act"** shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Securities Exchange Act"** shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Securities Law"** shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

**"SGRP Board"** shall mean the Board of Directors of SGRP.

**"SGRP By-Laws"** shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

**"SGRP Committee"** shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

**"SGRP Compensation Committee"** shall mean the SGRP Board's Compensation Committee.

**"SGRP Company"** shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

## **II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit 10.9

SPAR GROUP, INC.

## **Phantom Stock Grant and Agreement**

**This Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of April 3, 2023 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **William Linnane**, (the "Grantee"), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

### **WITNESSETH:**

**1. SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

**2. Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise

defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

3. **Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 181,818 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of April 3, 2023 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$240,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.32 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

4. **Vesting.** (a) None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the three (3) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on the applicable vesting date. The vesting for the first tranche will be upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT. If the first year criteria is achieved, the second and third tranches will respectively vest on the second and third anniversary dates of the vesting of the first year's tranche with no additional vesting criteria.

(b) The calculation of the achievement of the 2023 Global EBIT will be based on SGRP's audited financial statements and adjusted for each of the following:

- (i) Total Operating Income and Domestic Operating Income each shall exclude any and all applicable accruals, expenses, assumptions, reimbursements, indemnifications, advancements and payments arising out of or related to any agreement or arrangement with related parties, shareholders or directors endeavoring to resolve any debt, obligations, claims or governance issues with any of them.
- (ii) Total Operating Income shall also shall exclude both the negative and positive effects (i.e., both upside and downside) of (A) any and all domestic or foreign mergers and acquisitions (including new joint ventures), which effects include (without limitation) any and all applicable accruals, revenues, expenses, income and payments arising out of or related to any such domestic or foreign merger or acquisition, (B) an increase or decrease in Non-Executive Director Board Compensation; and (C) of normal and customary accounting adjustments required by an outside auditor or third party.

(iii) In the discretion of management with the approval of the Board, Total Operating Income and Domestic Operating Income each may exclude the negative and positive effects (i.e., both upside and downside) any and all applicable any income or expense item that was extraordinary, non-operational, non-recurring or non-routine.

(c) The Grantee agrees that: (i) in the event RSUs are available for such exchange under an underlying shareholder approved stock-based plan, the Corporation shall have the right, in its discretion, at any time and from time to time to exchange unvested RSUs for the Grantee's Phantom Shares (on a one for one basis) for some or all of the Phantom Shares in any tranche, subject to the same vesting criteria; and (ii) acknowledges that unvested RSUs may be settled in cash or stock (or in combination).

5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within \_\_\_\_ days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Share or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number

or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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**10. Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

- (a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;
- (b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof;
- (c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act;
- (d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws;
- (e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold;
- (f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

**11. Mutual Agreement to Arbitrate.** (a) Binding Arbitration: The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. "**Arbitration Exclusion**" shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) Arbitration Law, Rules, Venue and Discovery: The Federal Arbitration Act ("**FAA**") shall govern this section, or if for any reason the **FAA** does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("**JAMS**"); provided, however, that if **JAMS** does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("**AAA**"). The arbitration will take place at the **JAMS** (or **AAA**) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The **JAMS** rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the **AAA** rules are available at [www.adr.org](http://www.adr.org).

(c) No Class or Collective Action; Government Complaints: Notwithstanding any provision of the **JAMS** (or **AAA**) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

(d) Arbitration Fees and Costs: The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

**12. Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules

that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be

supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof**, and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

SPAR Group, Inc.

By: /s/

Michael R. Matacunas, Chief Executive Officer and President

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: January 8, 2024

WILLIAM LINNANE:

/s/

[▲ Grantee's Signature ▲]

Employee's Current Address:

22438 N Greenmeadow Dr

Kildeer, IL 60047

Dated as of: January 8th 2024

#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether

domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

"Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

"Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or

(f) individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

"Change of Control Value" shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or
- (b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or
- (c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or
- (d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

"Charter" shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"DEGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DEUCC" shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended.

"Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

"Exchange Rules" shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Fair Market Value" shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

"Legal Representative" shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

"Representative" shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

**"Retires"** and **"Retirement"** shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

**"Securities Act"** shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Securities Exchange Act"** shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Securities Law"** shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

**"SGRP Board"** shall mean the Board of Directors of SGRP.

**"SGRP By-Laws"** shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

**"SGRP Committee"** shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

**"SGRP Compensation Committee"** shall mean the SGRP Board's Compensation Committee.

**"SGRP Company"** shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

## **II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

Exhibit 10.10

SPAR GROUP, INC.

### **Phantom Stock Grant and Agreement**

This **Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of March 24, 2022 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this **"Agreement"**), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **William Linnane**, (the **"Grantee"**), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

### **WITNESSETH:**

1. **SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in

satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

2. **Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

3. **Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 111,111 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of March 24, 2022 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$180,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.35 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

4. **Vesting.** None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the three (3) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on the applicable vesting date. The vesting for the first tranche will be upon the achievement by the Company of 90% or greater of the 2022 budgeted global EBIT. "EBIT" shall mean the earnings of the Company (or relevant segment or group) before interest, income, franchise and similar taxes, and amortization and depreciation for such computation period; in each case based on SGRP's audited financial statements and adjusted for and excluding each income or expense item that was extraordinary, non-operational, non-recurring or non-routine. Examples of such exclusions include (without limitation) gains or losses on foreign exchange, goodwill impairments, non-operating income or losses, non-cash compensation, and CIC and other expenses related to stockholder claims, disputes and resolutions. If the 90% of such 2022 threshold is not met, the first tranche will remain unvested for one additional year. If the Company (or relevant segment or group) achieves 120% or greater of the 2023 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT) the first tranche will vest along with the second tranche scheduled for that year. If the 90% of such 2023 threshold is not met for the second year, the first tranche expires and the second tranche remains unvested for the third year. If the Company achieves 120% or greater of the 2024 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT), the second tranche will vest along with the third tranche scheduled for that year. If the 90% of such 2024 threshold is not met for the third year, the second tranche expires and the third tranche remains unvested for the third year. If the Company achieves 120% or greater of the 2025 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT), EBIT and its adjustments shall be reasonably determined by SGRP's management and reasonably confirmed by the Compensation Committee (acting alone), provided, however, that the Compensation Committee (acting alone) shall have the discretion to add such additional adjustments to EBIT so as to facilitate vesting.

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5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) *Change in Control.* All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) *Death.* If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) *Disability.* If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) *Leave of Absence.* An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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10. **Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.

(d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

11. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration:** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the

Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. **"Arbitration Exclusion"** shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery:** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

(c) **No Class or Collective Action; Government Complaints:** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

(d) **Arbitration Fees and Costs:** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

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12. **Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties' agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short- term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of

your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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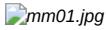
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21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof**, and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

SPAR Group, Inc.

By: 

[ ▲ Officer's Signature ▲ ]

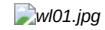
Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: 2/15/2023

WILLIAM LINNANE:



[ ▲ Grantee's Signature ▲ ]

Employee's Current Address:

Dated as of: 2/15/2023

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son- in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the

DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

"Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

"Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or
- (f) "individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

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"Change of Control Value" shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or
- (b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or
- (c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or
- (d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

"Charter" shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"DEGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DEUCC" shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended. "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code. "Exchange Rules" shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Fair Market Value" shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

"Legal Representative" shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

"Representative" shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

"Retires" and "Retirement" shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

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"Securities Act" shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Exchange Act" shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Law" shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

"SGRP Board" shall mean the Board of Directors of SGRP.

"SGRP By-Laws" shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

"SGRP Committee" shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

"SGRP Compensation Committee" shall mean the SGRP Board's Compensation Committee.

"SGRP Company" shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

**II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, *italics*, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit [10.8](#) [10.11](#)

SPAR GROUP, INC.

**Phantom Stock Grant and Agreement**

**This Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of April 3, 2023 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), between the SPAR Group, Inc., a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and Ron Lutz, (the "Grantee"), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

**WITNESSETH:**

**1. SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

**2. Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

**3. Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 181,818 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of April 3, 2023 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$240,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.32 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

**4. Vesting.** (a) None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the three (3) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on the applicable vesting date. The vesting for the first tranche will be upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT. If the first year criteria is achieved, the second and third tranches will respectively vest on the second and third anniversary dates of the vesting of the first year's tranche with no additional vesting criteria.

(b) The calculation of the achievement of the 2023 Global EBIT will be based on SGRP's audited financial statements and adjusted for each of the following:

(i) Total Operating Income and Domestic Operating Income each shall exclude any and all applicable accruals, expenses, assumptions, reimbursements, indemnifications, advancements and payments arising out of or related to any agreement or arrangement with related parties, shareholders or directors endeavoring to resolve any debt, obligations, claims or governance issues with any of them.

(ii) Total Operating Income shall also shall exclude both the negative and positive effects (i.e., both upside and downside) of (A) any and all domestic or foreign mergers and acquisitions (including new joint ventures), which effects include (without limitation) any and all applicable accruals, revenues, expenses, income and payments arising out of or related to any such domestic or foreign merger or acquisition, (B) an increase or decrease in Non-Executive Director Board Compensation; and (C) of normal and customary accounting adjustments required by an outside auditor or third party.

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(iii) In the discretion of management with the approval of the Board, Total Operating Income and Domestic Operating Income each may exclude the negative and positive effects (i.e., both upside and downside) any and all applicable any income or expense item that was extraordinary, non-operational, non-recurring or non-routine.

(c) The Grantee agrees that: (i) in the event RSUs are available for such exchange under an underlying shareholder approved stock-based plan, the Corporation shall have the right, in its discretion, at any time and from time to time to exchange unvested RSUs for the Grantee's Phantom Shares (on a one for one basis) for some or all of the Phantom Shares in any tranche, subject to the same vesting criteria; and (ii) acknowledges that unvested RSUs may be settled in cash or stock (or in combination).

5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within \_\_\_\_ days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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10. **Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.

(d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

11. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration:** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. "Arbitration Exclusion" shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery:** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

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(c) **No Class or Collective Action; Government Complaints:** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

(d) **Arbitration Fees and Costs:** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

12. **Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties' agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each

Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by a court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six

(6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof**, and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

RON LUTZ:

SPAR Group, Inc.

By: /s/

Michael R. Matacunas, Chief Executive Officer and President

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: January 15, 2024

/s/

[ ▲ Grantee's Signature ▲ ]

Employee's Current Address:

519 Running Bear Circle

Banner Elk, NC 28604

Dated as of: 01/12/2024

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

"Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

"Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;

(c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;

(d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or

(e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or

(f) ""individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

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"Change of Control Value" shall be equal to whichever of the following items is applicable to the Change of Control:

(a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or

(b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or

(c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or

(d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

"Charter" shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"DEGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DEUCC" shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended.

"Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

"Exchange Rules" shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Fair Market Value" shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

"Legal Representative" shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

"Representative" shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

"Retires" and "Retirement" shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

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"Securities Act" shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Exchange Act" shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Law" shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

"SGRP Board" shall mean the Board of Directors of SGRP.

"SGRP By-Laws" shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

"SGRP Committee" shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

"SGRP Compensation Committee" shall mean the SGRP Board's Compensation Committee.

"SGRP Company" shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

## II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, *italics*, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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**Exhibit 10.12**

SPAR GROUP, INC.

### Phantom Stock Grant and Agreement

This Restricted Stock Unit Grant and Agreement has been entered into and is effective as of March 24, 2022 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **Ron Lutz**, (the "Grantee"), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

### WITNESSETH:

1. **SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") based on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

2. **Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

3. **Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 111,111 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of March 24, 2022 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$180,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.35 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

4. **Vesting.** None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the three (3) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on the applicable vesting date. The vesting for the first tranche will be upon the achievement by the Company of 90% or greater of the 2022 budgeted global EBIT. "EBIT" shall mean the earnings of the Company (or relevant segment or group) before interest, income, franchise and similar taxes, and amortization and depreciation for such computation period; in each case based on SGRP's audited financial statements and adjusted for and excluding each income or expense item that was extraordinary, non-operational, non-recurring or non-routine. Examples of such exclusions include (without limitation) gains or losses on foreign exchange, goodwill impairments, non-operating income or losses, non-cash compensation, and CIC and other expenses related to stockholder claims, disputes and resolutions. If the 90% of such 2022 threshold is not met, the first tranche will remain unvested for one additional year. If the Company (or relevant segment or group) achieves 120% or greater of the 2023 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT) the first tranche will vest along with the second tranche scheduled for that year. If the 90% of such 2023 threshold is not met for the second year, the first tranche expires and the second tranche remains unvested for the third year. If the Company achieves 120% or greater of the 2024 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT), the second tranche will vest along with the third tranche scheduled for that year. If the 90% of such 2024 threshold is not met for the third year, the second tranche expires and the third tranche remains unvested for the third year. If the Company achieves 120% or greater of the 2025 year budgeted compensation target (which may or may not be SGRP's North American or global EBIT), EBIT and its adjustments shall be reasonably determined by SGRP's management and reasonably confirmed by the Compensation Committee (acting alone), provided, however, that the Compensation Committee (acting alone) shall have the discretion to add such additional adjustments to EBIT so as to facilitate vesting.

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5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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10. **Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.

(d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

11. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration.** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. **"Arbitration Exclusion"** shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery.** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American

Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

(c) **No Class or Collective Action; Government Complaints:** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

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(d) **Arbitration Fees and Costs:** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

12. **Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim

against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short- term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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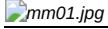
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21. **Entire Agreement** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

**In Witness Whereof**, and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

SPAR Group, Inc.

By: 

[ ▲ Officer's Signature ▲ ]

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: 2/15/2023

Ron Lutz:



[ ▲ Grantee's Signature ▲ ]

Employee's Current Address:

Dated as of: 2/15/2023

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

"Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

"Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or
- (f) individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.

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"Change of Control Value" shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or
- (b) the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or
- (c) in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or
- (d) in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.

"Charter" shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"DEGCL" shall mean the General Corporation Law of the State of Delaware, as amended.

"DEUCC" shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended. "Disability" shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code. "Exchange Rules" shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Fair Market Value" shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

"Legal Representative" shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

"Representative" shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

"Retires" and "Retirement" shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

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"Securities Act" shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Exchange Act" shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Law" shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

"SGRP Board" shall mean the Board of Directors of SGRP.

"SGRP By-Laws" shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

"SGRP Committee" shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

"SGRP Compensation Committee" shall mean the SGRP Board's Compensation Committee.

"SGRP Company" shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

## **II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table

of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit 10.9.10.13

SPAR GROUP, INC.

**Phantom Stock Grant and Agreement**

**This Restricted Stock Unit Grant and Agreement** has been entered into and is effective as of April 3, 2023 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Agreement"), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **Michael R. Matacunas**, (the "Grantee"), whose name and current address are set forth on the signature page below. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

**WITNESSETH:**

1. **SGRP and Phantom Stock Awards Generally.** The Corporation has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). The Corporation from time to time may grant incentive awards (each a "Phantom Stock Award") bases on phantom units of individual SGRP Shares (each a "Phantom Stock Unit") providing for cash payments to key executives and employees in order to provide a monetary reward where the award's value will follow the market price of the SGRP Shares and incentivize recipients to drive long-term success of the Corporation as an element of SGRP's total compensation package. The Corporation is making the Phantom Stock Awards as a cash-based alternative in satisfaction and in lieu of the comparable Restricted Stock Units (RSUs) approved by the Board of Directors of the Corporation (the "Board"), which the Board expressly approved be potentially payable in stock or cash, but RSUs payable in stock cannot be delivered currently due to the lack of an underlying shareholder approved stock-based plan permitting payments in stock.

2. **Certain Mutual Definitions, Etc.** Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Agreement are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Agreement are part of and incorporated by reference into this Agreement as if fully set forth herein.

3. **Independent Grant; No Plan.** The Corporation hereby irrevocably grants a Phantom Stock Award to the Grantee equal to 378788 Phantom Stock Units (which correspond to the same number of SGRP Shares), effective as of April 3, 2023 (the "Grant Date"). For informational purposes only, if then vested those Phantom Stock Units would have had an aggregate Fair Market Value of \$500,000 for the Grantee as of the Grant Date based on the Fair Market Value of \$1.32 per SGRP Share as of the Grant Date. The number of the Grantee's Phantom Stock Units shall be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in this Agreement. This Agreement, the Phantom Stock Award and the Phantom Stock Units granted hereunder are an independent stand-alone grant and have not been granted under, subject to or governed by any past, present or future SGRP stock compensation plan.

4. **Vesting.** (a) None of the Phantom Stock Units were vested as of the Grant Date. Except for any earlier vesting provided in this Agreement, the Phantom Stock Units granted and issued hereunder to the Grantee shall vest over the one (1) year period following the Grant Date provided that the Grantee is an employee of one of SGRP and its subsidiaries (collectively, the "Company") on April 3, 2024, which will be the applicable vesting date subject to achievement of the criteria provided below. The vesting will be upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT.

(b) The calculation of the achievement of the 2023 Global EBIT will be based on SGRP's audited financial statements and adjusted for each of the following:

(i) Total Operating Income and Domestic Operating Income each shall exclude any and all applicable accruals, expenses, assumptions, reimbursements, indemnifications, advancements and payments arising out of or related to any agreement or arrangement with related parties, shareholders or directors endeavoring to resolve any debt, obligations, claims or governance issues with any of them.

(ii) Total Operating Income shall also shall exclude both the negative and positive effects (i.e., both upside and downside) of (A) any and all domestic or foreign mergers and acquisitions (including new joint ventures), which effects include (without limitation) any and all applicable accruals, revenues, expenses, income and payments arising out of or related to any such domestic or foreign merger or acquisition, (B) an increase or decrease in Non-Executive Director Board Compensation; and (C) of normal and customary accounting adjustments required by an outside auditor or third party.

(iii) In the discretion of management with the approval of the Board, Total Operating Income and Domestic Operating Income each may exclude the negative and positive effects (i.e., both upside and downside) any and all applicable any income or expense item that was extraordinary, non-operational, non-recurring or non-routine.

(c) The Grantee agrees that: (i) in the event RSUs are available for such exchange under an underlying shareholder approved stock-based plan, the Corporation shall have the right, in its discretion, at any time and from time to time to exchange unvested RSUs for the Grantee's Phantom Shares (on a one for one basis) for some or all of the Phantom Shares in any tranche, subject to the same vesting criteria; and (ii) acknowledges that unvested RSUs may be settled in cash or stock (or in combination).

5. **Payment on Vesting; Tax Withholdings.** Immediately upon each vesting the Grantee is irrevocably entitled to receive and within 15 days shall receive from the Corporation, without any payment by the Grantee to the Corporation, a cash payment equal to the product of: (i) the number of the then vested Grantee's Phantom Stock Units on applicable vesting date, as and to the extent adjusted pursuant to Section 9, below; times (ii) the sum of (1) Vesting Value of each SGRP Share on applicable vesting date; provided that the Corporation shall withhold from such payment and remit to the applicable authorities all required tax withholding amounts. "Vesting Value" shall mean the greater of the applicable Fair Market Value or Change of Control Value.

6. **No Employment Agreement and Other Agreements not Affected.** Nothing in this Agreement shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements. This Agreement does not replace, amend or affect any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (each a "Separate Agreement") and no other agreement shall replace, amend or affect this Agreement (unless specifically referencing this Agreement by name and date).

7. **No Stock Rights or other Equity Interest.** This Agreement does not create or convey any equity or ownership interest in the Corporation or in or to any SGRP Shares or any right or entitlement to acquire or receive any such interest or shares, or any right or entitlement under or commonly associated with any such interest or shares, including (without limitation) any dividend, voting, approval, inspection or appraisal right.

8. **Early Vesting and Termination.** Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Agreement or in any Separate Agreement:

(a) **Change in Control.** All of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest upon any Change in Control notwithstanding any vesting schedule in the Agreement.

(b) **Death.** If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 4 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(c) **Disability.** If the Grantee is no longer employed by any SGRP Company due to the Grantee's permanent Disability and prior to vesting pursuant to 3 above, all of the Grantee's remaining unvested Phantom Stock Units shall immediately and automatically vest notwithstanding any vesting schedule in the Agreement.

(d) **Leave of Absence.** An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Agreement during such leave if the period of the leave does not exceed 180 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 180 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 181st day of such leave.

9. **Adjustments upon Changes in Common Stock and Certain Other Events.** (a) Notwithstanding any other provision of this Agreement, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event (each an "Adjustment Event"), in each case other than any Change in Control, the aggregate number and kind of shares subject to outstanding Phantom Stock Units shall be automatically and immediately adjusted to preserve the inherent economic value of the Phantom Stock Award and the intent and purposes of this Agreement, consistent (to the extent applicable) with the relevant provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law. This mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be conclusive and binding on all Parties and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Agreement to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

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10. **Grantee's Acknowledgments and Agreements.** The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Agreement or the Phantom Stock Units; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a Registration Statement;

(b) The Phantom Stock Units have been acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof.

(c) Nothing herein shall be construed as requiring the Corporation to register this Agreement, or the Phantom Stock Units under the Securities Act.

(d) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the Phantom Stock Units acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(e) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

(f) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

11. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration:** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company

might have against the Grantee, directly or indirectly arising under or involving this Agreement or the Phantom Stock Units, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Agreement. "Arbitration Exclusion" shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) Arbitration Law, Rules, Venue and Discovery: The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

(c) No Class or Collective Action; Government Complaints: Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Agreement prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

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(d) Arbitration Fees and Costs: The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Agreement providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.

12. Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc. To the greatest extent permitted by applicable law, this Agreement shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Agreement; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Agreement, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Agreement, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Agreement. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

13. Mutual Survival of Obligations and Agreements, Etc. Except as otherwise expressly provided in this Agreement, each of the representations, agreements and obligations of the Parties contained in this Agreement (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Agreement; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Agreement.

14. Mutual Successors and Assigns; Assignment; Intended Beneficiaries. This Agreement and the Phantom Stock Units are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the

transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Agreement. Without in any limiting the preceding restrictions, whenever in this Agreement reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Agreements made by or on behalf of such Party in this Agreement shall inure to the benefit of the successors and assigns of the other Party. The representations, Agreements and other provisions of this Agreement (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Agreement are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Agreement or otherwise.

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15. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Agreement have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. In the event that any provision of this Agreement shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Agreement, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Agreement.

16. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Agreement shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Agreement shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Agreement or applicable law.

17. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Agreement has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

18. **Mutual Counterparts; Amendments.** This Agreement or any supplement, modification or amendment to this Agreement may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Agreement binding upon all of its signing or approving parties. This Agreement: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Agreement by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

19. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of Phantom Stock Units or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

20. **Compliance with Section 409A of the Code.** This Agreement is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Agreement fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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21. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Agreement, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Agreement, except for those expressly set forth in this Agreement. Except for any Separate Agreement: this Agreement (including all exhibits and schedules) contains the entire Agreement and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Agreements,

understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the Phantom Stock Units and the related matters contained in this Agreement.

In Witness Whereof, and in consideration of the provisions set forth in this Agreement and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:

EMPLOYER:

SPAR Group, Inc.

By: /s/

Antonio Calisto Pato, Chief Financial Officer, Secretary and Treasurer

Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: 1/11/2024

MICHAEL R. MATAUNAS:

/s/

[ ▲ Grantee's Signature ▲ ]

Employee's Current Address:

1468 Five Hill Trail

Virginia Beach, VA 23452

Dated as of: 1/11/2024

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#### EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS

The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Agreement and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Agreement.

##### I. Certain Defined Terms

"Affiliate" of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a "Significant Shareholder") that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an "Officer"); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a "Relative"); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Agreement) be treated as or deemed to be an Affiliate or Representative of the other Party. "Accounting Standards" shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

"Applicable Law" shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; in each case: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

"Business Day" shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

"Change in Control" shall mean any of the following:

- (a) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (b) the consummation of a merger or consolidation of the Corporation (including a merger or consolidation of the Corporation or any direct or indirect subsidiary of the Corporation) with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (c) the stockholders of the Corporation approve a plan of complete [dissolution or] liquidation of the Corporation;
- (d) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation (including its interest in or substantially all of the assets of any material subsidiary of the Corporation, with its U.S., Brazilian and South African subsidiaries each being deemed a material subsidiary of the Corporation), or
- (e) the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or

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- (f) individuals who, as of the date this Agreement (the "Agreement Date"), constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual subsequent to the Agreement Date becoming a Super Independent Director (as defined in SGRP's By-Laws on the Agreement Date) whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or

*threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board.*

*"Change of Control Value"* shall be equal to whichever of the following items is applicable to the Change of Control:

- (a) *the highest price per SGRP Share offered to or received by shareholders of the Corporation in any acquisition, merger, consolidation or other reorganization, or*
- (b) *the highest price per SGRP Share offered to or received by the applicable shareholders of the Corporation in any tender offer or exchange offer or in any sale described in by clause (g) or (h) of the definition of a Change in Control, whereby a Change of Control takes place, or*
- (c) *in the event that the consideration offered to shareholders of the Corporation in any transaction described in the definition of a Change in Control consists of anything other than cash, the Corporation shall determine in good faith the fair cash equivalent of the portion of the consideration offered that is other than cash, subject to the approval of the Super Independent Directors (as defined in the Corporation's Bylaws), or*
- (d) *in all other events, the closing price of a SGRP Share on the date of the Change of Control or if there were no trades on that date, then on the preceding date on which a trade occurred.*

*"Charter"* shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

*"Code"* shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

*"DEGCL"* shall mean the General Corporation Law of the State of Delaware, as amended.

*"DEUCC"* shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended.

*"Disability"* shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

*"Exchange Rules"* shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

*"ERISA"* shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

*"Fair Market Value"* shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

*"Legal Representative"* shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

*"Representative"* shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

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*"Retires"* and *"Retirement"* shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Agreement or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Agreement or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

*"Securities Act"* shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

*"Securities Exchange Act"* shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

*"Securities Law"* shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

*"SGRP Board"* shall mean the Board of Directors of SGRP.

*"SGRP By-Laws"* shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

*"SGRP Committee"* shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

*"SGRP Compensation Committee"* shall mean the SGRP Board's Compensation Committee.

*"SGRP Company"* shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be

viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

**II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.**

In this Agreement, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Agreement; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Agreement includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Agreement, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Agreement (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Agreement shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Agreement are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Agreement to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit 10.14

SPAR GROUP, INC.

**INDUCEMENT RSU GRANT AND CONTRACT**

**This Inducement Restricted Stock Unit Grant and Contract** has been entered into and is effective as of March 10, 2023 (as the same may be supplemented, modified, amended, restated or replaced from time to time in the manner provided herein, this "Contract"), between the **SPAR Group, Inc.**, a Delaware corporation ("SGRP" or the "Corporation"), currently having an address at 1910 Opdyke Court, Auburn Hills, MI 48326, and **Antonio Calisto Pato** (the "Grantee" or "Awardee"), currently having an address at 1207 Willow Oaks Trail, Matthews, NC 28104. The Grantee and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

**WITNESSETH:**

1. **Inducement Restricted Stock Unit Grant, No Plan, and Certain Definitions.** (a) The Corporation, in accordance with the resolution made by the Board of Directors of the Corporation, hereby irrevocably grants the following inducement award of restricted stock units ("RSUs") to the Grantee, with each RSU representing Grantee's right to be issued on a future date, to the extent then vested, one share of the Common Stock, \$.01 par value per share, issued by SGRP ("Common Stock"), or its cash equivalent at that time (at the Corporation's option as provided below):

117,188 RSUs, which on March 10, 2023 (the RSU issuance date) had an aggregate Fair Market Value of \$150,000 and represented 117,188 shares of SGRP's Common Stock based on the market price of \$1.28/share on that date.

(b) Those RSUs shall be effective and shall be recorded by the Corporation on its books and records on and as of such issuance date.

(c) This Contract and the RSUs granted hereunder are an inducement award and not granted under, subject to or governed by any past, present or future SGRP stock compensation plan. Certain Mutual Definitions and Interpretations (and other provisions) applicable to this Contract are set forth in Exhibit A hereto (as the same may thereafter be supplemented, modified, amended, restated or replaced from time to time, the "Mutual Interpretations"). Capitalized terms used and not otherwise defined herein shall have the meanings respectively assigned to them in the Mutual Interpretations. The Mutual Interpretations and all other exhibits and schedules attached to or incorporated by reference into this Contract are part of and incorporated by reference into this Contract as if fully set forth herein.

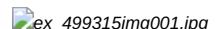
2. **No Employment Agreement, No Stock Rights, and Other Agreements not Affected.** (a) Nothing in this Contract shall confer any right on the Grantee to become or continue as an employee of any SGRP Company, shall confer any voting, dividend or other stockholder right on the Grantee under any share of Common Stock, or shall in any way limit or restrict in any way with any right of any SGRP Company to terminate the Grantee's employment at any time for any reason whatsoever. The Grantee and the Corporation may enter or may have entered into other separate agreements, including (without limitation) the Grantee's Change of Control Severance Agreement with SGRP made and entered into and effective as of February 28, 2023 (the "COCSA"). This Contract does not replace, amend or affect the COCSA or any other written stock option, offer of employment, severance, separation, termination or other agreement of between the Grantee and the Corporation (together with the COCSA, each a "Separate Agreement") and no other agreement shall replace, amend or affect this Contract (unless specifically referencing this Contract by name and date).

(b) The Grantee shall not have the rights of a stockholder with respect to such shares of Common Stock to be received hereunder until the date of issuance (as elected by the Corporation) of a stock certificate to the Grantee for such shares or, in the case of uncertificated shares, until the date an entry is made on the books of the Corporation's

transfer agent representing such shares.

3. **Vesting and Payment**. Except for any earlier vesting provided in this Contract, RSUs granted and issued hereunder shall, provided that the Grantee is then an employee of the Corporation, become fully vested on the first anniversary of the date these RSUs are issued (e.g. RSUs issued on March 10, 2023, will fully vest on March 10, 2024, and immediately upon vesting the Grantee is entitled to receive and shall receive from the Corporation, without any payment by the Grantee to the Corporation (other than required tax withholding amounts), one share of Common Stock for each RSU or, in the Corporation's sole discretion, an amount in cash equal to the product of multiplying: (i) the number of such shares of Common Stock represented by the vested RSU; times (ii) the Fair Market Value per share on the date of vesting (such amount, the "RSU Value"); or a combination thereof. Payment to Grantee hereunder shall be made in cash or shares of Common Stock, or such combination thereof, as determined by the Corporation. Any payment in shares of Common Stock shall be affected in book entry or electronic form, provided that issuance and delivery in certificated form shall occur if the Grantee so requests in writing or the Corporation so directs.

4. **Dividends and Other Distributions**. Until the RSUs are fully vested, the Grantee shall have no rights to dividends and other distributions made in cash or property with respect to the RSUs other than shares of Common Stock that would have been paid with respect to the shares represented by those RSUs if such shares were outstanding. If any deemed dividends or other distributions would be paid in shares of Common Stock with respect to the RSUs, such shares shall be considered to increase Grantee's RSUs with respect to which they were declared based on one share equaling one RSU.



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5. **Early Vesting and Termination**. Except to the extent more favorable treatment may otherwise be expressly accorded to the Grantee in this Contract or in any Separate Agreement:

(a) **Death**. If the Grantee dies while the Grantee is an employee of any SGRP Company and before vesting pursuant to 3 above the RSUs granted and issued to the Grantee under this Contract will become fully vested automatically and immediately notwithstanding any vesting schedule in the Contract.

(b) **Disability**. If the Grantee is no longer employed by any SGRP Company due to the Grantee's Disability and prior to vesting pursuant to 3 above, the RSUs granted and issued to the Grantee under this Contract will become fully vested automatically and immediately notwithstanding any vesting schedule in the Contract.

(c) **Leave of Absence**. An individual on military leave, sick leave or other bona fide leave of absence shall continue to be considered an employee for purposes of this Contract during such leave if the period of the leave does not exceed 90 days, or, if longer, so long as the individual's right to re-employment with or re-engagement by such SGRP Company, as the case may be is guaranteed either by statute or by contract or such SGRP Company has consented by policy or in writing to a longer absence. If the period of leave exceeds 90 days and the individual's right to re-employment is not guaranteed by statute, contract, policy or consent, the employment relationship shall be deemed to have terminated on the 91st day of such leave.

(d) **Change in Control**. If a Change in Control (as defined in the COCSA, whether or not then in effect) occurs or has been agreed upon in writing while the Grantee is an employee of any SGRP Company and before vesting pursuant to 3 above, the RSUs granted and issued to the Grantee under this Contract will become fully vested automatically and immediately notwithstanding any vesting schedule in this Contract.

6. **Adjustments upon Changes in Common Stock and Extraordinary Events**. (a) Notwithstanding any other provision of this Contract, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, spin-off, split-up, combination or exchange of shares or the like that results in a change in the number or kind of shares of Common Stock that were outstanding immediately prior to such event, the aggregate number and kind of shares subject to outstanding RSUs shall be appropriately adjusted by SGRP (or by an outside accounting or financial services firm chosen and used in SGRP's discretion) to preserve the inherent economic value of the Grant and the intent and purposes of this Contract, consistent with this Contract and the applicable provisions of the Internal Revenue Code of 1986, as amended ("Code"), ERISA, Securities Law, Exchange Rules, Accounting Standards and other Applicable Law, and this mandatory adjustment and SGRP's determination of the mechanics of its implementation shall be presumptively correct absent manifest error and take effect on the Corporation's written notice to the Grantee. Such adjustment may provide for the elimination of fractional shares that might otherwise be subject to the Award without payment therefore and for the rounding up to the next whole cent in the case of exercise prices. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section if such adjustment: (i) would cause this Contract to fail to comply with Section 409A of the Code or with Rule 16b-3 (if applicable to such Award); or (ii) would be considered as the adoption of a plan requiring stockholder approval.

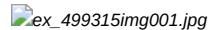
7. **Grantee's Acknowledgments and Agreements**. The Grantee acknowledges, represents and warrants to and agrees with the Corporation that:

(a) No Registration Statement under the Securities Act of 1933, as amended (the "Securities Act"), covers or will cover this Contract, the RSUs, or any of the shares of Common Stock distributable hereunder; and neither the Corporation nor any of its Representatives has ever promised or agreed to in any way ever prepare or file such a

(b) The shares of Common Stock to be issued under the RSUs, if any, will be acquired by the Grantee for his own account, for investment only and not with a view to the resale or distribution thereof. In any event, the Grantee shall notify the Corporation of any proposed resale of the shares of Common Stock issued to him hereunder;

(c) Any subsequent resale or distribution of shares of Common Stock by the Grantee shall be made only pursuant to: (x) Rule 144; (y) a Registration Statement under the Securities Act that is effective and current with respect to the sale of shares of Common Stock being sold; or (z) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption, the Grantee shall, prior to any offer of sale or sale of such shares of Common Stock, provide the Corporation (unless waived by the Corporation) with a favorable written opinion of counsel, in form and substance satisfactory to the Corporation, as to the applicability of such exemption to the proposed sale or distribution.

(d) Nothing herein shall be construed as requiring the Corporation to register this Contract, the RSUs or the shares subject to the RSUs under the Securities Act.



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(e) The Corporation may affix appropriate legends upon the certificates for shares of Common Stock issued hereunder and may issue such "stop transfer" instructions to its transfer agent in respect of such shares as it determines, in its discretion, to be necessary or appropriate to: (i) prevent a violation of, or to perfect an exemption from, the registration requirements of the Securities Act; or (ii) any other agreement between the Corporation and the Grantee with respect to such shares of Common Stock.

(f) The Grantee will comply with all applicable laws relating to the grant, issuance and exercise of the RSUs and the disposition of the shares of Common Stock acquired hereunder, including without limitation, federal and state securities and "blue sky" laws.

(g) The Corporation shall be entitled to withhold from amounts to be paid to the Grantee hereunder any federal, state or local withholding or other taxes or charges which it is from time to time required to withhold.

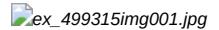
(h) The Corporation shall be entitled to rely on an opinion of the independent tax, benefits or securities counsel selected and paid by the Corporation (which may be regular counsel of the Corporation) if any question as to the need or availability of any such a Securities Law exemption or the amount or requirement of any such withholding shall arise.

8. **Mutual Agreement to Arbitrate.** (a) **Binding Arbitration.** The Grantee and the Corporation (on behalf of itself and each other SGRP Company) mutually consent and agree to the resolution by binding arbitration of any and all claims (whether under common law, statute, regulation or otherwise), that the Grantee may have against the Corporation, any other SGRP Company, or any of their respective Representatives, and all successors and assigns of any of them, or that the Corporation or other applicable SGRP Company might have against the Grantee, directly or indirectly arising under or involving this Contract or the RSUs, in each case except for any Arbitration Exclusion as expressly provided (and defined) below. Except only for those Arbitration Exclusions, binding arbitration shall replace going before any government agency or a court for a judge or jury trial, and neither the Grantee, nor the Corporation nor any other applicable SGRP Company is permitted to bring any claim or action before any such entity. The Grantee and the Corporation (on behalf of itself and each other applicable SGRP Company) each waive the right to have a court or jury trial on any arbitrable claim. For clarity, the Corporation and at least one other applicable SGRP Company may (and sometimes will) all be involved in the same services or issues, and Grantee therefore agrees that any disputes that Grantee has with the Corporation or other SGRP Company shall be subject to binding arbitration as set forth in this Contract. **"Arbitration Exclusion"** shall mean any action, suit or other proceeding: (i) seeking any temporary or other injunction or restraining order or similar equitable relief in any jurisdiction; (ii) seeking any enforcement of any arbitration or court award or judgment in any jurisdiction; (iii) respecting any appeal of any lower court or arbitration decision; or (iv) any claim that as a matter of law is not arbitrable.

(b) **Arbitration Law, Rules, Venue and Discovery.** The Federal Arbitration Act ("FAA") shall govern this section, or if for any reason the FAA does not apply, the arbitration law of the state in which the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Arbitration will be conducted pursuant to the applicable rules of the Judicial Arbitration and Mediation Services, Inc. ("JAMS"); provided, however, that if JAMS does not have an office within 200 miles of the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company, then the arbitration will be conducted pursuant to the rules of the American Arbitration Association ("AAA"). The arbitration will take place at the JAMS (or AAA) office closest to the place where the Grantee last rendered labor or services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall have the right to take depositions of four (4) fact witnesses and any expert witness designated by another party. Each party to the arbitration also shall have the right to make requests for production of documents to any party and to subpoena documents from third parties to the extent allowed by law. Requests for additional depositions or discovery may be made to the arbitrator. The arbitrator may grant such additional discovery if the arbitrator finds that the party has demonstrated that it needs that discovery to adequately arbitrate the claim, taking into account the parties' mutual desire to have a speedy, less formal, cost-effective dispute-resolution mechanism. The JAMS rules are available at [www.jamsadr.com](http://www.jamsadr.com), and the AAA rules are available at [www.adr.org](http://www.adr.org).

(c) **No Class or Collective Action; Government Complaints:** Notwithstanding any provision of the JAMS (or AAA) rules, arbitration shall occur on an individual basis only. The Grantee and the Corporation (on behalf of itself and each other SGRP Company) each waive the right to initiate, participate in, or recover through, any class or collective action available to it. Nothing in this Contract prevents the Grantee, the Corporation or other applicable SGRP Company from filing or recovering pursuant to a complaint, charge, or other communication with any federal, state or local governmental or law enforcement agency.

(d) **Arbitration Fees and Costs:** The Corporation will be responsible for paying any filing fee and the fees and costs of the arbitrator; provided, however, that if the Grantee is the arbitration party initiating the claim, the Grantee will contribute an amount equal to the filing fee to initiate a claim in the court of general jurisdiction in the state in which the Grantee last rendered Services to the Corporation or other applicable SGRP Company. Each party to the arbitration shall pay in the first instance its own arbitration and litigation costs and attorneys' fees, if any. However, if any party prevails on a statutory claim that affords the prevailing party attorneys' fees and/or arbitration or litigation costs, or if there is a written Contract providing for attorneys' fees and/or litigation costs, the arbitrator shall rule upon a motion for attorneys' fees and/or litigation costs under the same standards a court would apply under the law applicable to the claim(s) at issue.



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9. **Consent to Governing Law, Jurisdiction and Venue; Waiver of Personal Service, Etc.** To the greatest extent permitted by applicable law, this Contract shall be governed by and construed in accordance with the applicable federal law of the United States of America, the Uniform Commercial Code and General Corporation Law of the State of Delaware, and to the extent not governed by such federal law or Delaware law, by the applicable law of the State of Michigan, in each case other than those conflict of law rules that would defer to the substantive laws of another jurisdiction. Without in any way limiting the Parties agreement to binding arbitration, each Party hereby consents and agrees that the District Court of the State of Michigan for the County of Oakland and the United States District Court for the Eastern District of Michigan each shall have personal jurisdiction and proper venue with respect to any claim or dispute between the Grantee and the Corporation respecting this Contract; provided that the foregoing consent shall not deprive any Party or beneficiary of the right in its discretion to demand binding arbitration as provided in this Contract, or to voluntarily commence or participate in any other forum having jurisdiction and venue or deprive any Party of the right to appeal the decision of any such arbitrator court to a proper appellate court located elsewhere. In any claim or dispute respecting this Contract, no Party will raise, and each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives, any objection or defense to any such jurisdiction as an inconvenient forum. Each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives personal service of any arbitration demand, summons, complaint or other process on the Party or any authorized agent for service of the Party in any claim or dispute respecting this Contract. Each Party hereby acknowledges and agrees that any arbitration demand service of process may be made upon the Party by or on behalf of the other Party by: (i) certified, registered or express mail; (ii) FedEx or other courier; (iii) fax; (iv) hand delivery; or (v) any manner of service available under the applicable law, in each case at his or her address set forth above or as such other address as may be designated by the Party in a written notice received by SGRP. Each Party acknowledges and agrees that a final decision in any arbitration or any final judgment in any action, suit or proceeding shall be conclusive and binding upon the Parties and may be enforced against the applicable Party by an action, suit or proceeding in such other jurisdiction. To the extent that the Grantee may be entitled to immunity from suit in any jurisdiction, from the jurisdiction of any court or from any other legal process, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives such immunity. In any action, suit or proceeding, in any jurisdiction brought by either the Corporation or the Grantee against the other party, each Party hereby absolutely, unconditionally, irrevocably, expressly and forever waives trial by jury.

10. **Mutual Survival of Obligations and Agreements, Etc.** Except as otherwise expressly provided in this Contract, each of the representations, agreements and obligations of the Parties contained in this Contract (including Sections 7 through 18 and the Mutual Interpretations): (a) shall be absolute and unconditional; and (b) shall survive the execution and delivery of this Contract; (c) shall remain and continue in full force and effect in accordance with its terms without regard to: (i) the end of the Grantee's employment with the Corporation or other applicable SGRP Company; or (ii) any dispute involving any aspect of his or her employment or this Contract.

11. **Mutual Successors and Assigns; Assignment; Intended Beneficiaries.** This Contract and the RSUs are not assignable, pledgeable or otherwise transferable by the Grantee other than by will or the laws of descent and distribution, provided, however, this Section shall not apply to a gratuitous transfer to: (i) the Grantee's spouse, children or grandchildren (the "Family Members"); or (ii) a trust established by the Grantee for the benefit of the Grantee or the Grantee's Family Members; or (iii) a partnership in which such Immediate Family Members are the only partners; provided that in all cases the Board of Directors or its delegate consents to such transfer and the transferee agrees in writing on a form prescribed by the Corporation to be bound by all provisions of this Contract. Without in any limiting the preceding restrictions, whenever in this Contract reference is made to any person, such reference shall be deemed to include the successors, assigns, and legal Representatives of such person, and, without limiting the generality of the foregoing, all representations, warranties, covenants and other Contracts made by or on behalf of such Party in this Contract shall inure to the benefit of the successors and assigns of the other Party. The representations, Contracts and other provisions of this Contract (including injunctive relief and arbitration) are for the exclusive benefit of the Parties hereto and the other SGRP Companies, and, except as otherwise expressly provided herein, no other person shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party. The provisions of this Contract are expressly intended to benefit each SGRP Company, which may enforce any such provisions directly, irrespective of whether the Corporation participates in such enforcement. However, no SGRP Company other than the Corporation shall have, or shall be deemed, interpreted or construed to have, any obligation or liability to the Grantee under this Contract or otherwise.

12. **Interpretation, Headings, Severability, Reformation, Etc.** The Parties agree that the provisions of this Contract have been negotiated, shall be construed fairly as to all Parties, and shall not be construed in favor of or against any Party. The section headings in this Contract are for reference purposes only and shall not affect the meaning or

interpretation of this Contract. In the event that any provision of this Contract shall be determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a court or other governmental authority having jurisdiction and venue because of the scope or duration of any such provision, the Parties agree that such court or other governmental authority shall have the power, and is hereby requested by the Parties, to reduce the scope or duration of such provision to the maximum permissible under applicable law so that said provision shall be enforceable in such reduced form. In the event that any provision of this Contract shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable (in whole or in part) pursuant to applicable law by an court or other governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability: (a) by or before that court or other governmental authority of the remaining provision of this Contract, which shall be enforced as if the unenforceable provision were deleted or limited to the extent provided by such determination, in each case unless the deletion or limitation of the unenforceable provision would impair the practical realization of the principal rights and benefits of the SGRP Companies hereunder (if and to the extent so limited); or (b) by or before any other court or other governmental authority of any of the provisions of this Contract.



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13. **Mutual Non-Waiver by Action, Cumulative Rights, Etc.** Any waiver or consent from any Party or (as to its rights) any SGRP Company respecting any provision of this Contract shall be effective only in the specific instance for which given and shall not be deemed, regardless of frequency given, to be a further or continuing waiver or consent. The failure or delay of any Party at any time to require performance of, or to exercise or enforce its rights or remedies with respect to, any provision of this Contract shall not affect the right of any Party at a later time to exercise or enforce any such provision. No notice to or demand on any Party shall entitle such Party to any other or notice or demand in similar or other circumstances. All rights, remedies and other interests of each Party hereunder are cumulative and not alternatives, and they are in addition to (and shall not limit) any other right, remedy or other interest of any Party under this Contract or applicable law.

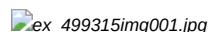
14. **Mutual Waiver of Jury Trial, All Waivers Intentional, Etc.** In any action, suit or proceeding in any jurisdiction brought against the Grantee by the Corporation or any other SGRP Company, or vice versa, each Party and the Corporation each waive trial by jury. This waiver of jury trial by each Party, and each other waiver, release, relinquishment or similar surrender of rights (however expressed) expressly made by a Party in this Contract has been absolutely, unconditionally, irrevocably, knowingly and intentionally made by such Party.

15. **Mutual Counterparts; Amendments.** This Contract or any supplement, modification or amendment to this Contract may have been executed in writing or approved electronically in counterpart copies of the document or of its signature page, each of which may have been delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single Contract binding upon all of its signing or approving parties. This Contract: (i) may not be supplemented, modified, amended, restated, waived, extended, discharged, released or terminated orally; (ii) may only be supplemented, modified or amended in a document executed in writing and/or approved electronically by all of the Parties hereto specifically referencing this Contract by date, title, parties and provision(s) being amended; and (iii) may only be waived, released or terminated in a document executed in writing and/or approved electronically by each Party or other person against whom enforcement thereof may be sought.

16. **Withholding.** The Corporation may withhold cash and/or shares of Common Stock to be issued to the Grantee in the amount which the Corporation determines is necessary to satisfy its obligation to withhold taxes or other amounts incurred by reason of the grant or vesting of RSUs or the disposition of the underlying shares of Common Stock. Alternatively, the Corporation may require the Grantee to pay the Corporation such amount in cash promptly upon demand.

17. **Compliance with Section 409A of the Code.** This Contract is intended to comply with the "short- term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Contract fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if Grantee is a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on Grantee in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

18. **Entire Agreement.** Each Party acknowledges and agrees that, in entering into this Contract, it has not directly or indirectly received or acted or relied upon any representation, warranty, promise, assurance or other agreement, understanding or information (whether written, electronic, oral, express, implied or otherwise) from or on behalf of the other Party, or (in the case of the Grantee) from any other SGRP Company, or any of their respective Representatives, respecting any of the matters contained in this Contract, except for those expressly set forth in this Contract. Except for any Separate Agreement: this Contract (including all exhibits and schedules) contains the entire Contract and understanding of the Parties and supersedes and completely replace all prior and other representations, warranties, promises, assurances and other Contracts, understandings and information, whether written, electronic, oral, express, implied or otherwise, from a Party or between them, or (in the case of the Grantee) from any other SGRP Company, with respect to the RSUs and the related matters contained in this Contract.

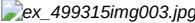


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*In Witness Whereof, and in consideration of the provisions set forth in this Contract and other good and valuable consideration (the receipt and adequacy of which is hereby acknowledged by each of them), the Parties hereto have executed and delivered this Contract intending to be legally bound by it and for it to be effective as of the earliest of date first written above and the dates written below:*

EMPLOYER:

**SPAR Group, Inc.**

By: 

[ ▲ Officer's Signature ▲ ]

Mike Matacunas, CEO

Employer's Current Address:

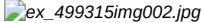
1910 Opdyke Court, Auburn Hills, MI 48326

ATTN: Human Resources Department

Dated as of: March 10, 2023

GRANTEE:

Antonio Calisto Pato



[ ▲ Grantee's Signature ▲ ]

Employee's Current Address:

1207 Willow Oaks Trail

Matthews, NC 28104

Dated as of: March 10, 2023

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#### **EXHIBIT A – MUTUAL DEFINITIONS AND INTERPRETATIONS**

*The definitions, interpretations and other provisions of this Exhibit A shall apply to, and are hereby incorporated by reference into, this Contract and each schedule and exhibit. Capitalized terms shall have the meanings assigned to them in this Exhibit, and terms not so defined shall have the meanings assigned to them elsewhere in this Contract.*

##### **I. Certain Defined Terms**

**Affiliate** of a referenced person shall mean: (i) any direct or indirect subsidiary or parent of such person; (ii) any other person directly or indirectly controlling, controlled by or under common control with the referenced person, whether through ownership, by contract, arrangement or understanding or otherwise; (iii) any person (a **Significant Shareholder**) that has more than ten (10) percent of the equity of, profits from or voting power respecting a referenced person, whether beneficially or otherwise; (iv) any director, officer, partner, manager or other executive of a referenced person (an **Officer**); (v) any member of the immediate family of any Significant Shareholder or Officer of the referenced person, including any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, wherever residing (each a **Relative**); (vi) any other person in which a Significant Shareholder, Officer or Relative of the referenced person also is a Significant Shareholder or Officer of such other person; or (vii) any other person that is, or is deemed to be, an affiliate, family member or other related party of the referenced person under any Applicable Law. However, no Party shall (for the purposes of this Contract) be treated as or deemed to be an Affiliate or Representative of the other Party. **Accounting Standards** shall mean the generally accepted accounting standards then in effect, as established, supplemented, modified, amended, restated or replaced from time to time by the Financial Accounting Standards Board and other generally recognized U.S. accounting authorities.

**Applicable Law** shall mean, to the extent applicable: (i) any Exchange Rules; (ii) ERISA, the Code or other federal tax or similar law; (iii) the Securities Law and other federal law of the United States of America; (iv) the DEGCL and the DEUCC; (v) to the extent that such federal law is not dispositive and does not preempt local law, and the DEGCL and DEUCC are not applicable, the Applicable Law of the State of Michigan; and (vi) to the extent the foregoing are inapplicable, any other applicable federal, state, territorial, provincial, county, municipal or other governmental or quasi-governmental law, statute, ordinance, requirement or use or disposal classification or restriction; whether domestic or foreign; **in each case**: (A) including (without limitation) any and all rules and regulations promulgated under any of the foregoing and then in effect; and (B) as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding law or provision.

**Business Day** shall mean any day other than: (i) any Saturday or Sunday; or (ii) any day the Securities and Exchange Commission is closed.

**Cause** shall mean, in connection with the termination of an Awardee: (I) "cause", as such term (or any similar term, such as "with cause", "Termination for Cause", or the like) is defined in any employment, consulting, severance, or other applicable agreement for services or termination agreement between such Awardee and any SGRP Company or SGRP Consultant; or (II) in the absence of such an agreement, "cause" as such term is defined in the Contract executed by the Corporation and such Awardee pursuant to Section 10; or (III) in the absence of both of the foregoing, any of the following reasons: (other than where the applicable events are based upon or also constitute good reason for the Awardee's actions): (i) the Awardee's willful, grossly negligent or repeated breach (whether through neglect, negligence or otherwise) in any material respect of, or the Awardee's willful, grossly negligent or repeated nonperformance, misperformance or dereliction (whether through neglect, negligence or otherwise) in any material respect of any of his or her duties and responsibilities to any SGRP Company or the Awardee's employer, whether under, any agreement or document with any SGRP Company or the Awardee's employer,

any of the directives, ethics or other codes, controls, policies or procedures of any SGRP Company or the Awardee's employer adopted or implemented from time to time, or otherwise, in each case other than in connection with any excused absence or diminished capacity; (ii) the gross or repeated disparagement by the Awardee of the business or affairs of the Corporation, any SGRP Company, Awardee's employer or any of their Representatives that in the reasonable judgment of SGRP adversely affected or would be reasonably likely to adversely affect the operations or reputation of any such person; (iii) any resume, application, report or other information furnished to any SGRP Company or Awardee's employer by or on behalf of the Awardee shall be in any material respect untrue, incomplete or otherwise misleading when made or deemed made; (iv) the Awardee is indicted for, charged with, admits or confesses to, pleads guilty or no contest to, adversely settles respecting or is convicted of: (A) any willful dishonesty or fraud (whether or not related to any SGRP Company or Awardee's employer); (B) any material breach of any Applicable Law; (C) any assault or other violent crime; (D) any theft, embezzlement or willful destruction by the Awardee of any asset or property of any SGRP Company or Awardee's employer or any of their respective representatives, customers or vendors; (E) any other misdemeanor involving moral turpitude; or (F) any other felony; (v) alcohol or drug abuse by the Awardee; or (vi) any other event or circumstance that constitutes cause for termination of an employee under Applicable Law and is not described in another clause of this subsection; provided, however, that termination for Cause shall not be considered present unless the same has been determined by the SGRP Compensation Committee in their sole and absolute discretion.

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**"Charter"** shall mean, as and to the extent applicable, the By-Laws of the Corporation, as amended, the charter of the SGRP Compensation Committee or other applicable SGRP Committee, as amended, and all resolutions of the Board, SGRP Compensation Committee or such other committee having continuing effect.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"DEGCL"** shall mean the General Corporation Law of the State of Delaware, as amended.

**"DEUCC"** shall mean Article 8 of the Uniform Commercial Code of the State of Delaware, as amended.

**"Disability"** shall mean a permanent and total disability within the meaning of Section 22(e)(3) of the Code.

**"Exchange Rules"** shall mean the charter or other organizational or governance document or listing or other requirements of the applicable national securities exchange or market on which SGRP's stock is listed or quoted (currently Nasdaq), or any other applicable self-regulatory or governing body or organization, and the rules and regulations promulgated thereunder, as the same may be adopted, supplemented, modified, amended or restated from time to time or any corresponding or succeeding rule, regulation or provision.

**"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

**"Fair Market Value"** shall mean the fair market value of a share of Common Stock on any day that shall be: (i) if the principal market for the Common Stock is a national securities exchange, the closing sales price per share of the Common Stock on such day as reported by such exchange or on a consolidated tape reflecting transactions on such exchange; or (ii) if the principal market for the Common Stock is not a national securities exchange, the average of the closing bid and asked prices per share for the Common Stock on such day as reported on the OTC Bulletin Board Service or by National Quotation Bureau, Incorporated or a comparable service; provided, however, that if clauses (i) and (ii) of this subsection are all inapplicable because the Corporation's Common Stock is not publicly traded, or if no trades have been made or no quotes are available for such day, the fair market value of a share of Common Stock shall be determined by the Administrators by any method consistent with the provisions of the Code, ERISA, Securities Law, Exchange Rules and Accounting Standards applicable to the relevant Awards.

**"Legal Representative"** shall mean the executor, administrator or other person who at the time is entitled by law to exercise the rights of a deceased or incapacitated Awardee with respect to an Award.

**"Representative"** shall mean any shareholder, partner, member, director, executive, manager, officer, employee, contractor or subcontractor (in each case excluding a Party in the case of the other Party and excluding both Parties in the case of a Third Party), attorney, agent or other representative of the referenced person or any of its subsidiaries or other Affiliates. The Corporation's Representatives include (without limitation) the field administrators and the independent field merchandisers, technicians and other specialists engaged by the Corporation or its Affiliates and utilized in the Services.

**"Retires"** and **"Retirement"** shall mean the voluntary termination by an Awardee of such person's status as a director (whether or not an employee), officer (whether or not an employee), employee or consultant to any SGRP Company or SGRP Consultant, in each case so long as: (i) such person shall be at least 65 years of age or such younger age as: (A) may be specifically provided for retirement in the applicable Contract or Awardee's written employment, consulting, retirement or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases; and (ii) such person shall not be employed full time by anyone else except as: (A) may be otherwise specifically permitted following retirement in the applicable Contract or Awardee's written employment or consulting or termination contract; or (B) the Administrators in their discretion may permit in any particular case or class of cases.

"Securities Act" shall mean the Securities Act of 1933, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Exchange Act" shall mean the Securities Act of 1934, as amended, and any and all rules and regulations promulgated thereunder and then in effect.

"Securities Law" shall mean the Securities Act, the Securities Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, any "blue sky" or other applicable federal or state securities law, or any other comparable law of any applicable jurisdiction, as amended and any and all rules and regulations promulgated thereunder and then in effect.

"SGRP Board" shall mean the Board of Directors of SGRP.

"SGRP By-Laws" shall mean the By-Laws of SGRP, including (without limitation) the charters of the SGRP Audit Committee, SGRP Compensation Committee and the SGRP Governance Committee, as the same may have been and hereafter may be adopted, supplemented, modified, amended or restated from time to time in the manner provided therein.

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"SGRP Committee" shall mean the SGRP Board's Audit Committee, the SGRP Board's Compensation Committee, the SGRP Board's Governance Committee or any other committee of the SGRP Board established from time to time, as applicable.

"SGRP Compensation Committee" shall mean the SGRP Board's Compensation Committee.

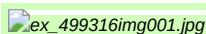
"SGRP Company" shall mean SPAR Group, Inc., a Delaware corporation ("SGRP"), or any direct or indirect subsidiary of SGRP. The subsidiaries of SGRP at the referenced date are listed in Exhibit 21.1 to SGRP's most recent Annual Report on Form 10-K as filed with the U.S. Securities and Exchange Commission (a copy of which can be viewed at the Corporation's website ([www.sparinc.com](http://www.sparinc.com)) under the tab/sub-tab of Investor Relations/SEC Filings).

II. Singular and Plural Forms, Headings, No Third Party Beneficiaries, and other Interpretations.

In this Contract, the Parties expressly agree that: (a) the meaning of each capitalized term or other word or phrase defined in singular form also shall apply to the plural form of such term, word or phrase, and vice versa; each singular pronoun shall be deemed to include the plural variation thereof, and vice versa; and each gender specific pronoun shall be deemed to include the neuter, masculine and feminine, in each case as the context may permit or required; (b) any bold text, italics, underlining or other emphasis, any table of contents, or any caption, section or other heading is for reference purposes only and shall not affect the meaning or interpretation of this Contract; (c) the word "event" shall include (without limitation) any event, occurrence, circumstance, condition or state of facts; (d) this Contract includes each schedule and exhibit hereto and each SOW, all of which are hereby incorporated by reference into this Contract, and the words "hereof", "herein" and "hereunder" and words of similar import shall refer to this Contract (including all schedules and exhibits hereto) and the applicable statement(s) of work as a whole and not to any particular provision of any such document; (e) the words "include", "includes" and "including" (whether or not qualified by the phrase "without limitation" or the like) shall not in any way limit the generality of the provision preceding such word, preclude any other applicable item encompassed by the provision preceding such word, or be deemed or construed to do so; (f) unless the context clearly requires otherwise, the word "or" shall have both the inclusive and alternative meaning represented by the phrase "and/or"; (g) each reference to any financial or reporting control or governing document or policy of the Corporation shall include those of its ultimate parent, SGRP, or any Nasdaq or SEC rule or other Applicable Law, whether generically or specifically, shall mean the same as then in effect; (h) each provision of this Contract shall be interpreted fairly as to each Party irrespective of the primary drafter of such provision; (i) the provisions of this Contract are for the exclusive benefit of the Parties hereto, and except as otherwise expressly provided herein with respect to a Party's Affiliates and their Representatives (e.g., confidentiality, indemnification or the like), no other person (including any creditor), shall have any right or claim against any Party by reason of any of those provisions or be entitled to enforce any of those provisions against any Party; (j) and (k) all references in this Contract to dollars (\$) shall mean U.S. Dollars unless otherwise specified.

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Exhibit 10.21 10.25



CHANGE OF CONTROL SEVERANCE AGREEMENT

This Change of Control Severance Agreement ("Agreement") between SPAR Group, Inc. a Delaware corporation (the "Corporation" or "SGRP"), and Antonio Calisto Pato (the "Executive") is made and entered into effective as of February 28, 2023 (the "Effective Date"). The Executive and the Corporation may be referred to individually as a "Party" and collectively as the "Parties". Certain Tax Provisions applicable to this Agreement are set forth in Annex A are part of and incorporated by reference into this Agreement as if fully set forth herein;

WHEREAS, the Executive has joined SGRP as its Chief Financial Officer, Secretary and Treasurer, and has become a key executive of the Corporation, and the Executive reports to the Chief Executive Officer of the Corporation (the "CEO");

WHEREAS, the Corporation in its offer letter to the Executive agreed to provide the Executive with this Agreement;

**WHEREAS**, it is in the best interest of the Corporation and its stockholders if the Executive can approach material business decisions objectively and without concern for his personal situation; and

**WHEREAS**, the Corporation recognizes that the possibility of a Change of Control (as defined below) of the Corporation may result in the early departure of the Executive to the detriment of the Corporation and its stockholders;

**WHEREAS**, it is in the best interest of the Corporation and its stockholders that the Executive's Change of Control Severance Agreement conform to those recently executed with other executives; and

**THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and Executive agree as follows:

**I. Term of Agreement.**

(a) The term of this Agreement ("Term") shall commence on the Effective Date and shall continue in effect through the third anniversary of the Effective Date; provided, however, commencing on the first day following the Effective Date and on each day thereafter, the Term of this Agreement shall automatically be extended for one additional day unless the Corporation shall give written notice to Executive that the Term shall cease to be so extended in which event the Agreement shall terminate on the third anniversary of the date such notice is given.

(b) Notwithstanding anything in this Agreement to the contrary, if a Change of Control occurs during the Term of this Agreement, the Term shall automatically be extended for the 12-month period following the date of the Change of Control.

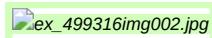
(c) Termination of this Agreement shall not alter or impair any rights of Executive arising hereunder on or before such termination.

(d) Notwithstanding, and without in any way contradicting, limiting or modifying, the potential severance and other benefits under this Agreement, the Executive acknowledges and agrees that the Executive's employment is "at will" and may be modified from time to time and terminated at any time by the Corporation in its discretion, for any reason or no reason, and without notice or benefit of any kind, other than any benefit expressly provided under the circumstances pursuant to this Agreement.

(e) For clarity, this Agreement does not replace, amend or affect his existing offer letter or Confidentiality Agreement, which each shall continue in full force and effect in accordance with its terms.

**2. Certain Definitions.**

(a) "Bonus" shall mean an amount equal to the highest annual cash bonus paid or payable to Executive by the Corporation during the two-year period prior to Executive's termination of employment.



(b) "Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform Executive's material duties with the Corporation (other than any such failure resulting from Executive's incapacity due to physical or mental illness); (ii) Executive's commission of one or more acts that constitute a felony; (iii) Executive willfully engages in gross misconduct materially and demonstrably injurious to the Corporation; or (iv) one or more significant acts of dishonesty as regards the Corporation or any affiliate. The Corporation shall have the burden of proving Cause with reasonable evidence and supporting documentation. No act, or failure to act, on Executive's part shall be deemed 'willful' (whether or not continued) unless it can be reasonably established to have been done, or omitted to be done, by Executive both in bad faith and without reasonable belief by Executive that Executive's act, or failure to act, was in the best interest of the Corporation. In any event, Executive shall be deemed to have acted (or failed to act) in good faith and with reasonable belief that it was in the best interest of the Corporation if such action (or inaction) was based on either (1) the approval of a majority of the Audit Committee, or (2) the written advice of Corporation's auditors, counsel or General Counsel or the SEC (which advice may be that such action or inaction was permissible or not impermissible or improper irrespective of other alternatives); provided that Corporation shall still have the burden of proving Cause, the Executive shall not be required to obtain any such approval or advice, no inference may be drawn from any failure to do so, and Executive may act (or fail to act) based on any personal belief. The determination of whether Cause exists must be made by the CEO or by a resolution duly adopted by the affirmative vote of not less than 75% of the entire membership of the Board at a meeting of the Board that was called for the purpose of considering such termination (after reasonable notice of such determination to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the CEO or Board and, if possible, to cure the breach that was the alleged basis for Cause) and then finding that, in the good faith opinion of the CEO or Board, the Corporation's burden of proof had been met, the Executive was guilty of misconduct constituting Cause and specifying the particulars thereof in detail. The determination of Cause may be challenged by Executive in arbitration, in which the Corporation shall continue to have the burden of proof as provided above.

**(c) Change of Control**

(i) "Change of Control" shall mean the occurrence of any of the following:

(A) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;

(B) the consummation of a merger or consolidation of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 75% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;

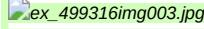
(C) the stockholders of the Corporation approve a plan of complete liquidation of the Corporation;

(D) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment; or

(E) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation.

(ii) More than one Change in Control may occur hereunder, and if more than one Change in Control has occurred, any reference to Change in Control shall mean the then most recent Change in Control preceding the Executive's Severance Date (as hereinafter defined).

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.



(e) "Good Reason" shall mean:

(i) (A) a Change in Control occurs and the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or (B) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment (whether or not any other events occur), provided, however, that the circumstances described in this clause (i) shall not constitute Good Reason if both (1) the Executive has an agreement with SGRP to remain the Chief Financial Officer of SGRP on substantially the same or better terms for at least one year and (2) either (X) the structure, operations and business of SGRP and its subsidiaries remain substantially unchanged apart from a change in SGRP's ownership, or (Y) the Change in Control resulted from an acquisition by a non-strategic buyer (i.e., a strategic buyer being one with similar or complementary businesses); or

(ii) a reduction in Executive's authority, duties, titles, status or responsibilities or the assignment to Executive of duties or responsibilities inconsistent in any respect from those of Executive, excluding his position or any of his duties as Secretary of SGRP, and excluding any changes made by the CEO in the normal course of managing the Corporation, and excluding any action or omission by the Corporation that is isolated, insubstantial and inadvertent and which was not taken in bad faith by the Corporation and is remedied by the Corporation promptly after receipt of notice thereof given by Executive; or

(iii) any reduction in Executive's annual rate of base salary or any failure by the Corporation to continue in effect any material incentive compensation plan or arrangement (unless replacement plans providing Executive with substantially similar benefits are adopted) or the taking of any action by the Corporation that would adversely affect Executive's participation in any such plan or arrangement or reduce Executive's incentive compensation opportunities under such plan or arrangement, as the case may be; or

(iv) the Corporation fails to obtain a written agreement from any successor or assigns of the Corporation or its assets to assume and perform this Agreement; or

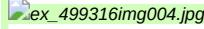
(v) the relocation of the Corporation's principal executive offices by more than 35 miles from where such offices were located immediately prior to the Change of Control or the Corporation requires Executive, without Executive's written consent, to be based at any office other than the Corporation's office at which the Executive was based prior to the Change in Control, except for travel reasonably required in the performance of Executive's duties and reasonably consistent with Executive's travel prior to the Change of Control;

Unless Executive terminates his employment on or within 90 days following an act or omission to act by the Corporation constituting a Good Reason hereunder, and coincident or prior to such termination give the Corporation written notice as to the nature of the Good Reason event, Executive's continued employment after such 90th day shall constitute Executive's consent to, and a waiver of Executive's rights with respect to, such act or failure to act. Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed by an arbitrator to be unreasonable and not to have been made in good faith by Executive.

(f) "Protected Period" shall mean the Term or the 24-month period beginning on the effective date of a Change of Control, whichever is then in effect.

(g) "Severance Date" shall mean the effective date on which the Executive's employment by the Corporation terminates.

(h) "Termination Base Salary" shall mean the Executive's annual base salary with the Corporation at the rate in effect immediately prior to the Change of Control or, if a greater amount, the Executive's annual base salary at the rate in effect at any time thereafter.



3. Release, Confidentiality and Non-Solicitation and Resignations Agreement.

(a) As a condition precedent to the payment of any benefits under this Agreement in the event of a Severance Termination (as defined below), the Corporation may in its discretion require (within the ten business day period described below) the execution and delivery by the Executive of any one or more of a Release, Confidentiality Agreement (if not already executed and delivered) and Resignation (as such terms are defined below); provided, however, that each Release, Confidentiality Agreement and Resignation shall expressly exclude and reserve, and shall not in any way affect, the Executive's rights under this Agreement and any other severance agreement and rights to indemnification (including advancement and defense) under the Corporation's By-Laws and insurance policies and under applicable law.

(b) No Release, Confidentiality Agreement or Resignation shall be required unless the Corporation gives (by hand or overnight delivery with a copy by email) to the Executive the requested Release and/or Resignation signed by the Corporation within the ten-business day period following the date of such Severance Termination (the "Severance Termination Date").

(c) "Release" shall mean a mutual release agreement between the Executive and the Corporation (on behalf of all of all SGRP Companies) dated and effective as of the Severance Termination Date in form and substance mutually and reasonably acceptable to the Parties.

(d) "Confidentiality Agreement" shall mean the Existing Confidentiality Agreement between the Executive and the Corporation (with, among other things, a five-year period of confidentiality and a three-year period of non-solicitation following termination, but without any non-compete), which shall survive and continue in full force and effect following any Severance Termination.

(e) "Resignation" shall mean a confirmatory resignation letter from the Executive for each applicable Subsidiary of SGRP dated and effective as of the date of the Severance Termination Date (as defined below) in form and substance mutually and reasonably acceptable (and the parties agree that the subsidiary forms used in previous departures are reasonably acceptable).

4. Severance Benefits.

(a) Without in any way contradicting, limiting or modifying the "at will" nature of the Executive's employment, if (i) Executive terminates his employment with the Corporation during the Term for a Good Reason event or (ii) the Corporation terminates Executive's employment during the Term other than (A) for Cause or (B) due to Executive's inability to perform the primary duties of his position for at least 180 consecutive days due to a physical or mental impairment (each of which will be referred to as a "Severance Termination"), the provisions of this Section shall apply and the benefits provided by this Section shall be in lieu of any and all other severance or similar termination benefits that might otherwise apply (which other benefits are hereby waived by the Executive in the event such Severance Termination benefits apply), subject to the Corporation's receipt of the documents required in Section 3 above, Executive shall receive the following compensation and benefits from the Corporation, subject to deferral as and to the extent provided in Annex A hereto:

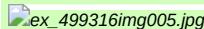
(b) Within twenty business days of the date of his Severance Termination the Corporation shall pay to Executive in a lump sum, in cash, an amount equal to the Applicable Multiple times the sum of the Executive's (i) Termination Base Salary and (ii) Bonus. "Applicable Multiple" shall mean: (i) one-half (0.50) if the Severance Termination occurs from the Effective Date and before the first anniversary of the Effective Date; and (ii) one (1.00) if the Severance Termination occurs on or after the first anniversary of the Effective Date.

(c) Notwithstanding anything in any Corporation employee stock incentive plan or any grant agreement to the contrary, as of the date of Executive's termination of employment (i) all granted restricted shares of Corporation stock and all restricted unit awards with respect to common units of Corporation stock of Executive shall become 100% vested and all restrictions thereon shall lapse and the Corporation shall, subject to Annex A hereto, promptly deliver to Executive unrestricted shares of Corporation stock and common units and (ii) each outstanding Corporation stock option of Executive shall become 100% exercisable and shall remain exercisable for the remainder of such option's term or three years, whichever is less and (iii) all 401k contributions shall become 100% vested and all restrictions thereon shall lapse.

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



(d) For the 12-month period beginning on the date of his termination of employment (the "Continuation Period"), the Corporation shall continue to provide Executive and Executive's eligible family members with medical, vision and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated or, if more favorable to Executive, as in effect generally at any time during such period and provided it can do so on a nontaxable basis under the Code; further provided Executive pays a monthly premium for such coverage equal to the monthly premium charged to active employees in general for similar coverage. Notwithstanding the foregoing, if Executive becomes eligible to receive medical, vision and dental benefits under another employer's group welfare plans during this Continuation Period, the Corporation's obligations under this Section C shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Corporation. In the event the provision of Corporation medical, vision and dental plans to Executive under this Section would be taxable under Code Section 105, then within twenty business days of the date of his termination of employment the Corporation will provide Executive with a lump sum payment in such amount that, after all taxes on that amount, shall be equal to the cost to Executive of Executive's obtaining such coverage from another source for Executive and Executive's eligible family members. The lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Internal Revenue Code on the date of termination.

(e) If Executive's employment with the Corporation terminates prior to, but within six months of, the date on which a Change of Control occurs, and it is reasonably demonstrated by Executive that such termination of employment was (i) by the Corporation in connection with or in anticipation of the Change of Control or (ii) by Executive under circumstances which would have constituted Good Reason if the circumstances arose on or after the Change of Control, then for all purposes of this Agreement the Change of Control shall be deemed to have occurred, and the Protected Period shall be deemed to have commenced, on the date immediately prior to the date of such termination of Executive's employment.

(f) The Corporation may withhold from any amounts or benefits payable under this Agreement all such taxes as it shall be required to withhold pursuant to any applicable law or regulation.

(g) Any payment not timely made by the Corporation under this Agreement shall bear interest at the highest non-usurious rate permitted by applicable law.

5. Tax Gross Up Provisions.

If any payment made, or benefit provided, to or on behalf of Executive pursuant to this Agreement ("Payments") results in Executive being subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (or any successor or similar provision) ("4999 Excise Tax"), then, subject to Annex A hereto, the Corporation shall pay the Executive an additional amount (the "4999 Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 4999 Excise Tax and any interest charges or penalties in respect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section 4(a), shall be equal to the Payments as if the 4999 Excise Tax was not applicable to the Payments. The Corporation shall, subject to Annex A hereto, pay the 4999 Gross-Up Payment, if any, no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation and no later than the end of the calendar year following the year in which the Executive remits the Section 4999 Excise Tax to the Internal Revenue Service.

6. No Mitigation.

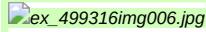
Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise nor, except as provided in Sections 3C and D, shall the amount of any payment or benefit provided for in this Agreement be reduced as the result of employment by another employer or self employment, by offset against any amount claimed to be owed by Executive to the Corporation or otherwise, except that any severance payments or benefits that Executive is entitled to receive

pursuant to a Corporation severance plan or program for employees in general shall reduce the amount of payments and benefits otherwise payable or to be provided to Executive under this Agreement.

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SPAR Group, Inc.



**7. Successor Agreement.**

The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to assume expressly in writing prior to the effective date of such succession and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no succession had taken place. Failure of the successor to so assume as provided herein shall constitute a breach of this Agreement and entitle Executive to the payments and benefits hereunder as if triggered by a termination of Executive by the Corporation other than for Cause on the date of such succession.

**8. Indemnity.**

In any situation where under applicable law the Corporation has the power to indemnify, advance expenses to and defend Executive in respect of any judgments, fines, settlements, loss, cost or expense (including attorneys' fees) of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Corporation or in any other capacity on behalf of or at the request of the Corporation, then the Corporation shall promptly on written request, fully indemnify Executive, advance expenses (including attorney's fees) to Executive and defend Executive to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as the Corporation may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification, advancement or defense. Such agreement by the Corporation shall not be deemed to impair any other obligation of the Corporation respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise of the Corporation under any statute.

**9. Notices.**

All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed, in either case, to the Corporation's headquarters or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

**10. Arbitration.**

Any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Auburn Hills, Michigan. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in such state and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. The Corporation shall bear all fees, costs and expenses of arbitration, including its own, those of the arbitrator and those of Executive unless the arbitrator provides otherwise with respect to the fees, costs and expenses of Executive; in no event shall Executive be chargeable with the fees, costs and expenses of the Corporation or the arbitrator. Should any party to this Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts in Oakland County, Michigan, for the purposes of any proceeding arising out of this Agreement.

**11. Governing Law.**

This Agreement will be governed by and construed in accordance with the laws of the State of Michigan without regard to conflicts of law principles of Michigan that would defer to the law of any other jurisdiction.

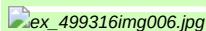
**12. Entire Agreement.**

This Agreement (including Annex A hereto) are an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. For clarity, this Agreement amends, restates, replaces and supersedes his Existing CICSA, and his Existing CICSA shall have no further force or effect. However, this Agreement does not replace, amend or affect his Existing Confidentiality Agreement, which shall continue in full force and effect in accordance with its terms.

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



**13. Severability.**

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

**14. Counterparts; Amendment and Waivers.**

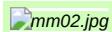
This Agreement or any supplement, modification or amendment to or restatement of this Agreement may have been executed in two or more counterpart copies of the entire document or of signature pages to the document, each of which may have been executed by one or more of the signatories hereto or thereto and delivered by mail, courier, telecopy or other electronic or physical means, but all of which, when taken together, shall constitute a single agreement binding upon all of its signatories. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Executive and such member of the Board as may be specifically authorized by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

**In Witness Whereof, the Parties hereto have executed and delivered this Agreement intending to be legally bound by it and for it to be effective as of the Effective Date.**

**EMPLOYER:**

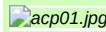
SPAR Group, Inc.

By



Mike Matacunas, Chief Executive Officer

**EXECUTIVE:**



Employer's Current Address:

1910 Opdyke Court, Auburn Hills, MI 48326  
ATTN: Human Resources Department

Signed as of: February 28, 2023

Antonio Calisto Pato -- COCSA

Executive's Current Address:

1207 Willow Oaks Trail  
Matthews, NC 28104

Signed as of: February 28, 2023

SPAR Group, Inc.

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Annex A

Certain Tax Provisions

**ANNEX A TO CHANGE OF CONTROL SEVERANCE AGREEMENT BETWEEN SPAR GROUP, INC., AND**

Antonio Calisto Pato

*This Annex A is incorporated into, and is part of, the Change of Control Severance Agreement entered into between SPAR Group, Inc. and Ron Lutz (the "Agreement").*

*Capitalized terms used and not otherwise defined in this Annex shall have the meanings respectively assigned to them in the Agreement. The Agreement is subject to and shall be governed by the following:*

**1. Tax Gross Up Provisions.**

(a) 4999 Gross-Up. If any payment made, or benefit provided, to or on behalf of Executive pursuant to this Agreement ("Payments") results in Executive being subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (or any successor or similar provision) ("4999 Excise Tax"), then the Corporation shall pay the Executive an additional amount (the "4999 Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 4999 Excise Tax and any interest charges or penalties in respect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section I(a), shall be equal to the Payments as if the 4999 Excise Tax was not applicable to the Payments. The Corporation shall pay the 4999 Gross-Up Payment, if any, as soon as practicable after such 4999 Gross-Up Payment can be determined, if any, but no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation and no later than the end of the calendar year following the year in which the Executive remits the Section 4999 Excise Tax to the Internal Revenue Service.

(b) 409A Gross-Up. If any Payments (or any acceleration of any Payments) are determined to be subject to the interest charges and taxes imposed by Section 409A(a)(1)(B) of the Code, or any interest charges or penalties with respect to such taxes (such taxes, together with any such interest charges and penalties, are collectively referred to as the "Section 409A Tax"), then the Corporation shall pay Executive an additional amount (the "409A Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 409A Tax and any interest charges or penalties irrespect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section I(b), shall be equal to the Payments as if the 409A Tax was not applicable to the Payments. The Corporation shall pay the 409A Gross-Up Payment, if any, as soon as practicable after such 409A Gross-Up Payment can be determined, if any, but no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation, and no later than the end of the calendar year following the year in which the Executive remits the Section 409A Tax to the Internal Revenue Service; further provided Executive must provide the Corporation with a written request for reimbursement thereof (accompanied by proof of taxes owed or paid) in order to receive the 409A Gross-Up Payment.

(c) For purposes of determining the amount of the 4999 Gross-Up Payment and the 409A Gross-Up Payment pursuant to this Section I (and Section 5 in the Agreement), if any, the Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the applicable gross-up payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's domicile for income tax purposes on the date the applicable gross-up payment is made, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes, if any. All determinations under this Section I shall be made by the Corporation's certified public accountants.

**2. Code Section 409A and Payment Timing.**

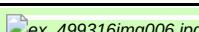
*Notwithstanding anything to the contrary herein or in the Agreement, the following additional rules shall apply to payments under the Agreement:*

(a) Any payments made: (i) within 2-½ months of the end of the Corporation's taxable year containing the date of Executive's involuntary (or Good Reason) termination; or (ii) within 2-½ months of Executive's taxable year containing the date of involuntary (or Good Reason) termination shall be exempt from Code Section 409A. Payments subject to subparagraphs (i) or (ii) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A and the regulations thereunder.

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



(b) To the extent payments under the Agreement are not exempt from Code Section 409A under subparagraph (a) above, any payments made in the first six months following Executive's termination of employment that are equal to or less than the lesser of the amounts described in Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and (2) shall be exempt from Code Section 409A. Payments subject to this subparagraph (b) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A and the regulations thereunder.

(c) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (b) or (c) above, any payments made equal to or less than the applicable dollar amount under Code Section 402(g)(1)(B) for the year of severance from employment shall be exempt from Code Section 409A in accordance with Treasury Regulation Section 1.409A-1(b)(9)(v)(D). Payments subject to this subparagraph (c) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A of the Code and the regulations thereunder.

(d) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (a), (b), or (c) above, and to the extent Executive is a "specified employee" (as defined below), amounts payable to Executive due to his severance from employment (as defined below) shall begin no sooner than six months after Executive's severance from employment (other than for Death); provided, however, that any payments not made during the six-month period described in this subsection due to the six-month delay period required under Treasury Regulation Section 1.409A-3(i)(2) shall be made in a single lump sum as soon as administratively practicable after the expiration of such six-month period, and the balance of all other payments required under this Agreement shall be made as otherwise scheduled in this Agreement.

(e) For purposes of this Annex A, Section 2, and the Agreement, any reference to severance of employment or termination of employment shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h). For purposes of the Agreement and this Annex, the term "specified employee" shall have the meaning set forth in Treasury Regulation Section 1.409A-1(i).

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SPAR Group, Inc.

Exhibit 10.26



#### CORRECTIVE AMENDMENTS TO CHANGE OF CONTROL SEVERANCE AGREEMENTS

This Corrective Global Amendment to Change of Control Severance Agreements ("Amendment") between SPAR Group, Inc. a Delaware corporation (the "Corporation" or "SGRP"), and each of the undersigned Executives (each an "Executive") is made and entered into effective as of August 10, 2022 (the "Amendment Date"). The Executives and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

WHEREAS: (a) Ron Lutz ("Lutz" and one of the Executives) and SGRP are parties to an existing Change of Control Severance Agreement dated as of July 12, 2021 (the "Existing Lutz COCSA" and one of the Existing COCSAs); (b) William Linnane ("Linnane" and one of the Executives) and SGRP are parties to an existing Change of Control Severance Agreement dated as of July 12, 2021 (the "Existing Linnane COCSA" and one of the Existing COCSAs); and (c) Fay DeVries ("DeVries" and one of the Executives) and SGRP are parties to an existing Amended and Restated Change of Control Severance Agreement dated as of August 13, 2021 (the "Existing DeVries COCSA" and one of the Existing COCSAs);

WHEREAS, in the process of preparing an Amended and Restated Change of Control Severance Agreement for another executive, SGRP learned that several provisions in the Existing Lutz COCSA, Existing Linnane COCSA, and Existing DeVries COCSA (each an "Existing COCSA" and collectively the "Existing COCSAs") did not appear to clearly work as the parties had intended: namely the burden of establishing "Cause" was to have been clearly on SGRP and both "Change in Control" and "Good Reason" for leaving SGRP were to have clearly included departure of SGRP's CEO (whether or not other events also occurred);

WHEREAS: the Corporation, as authorized from time to time by its Board of Directors and Compensation Committee, has entered into the Existing COCSAs and similar agreements in order to help retain and motivate its executives (including the Executives) and to help ensure continuity of the business; it is in the best interest of the Corporation and its stockholders if its executives (including the Executives) have essentially the same Change of Control Severance Agreements apart from negotiated differences (length of severance and the like so that they can approach material business decisions objectively and without concern for her personal situation; and the Corporation recognizes that the possibility of a change of control of the Corporation may result in the early departure of its executives (including the Executives) to the detriment of the Corporation and its stockholders; and

WHEREAS, the Executives and SGRP want to correct each Existing COCSA as provided in this Amendment;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation, and each signing Executive agree with SGRP as follows:

1. **Amendment of the Existing COCSAs.** Each Existing COCSA is separately amended as follows effective as of the Amendment Date:

(a) "Agreement" in each Existing COCSA shall mean that Agreement as modified by this Amendment.

(b) The definition of "Cause" in each Existing COCSA is hereby deleted and amended, restated and replaced with the following:

"Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform Executive's material duties with the Corporation (other than any such failure resulting from Executive's incapacity due to physical or mental illness); (ii) Executive's commission of one or more acts that constitute a felony; (iii) Executive willfully engages in gross misconduct materially and demonstrably injurious to the Corporation; or (iv) one or more significant acts of dishonesty as regards the Corporation or any affiliate. The Corporation shall have the burden of proving Cause with reasonable evidence and supporting documentation. No act, or failure to act, on Executive's part shall

be deemed 'willful' (whether or not continued) unless it can be reasonably established to have been done, or omitted to be done, by Executive both in bad faith and without reasonable belief by Executive that Executive's act, or failure to act, was in the best interest of the Corporation. In any event, Executive shall be deemed to have acted (or failed to act) in good faith and with reasonable belief that it was in the best interest of the Corporation if such action (or inaction) was based on either (1) the approval of a majority of the Audit Committee, or (2) the written advice of Corporation's auditors, counsel or General Counsel or the SEC (which advice may be that such action or inaction was permissible or not impermissible or improper irrespective of other alternatives); provided that Corporation shall still have the burden of proving Cause, the Executive shall not be required to obtain any such approval or advice, no inference may be drawn from any failure to do so, and Executive may act (or fail to act) based on any personal belief. The determination of whether Cause exists must be made by the CEO or by a resolution duly adopted by the affirmative vote of not less than 75% of the entire membership of the Board at a meeting of the Board that was called for the purpose of considering such termination (after reasonable notice of such determination to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the CEO or Board and, if possible, to cure the breach that was the alleged basis for Cause) and then finding that, in the good faith opinion of the CEO or Board, the Corporation's burden of proof had been met, the Executive was guilty of misconduct constituting Cause and specifying the particulars thereof in detail. The determination of Cause may be challenged by Executive in arbitration, in which the Corporation shall continue to have the burden of proof as provided above.

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(c) Clause (D) in the definition of "Change of Control" in each Existing COCSA is hereby deleted and amended, restated and replaced with the following:

(D) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment; or

(d) Clause (i) in the definition of "Good Reason" is hereby deleted and amended, restated and replaced with the following:

(i) (A) a Change in Control occurs and the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or (B) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment (whether or not any other events occur); or

(e) In the definition of "Good Reason" in each Existing COCSA, an " or" is hereby inserted after the ";" at the end of clauses (ii), (iii), and (iv).

2. **Continuing Agreement, Binding upon Successors.** Each Existing COCSA, as amended by this Amendment, shall remain and continue in full force and effect after the Amendment Date. All provision made by or on behalf of SGRP and each Executive in this Amendment shall be binding upon its heirs, successors, assigns and legal representatives and shall inure to the benefit of the heirs, successors, assigns, and legal representatives of such Party.

3. **Counterparts, Amendments and Authority.** This Amendment may be executed in multiple counterparts and delivered electronically (including by fax or email) or physically, each of which shall be deemed an original and all of which together shall constitute a single agreement binding upon all of the Parties. SGRP and the Executives are severally (but not jointly and severally) entering into a single Amendment for convenience. No Executive is assuming any liability or responsibility for or making any agreement with any other Executive or receiving any right under or interest in any other Existing COCSA. This Amendment shall be interpreted as if it were a separate amendment of the applicable Existing COCSA between the signing Executive and SGRP irrespective of how many of the other Executives execute this Amendment. Any supplement, modification, amendment, restatement, waiver, extension, discharge, release or termination of this Amendment must be in writing and signed by SGRP and the signing Executive and cannot be given orally. Each individual signing below represents and warrants to each other Party that such individual has the authority to bind the Party on whose behalf he or she has executed this Amendment.

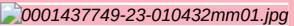
4. **Governance and Entire Agreement.** This Amendment shall be governed by and construed in accordance with the applicable provisions of the applicable Existing COCSA, which provisions are hereby incorporated herein by reference into this Amendment and shall be interpreted as if this Amendment were the "Agreement" referred to in those incorporated provisions. This Amendment and the applicable Existing COCSA together contain the entire agreement and understanding of the Parties and supersede and completely replace all prior and other representations, warranties, promises, assurances and other agreements, understandings and information (including, without limitation, all letters of intent, term sheets, existing agreements, offers, requests, responses and proposals), whether written, electronic, oral, express, implied or otherwise, from the Parties to the applicable Existing COCSA, respect to the matters contained in this Amendment and the applicable Existing COCSA.

**In Witness Whereof,** the Parties hereto have executed and delivered this Amendment through their duly authorized signatories and intend to be legally bound by this Amendment effective as of the Amendment Date.

**EXECUTIVES:**

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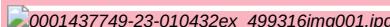
**EMPLOYER: SPAR Group, Inc.**

By:   
Mike Matacunas, Chief Executive Officer

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SPAR Group, Inc.

Exhibit 10.22 Certain Tax Provisions

 ANNEX A TO CHANGE OF CONTROL SEVERANCE AGREEMENT BETWEEN SPAR GROUP, INC., AND

Antonio Calisto Pato

**CHANGE OF CONTROL SEVERANCE AGREEMENT**

This Annex A is incorporated into, and is part of, the Change of Control Severance Agreement ("Agreement") entered into between SPAR Group, Inc. a Delaware corporation and Ron Lutz (the "Corporation" or "SGRP" "Agreement"). Capitalized terms used and Antonio Calisto Pato (the "Executive") is made and entered into effective as of February 28, 2023 (the "Effective Date"). The Executive and not otherwise defined in this Annex have the Corporation may be referred meanings respectively assigned to individually as a "Party" and collectively as the "Parties". Certain Tax Provisions applicable to this Agreement are set forth in Annex A are part of and incorporated by reference into this Agreement as if fully set forth herein.

WHEREAS, the Executive has joined SGRP as its Chief Financial Officer, Secretary and Treasurer, and has become a key executive of the Corporation, and the Executive reports to the Chief Executive Officer of the Corporation (the "CEO");

WHEREAS, the Corporation in its offer letter to the Executive agreed to provide the Executive with this Agreement;

WHEREAS, it is in the best interest of the Corporation and its stockholders if the Executive can approach material business decisions objectively and without concern for his personal situation; and

WHEREAS, the Corporation recognizes that the possibility of a Change of Control (as defined below) of the Corporation may result in the early departure of the Executive Agreement. The Agreement is subject to the detriment of the Corporation and its stockholders;

WHEREAS, it is in the best interest of the Corporation and its stockholders that the Executive's Change of Control Severance Agreement conform to those recently executed with other executives; and

WHEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and Executive agree as follows:

**1. Term of Agreement.**

(a) The term of this Agreement ("Term") shall commence on the Effective Date and shall continue in effect through the third anniversary of the Effective Date; provided, however, commencing on the first day following the Effective Date and on each day thereafter, the Term of this Agreement shall automatically be extended for one additional day unless the Corporation shall give written notice to Executive that the Term shall cease to be so extended in which event the Agreement shall terminate on the third anniversary of the date such notice is given.

(b) Notwithstanding anything in this Agreement to the contrary, if a Change of Control occurs during the Term of this Agreement, the Term shall automatically be extended for the 12-month period following the date of the Change of Control.

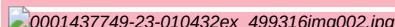
(c) Termination of this Agreement shall not alter or impair any rights of Executive arising hereunder on or before such termination.

(d) Notwithstanding, and without in any way contradicting, limiting or modifying, the potential severance and other benefits under this Agreement, the Executive acknowledges and agrees that the Executive's employment is "at will" and may be modified from time to time and terminated at any time governed by the Corporation in its discretion, for any reason or no reason, and without notice or benefit of any kind, other than any benefit expressly provided under the circumstances pursuant to this Agreement.

(e) For clarity, this Agreement does not replace, amend or affect his existing offer letter or Confidentiality Agreement, which each shall continue in full force and effect in accordance with its terms.

**2. Certain Definitions.**

(a) "Bonus" shall mean an amount equal to the highest annual cash bonus paid or payable to Executive by the Corporation during the two-year period prior to Executive's termination of employment.

 following:

(b) "Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform Executive's material duties with the Corporation (other than any such failure resulting from Executive's incapacity due to physical or mental illness); (ii) Executive's commission of one or more acts that constitute a felony; (iii) Executive willfully engages in gross misconduct materially and demonstrably injurious to the Corporation; or (iv) one or more significant acts of dishonesty as regards the Corporation or any affiliate. The Corporation shall have the burden of proving Cause with reasonable evidence and supporting documentation. No act, or failure to act, on Executive's part shall be deemed 'willful' (whether or not continued) unless it can be reasonably established to have been done, or omitted to be done, by Executive both in bad faith and without reasonable belief by Executive that Executive's act, or failure to act, was in the best interest of the Corporation. In any event, Executive shall be deemed to have acted (or failed to act) in good faith and with reasonable belief that it was in the best interest of the Corporation if such action (or inaction) was based on either (1) the approval of a majority of the Audit Committee, or (2) the written advice of Corporation's auditors, counsel or General Counsel or the SEC (which advice may be that such action or inaction was permissible or not impermissible or improper irrespective of other alternatives); provided that Corporation shall still have the burden of proving Cause, the Executive shall not be required to obtain any such approval or advice, no inference may be drawn from any failure to do so, and Executive may act (or fail to act) based on any personal belief. The determination of whether Cause exists must be made by the CEO or by a resolution duly adopted by the affirmative vote of not less than 75% of the entire membership of the Board at a meeting of the Board that was called for the purpose of considering such termination (after reasonable notice of such determination to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the CEO or Board and, if possible, to cure the breach that was the alleged basis for Cause) and then finding that, in the good faith opinion of the CEO or Board, the Corporation's burden of proof had been met, the Executive was guilty of misconduct constituting Cause and specifying the particulars thereof in detail. The determination of Cause may be challenged by Executive in arbitration, in which the Corporation shall continue to have the burden of proof as provided above.

(c) **Change of Control**

(i) "Change of Control" shall mean the occurrence of any of the following:

- (A) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities;
- (B) the consummation of a merger or consolidation of the Corporation with any other corporation, other than a merger or consolidation which would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 75% of the combined voting power of the voting securities of the Corporation (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;
- (C) the stockholders of the Corporation approve a plan of complete liquidation of the Corporation;
- (D) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment; or
- (E) the sale or disposition by the Corporation of all or substantially all of the assets of the Corporation.

(ii) More than one Change in Control may occur hereunder, and if more than one Change in Control has occurred, any reference to Change in Control shall mean the then most recent Change in Control preceding the Executive's Severance Date (as hereinafter defined).

(d) "Code" shall mean the Internal Revenue Code of 1986, as amended.

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



(e) "Good Reason" shall mean:

- (i) (A) a Change in Control occurs and the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or (B) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment (whether or not any other events occur), provided, however, that the circumstances described in this clause (i) shall not constitute Good Reason if both (1) the Executive has an agreement with SGRP to remain the Chief Financial Officer of SGRP on substantially the same or better terms for at least one year and (2) either (X) the structure, operations and business of SGRP and its subsidiaries remain substantially unchanged apart from a change in SGRP's ownership, or (Y) the Change in Control resulted from an acquisition by a non-strategic buyer (i.e., a strategic buyer being one with similar or complementary businesses); or
- (ii) a reduction in Executive's authority, duties, titles, status or responsibilities or the assignment to Executive of duties or responsibilities inconsistent in any respect from those of Executive, excluding his position or any of his duties as Secretary of SGRP, and excluding any changes made by the CEO in the normal course of managing the Corporation, and excluding any action or omission by the Corporation that is isolated, insubstantial and inadvertent and which was not taken in bad faith by the Corporation and is remedied by the Corporation promptly after receipt of notice thereof given by Executive; or
- (iii) any reduction in Executive's annual rate of base salary or any failure by the Corporation to continue in effect any material incentive compensation plan or arrangement (unless replacement plans providing Executive with substantially similar benefits are adopted) or the taking of any action by the Corporation that would adversely affect Executive's participation in any such plan or arrangement or reduce Executive's incentive compensation opportunities under such plan or arrangement, as the case may be; or

- (iv) the Corporation fails to obtain a written agreement from any successor or assigns of the Corporation or its assets to assume and perform this Agreement; or
- (v) the relocation of the Corporation's principal executive offices by more than 35 miles from where such offices were located immediately prior to the Change of Control or the Corporation requires Executive, without Executive's written consent, to be based at any office other than the Corporation's office at which the Executive was based prior to the Change in Control, except for travel reasonably required in the performance of Executive's duties and reasonably consistent with Executive's travel prior to the Change of Control;

Unless Executive terminates his employment on or within 90 days following an act or omission to act by the Corporation constituting a Good Reason hereunder, and coincident or prior to such termination give the Corporation written notice as to the nature of the Good Reason event, Executive's continued employment after such 90th day shall constitute Executive's consent to, and a waiver of Executive's rights with respect to, such act or failure to act. Executive's right to terminate Executive's employment for Good Reason shall not be affected by Executive's incapacity due to physical or mental illness. Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed by an arbitrator to be unreasonable and not to have been made in good faith by Executive.

(f) "Protected Period" shall mean the Term or the 24-month period beginning on the effective date of a Change of Control, whichever is then in effect.

(g) "Severance Date" shall mean the effective date on which the Executive's employment by the Corporation terminates.

(h) "Termination Base Salary" shall mean the Executive's annual base salary with the Corporation at the rate in effect immediately prior to the Change of Control or, if a greater amount, the Executive's annual base salary at the rate in effect at any time thereafter.

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



### 3. Release, Confidentiality and Non-Solicitation and Resignations Agreement.

(a) As a condition precedent to the payment of any benefits under this Agreement in the event of a Severance Termination (as defined below), the Corporation may in its discretion require (within the ten business day period described below) the execution and delivery by the Executive of any one or more of a Release, Confidentiality Agreement (if not already executed and delivered) and Resignation (as such terms are defined below); provided, however, that each Release, Confidentiality Agreement and Resignation shall expressly exclude and reserve, and shall not in any way affect, the Executive's rights under this Agreement and any other severance agreement and rights to indemnification (including advancement and defense) under the Corporation's By-Laws and insurance policies and under applicable law.

(b) No Release, Confidentiality Agreement or Resignation shall be required unless the Corporation gives (by hand or overnight delivery with a copy by email) to the Executive the requested Release and/or Resignation signed by the Corporation within the ten-business day period following the date of such Severance Termination (the "Severance Termination Date").

(c) "Release" shall mean a mutual release agreement between the Executive and the Corporation (on behalf of all of all SGRP Companies) dated and effective as of the Severance Termination Date in form and substance mutually and reasonably acceptable to the Parties.

(d) "Confidentiality Agreement" shall mean the Existing Confidentiality Agreement between the Executive and the Corporation (with, among other things, a five-year period of confidentiality and a three-year period of non-solicitation following termination, but without any non-compete), which shall survive and continue in full force and effect following any Severance Termination.

(e) "Resignation" shall mean a confirmatory resignation letter from the Executive for each applicable Subsidiary of SGRP dated and effective as of the date of the Severance Termination Date (as defined below) in form and substance mutually and reasonably acceptable (and the parties agree that the subsidiary forms used in previous departures are reasonably acceptable).

### 4. Severance Benefits.

(a) Without in any way contradicting, limiting or modifying the "at will" nature of the Executive's employment, if (i) Executive terminates his employment with the Corporation during the Term for a Good Reason event or (ii) the Corporation terminates Executive's employment during the Term other than (A) for Cause or (B) due to Executive's inability to perform the primary duties of his position for at least 180 consecutive days due to a physical or mental impairment (each of which will be referred to as a "Severance Termination"), the provisions of this Section shall apply and the benefits provided by this Section shall be in lieu of any and all other severance or similar termination benefits that might otherwise apply (which other benefits are hereby waived by the Executive in the event such Severance Termination benefits apply), subject to the Corporation's receipt of the documents required in Section 3 above, Executive shall receive the following compensation and benefits from the Corporation, subject to deferral as and to the extent provided in Annex A hereto:

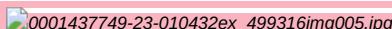
(b) Within twenty business days of the date of his Severance Termination the Corporation shall pay to Executive in a lump sum, in cash, an amount equal to the Applicable Multiple times the sum of the Executive's (i) Termination Base Salary and (ii) Bonus. "Applicable Multiple" shall mean: (i) one-half (0.50) if the Severance Termination occurs from the Effective Date and before the first anniversary of the Effective Date; and (ii) one (1.00) if the Severance Termination occurs on or after the first anniversary of the Effective Date.

(c) Notwithstanding anything in any Corporation employee stock incentive plan or any grant agreement to the contrary, as of the date of Executive's termination of employment (i) all granted restricted shares of Corporation stock and all restricted unit awards with respect to common units of Corporation stock of Executive shall become 100% vested and all restrictions thereon shall lapse and the Corporation shall, subject to Annex A hereto, promptly deliver to Executive unrestricted shares of Corporation stock and common units and (ii) each outstanding Corporation stock option of Executive shall become 100% exercisable and shall remain exercisable for the remainder of such option's term or three years, whichever is less and (iii) all 401k contributions shall become 100% vested and all restrictions thereon shall lapse.

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



(d) For the 12-month period beginning on the date of his termination of employment (the "Continuation Period"), the Corporation shall continue to provide Executive and Executive's eligible family members with medical, vision and dental health benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated or, if more favorable to Executive, as in effect generally at any time during such period and provided it can do so on a nontaxable basis under the Code; further provided Executive pays a monthly premium for such coverage equal to the monthly premium charged to active employees in general for similar coverage. Notwithstanding the foregoing, if Executive becomes eligible to receive medical, vision and dental benefits under another employer's group welfare plans during this Continuation Period, the Corporation's obligations under this Section C shall be reduced to the extent comparable benefits are actually received by Executive during such period, and any such benefits actually received by Executive shall be promptly reported by Executive to the Corporation. In the event the provision of Corporation medical, vision and dental plans to Executive under this Section would be taxable under Code Section 105, then within twenty business days of the date of his termination of employment the Corporation will provide Executive with a lump sum payment in such amount that, after all taxes on that amount, shall be equal to the cost to Executive of Executive's obtaining such coverage from another source for Executive and Executive's eligible family members. The lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Internal Revenue Code on the date of termination.

(e) If Executive's employment with the Corporation terminates prior to, but within six months of, the date on which a Change of Control occurs, and it is reasonably demonstrated by Executive that such termination of employment was (i) by the Corporation in connection with or in anticipation of the Change of Control or (ii) by Executive under circumstances which would have constituted Good Reason if the circumstances arose on or after the Change of Control, then for all purposes of this Agreement the Change of Control shall be deemed to have occurred, and the Protected Period shall be deemed to have commenced, on the date immediately prior to the date of such termination of Executive's employment.

(f) The Corporation may withhold from any amounts or benefits payable under this Agreement all such taxes as it shall be required to withhold pursuant to any applicable law or regulation.

(g) Any payment not timely made by the Corporation under this Agreement shall bear interest at the highest non-usurious rate permitted by applicable law.

#### 5.1. Tax Gross Up Provisions.

(a) **4999 Gross-Up.** If any payment made, or benefit provided, to or on behalf of Executive pursuant to this Agreement ("Payments") results in Executive being subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (or any successor or similar provision) ("4999 Excise Tax"), then subject to Annex A hereto, the Corporation shall pay the Executive an additional amount (the "4999 Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 4999 Excise Tax and any interest charges or penalties in respect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section 4(a)I(a), shall be equal to the Payments as if the 4999 Excise Tax was not applicable to the Payments. The Corporation shall subject to Annex A hereto, pay the 4999 Gross-Up Payment, if any, as soon as practicable after such 4999 Gross-Up Payment can be determined, if any, but no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation and no later than the end of the calendar year following the year in which the Executive remits the Section 4999 Excise Tax to the Internal Revenue Service

(b) **409A Gross-Up.** If any Payments (or any acceleration of any Payments) are determined to be subject to the interest charges and taxes imposed by Section 409A(a)(1)(B) of the Code, or any interest charges or penalties with respect to such taxes (such taxes, together with any such interest charges and penalties, are collectively referred to as the "Section 409A Tax"), then the Corporation shall pay Executive an additional amount (the "409A Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 409A Tax and any interest charges or penalties in respect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section I(b), shall be equal to the Payments as if the 409A Tax was not applicable to the Payments. The Corporation shall pay the 409A Gross-Up Payment, if any, as soon as practicable after such 409A Gross-Up Payment can be determined, if any, but no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation, and no later than the end of the calendar year following the year in which the Executive remits the Section 409A Tax to the Internal Revenue Service; further provided Executive must provide the Corporation with a written request for reimbursement thereof (accompanied by proof of taxes owed or paid) in order to receive the 409A Gross-Up Payment.

(c) For purposes of determining the amount of the 4999 Gross-Up Payment and the 409A Gross-Up Payment pursuant to this Section I (and Section 5 in the Agreement), if any, the Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the applicable gross-up payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's domicile for income tax purposes on the date the applicable gross-up payment is made, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes, if any. All determinations under this Section I shall be made by the Corporation's certified public accountants.

#### 6.2. No Mitigation. Code Section 409A and Payment Timing.

Executive Notwithstanding anything to the contrary herein or in the Agreement, the following additional rules shall not apply to payments under the Agreement:

(a) Any payments made: (i) within 2-½ months of the end of the Corporation's taxable year containing the date of Executive's involuntary (or Good Reason) termination; or (ii) within 2-½ months of Executive's taxable year containing the date of involuntary (or Good Reason) termination shall be required exempt from Code Section 409A. Payments subject to mitigate the amount of any payment provided for in this Agreement by seeking other employment subparagraphs (i) or otherwise nor, except as provided in Sections 3C (ii) shall be treated and D, shall the amount of any payment or benefit provided for in this Agreement be reduced as the result of employment by another employer or self employment, by offset against any amount claimed deemed to be owed by Executive to the Corporation or otherwise, except that any severance payments or benefits that Executive is entitled to receive pursuant an entitlement to a Corporation severance plan or program for employees in general shall reduce separate payment within the amount meaning of payments Code Section 409A and benefits otherwise payable or to be provided to Executive under this Agreement, the regulations thereunder.

**7. Successor Agreement.**

The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to assume expressly in writing prior to the effective date of such succession and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform if no succession had taken place. Failure of the successor to so assume as provided herein shall constitute a breach of this Agreement and entitle Executive to the payments and benefits hereunder as if triggered by a termination of Executive by the Corporation other than for Cause on the date of such succession.

**8. Indemnity.**

In any situation where under applicable law the Corporation has the power to indemnify, advance expenses to and defend Executive in respect of any judgments, fines, settlements, loss, cost or expense (including attorneys' fees) of any nature related to or arising out of Executive's activities as an agent, employee, officer or director of the Corporation or in any other capacity on behalf of or at the request of the Corporation, then the Corporation shall promptly on written request, fully indemnify Executive, advance expenses (including attorney's fees) to Executive and defend Executive to the fullest extent permitted by applicable law, including but not limited to making such findings and determinations and taking any and all such actions as the Corporation may, under applicable law, be permitted to have the discretion to take so as to effectuate such indemnification, advancement or defense. Such agreement by the Corporation shall not be deemed to impair any other obligation of the Corporation respecting Executive's indemnification or defense otherwise arising out of this or any other agreement or promise of the Corporation under any statute.

**9. Notices.**

All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed, in either case, to the Corporation's headquarters or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

**10. Arbitration.**

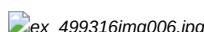
Any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Auburn Hills, Michigan. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in such state and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. The Corporation shall bear all fees, costs and expenses of arbitration, including its own, those of the arbitrator and those of Executive unless the arbitrator provides otherwise with respect to the fees, costs and expenses of Executive; in no event shall Executive be chargeable with the fees, costs and expenses of the Corporation or the arbitrator. Should any party to this Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts in Oakland County, Michigan, for the purposes of any proceeding arising out of this Agreement.

**11. Governing Law.**

This Agreement will be governed by and construed in accordance with the laws of the State of Michigan without regard to conflicts of law principles of Michigan that would defer to the law of any other jurisdiction.

**12. Entire Agreement.**

This Agreement (including Annex A hereto) are an integration of the parties' agreement and no agreement or representatives, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. For clarity, this Agreement amends, restates, replaces and supersedes his Existing CICSA, and his Existing CICSA shall have no further force or effect. However, this Agreement does not replace, amend or affect his Existing Confidentiality Agreement, which shall continue in full force and effect in accordance with its terms.



13. **Severability.**

(b) To the extent payments under the Agreement are not exempt from Code Section 409A under subparagraph (a) above, any payments made in the first six months following Executive's termination of employment that are equal to or less than the lesser of the amounts described in Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and (2) shall be exempt from Code Section 409A.

Payments subject to this subparagraph (b) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A and the regulations thereunder.

**The invalidity (c) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (b) or unenforceability (c) above, any payments made equal to or less than the applicable dollar amount under Code Section 402(g)(1)(B) for the year of severance from employment shall be exempt from Code Section 409A in**

accordance with Treasury Regulation Section 1.409A-1(b)(9)(v)(D). Payments subject to this subparagraph (c) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A of the Code and the regulations thereunder.

(d) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (a), (b), or (c) above, and to the extent Executive is a "specified employee" (as defined below), amounts payable to Executive due to his severance from employment (as defined below) shall begin no sooner than six months after Executive's severance from employment (other than for Death); provided, however, that any provision payments not made during the six-month period described in this subsection due to the six-month delay period required under Treasury Regulation Section 1.409A-3(i)(2) shall be made in a single lump sum as soon as administratively practicable after the expiration of such six-month period, and the balance of all other payments required under this Agreement shall be made as otherwise scheduled in this Agreement.

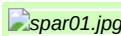
(e) For purposes of this Annex A, Section 2, and the Agreement, any reference to severance of employment or termination of employment shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h). For purposes of the Agreement and this Annex, the term "specified employee" shall have the meaning set forth in Treasury Regulation Section 1.409A-1(i).

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.

Exhibit 10.26



#### CORRECTIVE AMENDMENTS TO CHANGE OF CONTROL SEVERANCE AGREEMENTS

This Corrective Global Amendment to Change of Control Severance Agreements ("Amendment") between SPAR Group, Inc. a Delaware corporation (the "Corporation" or "SGRP"), and each of the undersigned Executives (each an "Executive") is made and entered into effective as of August 10, 2022 (the "Amendment Date"). The Executives and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

WHEREAS: (a) Ron Lutz ("Lutz" and one of the Executives) and SGRP are parties to an existing Change of Control Severance Agreement dated as of July 12, 2021 (the "Existing Lutz COCSA" and one of the Existing COCSAs); (b) William Linnane ("Linnane" and one of the Executives) and SGRP are parties to an existing Change of Control Severance Agreement dated as of July 12, 2021 (the "Existing Linnane COCSA" and one of the Existing COCSAs); and (c) Fay DeVries ("DeVries" and one of the Executives) and SGRP are parties to an existing Amended and Restated Change of Control Severance Agreement dated as of August 13, 2021 (the "Existing DeVries COCSA" and one of the Existing COCSAs);

WHEREAS, in the process of preparing an Amended and Restated Change of Control Severance Agreement for another executive, SGRP learned that several provisions in the Existing Lutz COCSA, Existing Linnane COCSA, and Existing DeVries COCSA (each an "Existing COCSA" and collectively the "Existing COCSAs") did not affect appear to clearly work as the validity parties had intended: namely the burden of establishing "Cause" was to have been clearly on SGRP and both "Change in Control" and "Good Reason" for leaving SGRP were to have clearly included departure of SGRP's CEO (whether or enforceability not other events also occurred);

WHEREAS: the Corporation, as authorized from time to time by its Board of Directors and Compensation Committee, has entered into the Existing COCSAs and similar agreements in order to help retain and motivate its executives (including the Executives) and to help ensure continuity of the business; it is in the best interest of the Corporation and its stockholders if its executives (including the Executives) have essentially the same Change of Control Severance Agreements apart from negotiated differences (length of severance and the like so that they can approach material business decisions objectively and without concern for her personal situation; and the Corporation recognizes that the possibility of a change of control of the Corporation may result in the early departure of its executives (including the Executives) to the detriment of the Corporation and its stockholders; and

WHEREAS, the Executives and SGRP want to correct each Existing COCSA as provided in this Amendment;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation, and each signing Executive agree with SGRP as follows:

1. **Amendment of the Existing COCSAs.** Each Existing COCSA is separately amended as follows effective as of the Amendment Date:

(a) "Agreement" in each Existing COCSA shall mean that Agreement as modified by this Amendment.

(b) The definition of "Cause" in each Existing COCSA is hereby deleted and amended, restated and replaced with the following:

"Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform Executive's material duties with the Corporation (other than any such failure resulting from Executive's incapacity due to physical or mental illness); (ii) Executive's commission of one or more acts that constitute a felony; (iii) Executive willfully engages in gross misconduct materially and demonstrably injurious to the Corporation; or (iv) one or more significant acts of dishonesty as regards the Corporation or any affiliate. The Corporation shall have the burden of proving Cause with reasonable evidence and supporting documentation. No act, or failure to act, on Executive's part shall be deemed 'willful' (whether or not continued) unless it can be reasonably established to have been done, or omitted to be done, by Executive both in bad faith and without reasonable belief by Executive that Executive's act, or failure to act, was in the best interest of the Corporation. In any event, Executive shall be deemed to have acted (or failed to act) in good faith and with reasonable belief that it was in the best interest of the Corporation if such action (or inaction) was based on either (1) the approval of a majority of the Audit Committee, or (2) the written advice of Corporation's auditors, counsel or General Counsel or the SEC (which advice may be that such action or inaction was permissible or not impermissible or improper irrespective of other alternatives); provided that Corporation shall still have the burden of proving Cause, the Executive shall not be required to obtain any such approval or advice, no inference may be drawn from any failure to do so, and Executive may act (or fail to act) based on any personal belief. The determination of whether Cause exists must be made by the CEO or by a resolution duly adopted by the affirmative vote of not less than 75% of the entire membership of the Board at a meeting of the Board that was called for the purpose of considering such termination (after reasonable notice of such determination to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the CEO or Board and, if possible, to cure the breach that was the alleged basis for Cause) and then finding that, in the good faith opinion of the CEO or Board, the Corporation's burden of proof had been met, the Executive was guilty of misconduct constituting Cause and specifying the particulars thereof in detail. The determination of Cause may be challenged by Executive in arbitration, in which the Corporation shall continue to have the burden of proof as provided above.

(c) Clause (D) in the definition of "Change of Control" in each Existing COCSA is hereby deleted and amended, restated and replaced with the following:

(D) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment; or

(d) Clause (i) in the definition of "Good Reason" is hereby deleted and amended, restated and replaced with the following:

(i) (A) a Change in Control occurs and the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or (B) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment (whether or not any other provision events occur); or

(e) In the definition of "Good Reason" in each Existing COCSA, an "or" is hereby inserted after the ";" at the end of clauses (ii), (iii), and (iv).

2. **Continuing Agreement, Binding upon Successors.** Each Existing COCSA, as amended by this Agreement, which Amendment, shall remain and continue in full force and effect after the Amendment Date. All provision made by or on behalf of SGRP and each Executive in this Amendment shall be binding upon its heirs, successors, assigns and legal representatives and shall inure to the benefit of the heirs, successors, assigns, and legal representatives of such Party.

14. Counterparts; Amendment and Waivers.

3. **Counterparts, Amendments and Authority.** This Agreement or any supplement, modification or amendment to or restatement of this Agreement Amendment may have been executed in two multiple counterparts and delivered electronically (including by fax or more counterpart copies of the entire document email) or of signature pages to the document, physically, each of which may have been executed by one or more of the signatories hereto or thereto shall be deemed an original and delivered by mail, courier, telecopy or other electronic or physical means, but all of which when taken together shall constitute a single agreement binding upon all of its signatories, the Parties. SGRP and the Executives are severally (but not jointly and severally) entering into a single Amendment for convenience. No provision Executive is assuming any liability or responsibility for or making any agreement with any other Executive or receiving any right under or interest in any other Existing COCSA. This Amendment shall be interpreted as if it were a separate amendment of the applicable Existing COCSA between the signing Executive and SGRP irrespective of how many of the other Executives execute this Amendment. Any supplement, modification, amendment, restatement, waiver, extension, discharge, release or termination of this Agreement may Amendment must be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by SGRP and the signing Executive and cannot be given orally. Each individual signing below represents and warrants to each other Party that such member individual has the authority to bind the Party on whose behalf he or she has executed this Amendment.

4. **Governance and Entire Agreement.** This Amendment shall be governed by and construed in accordance with the applicable provisions of the Board as may be specifically authorized applicable Existing COCSA, which provisions are hereby incorporated herein by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or in compliance with, any condition or provision of reference into this Agreement to be performed by such other party Amendment and shall be deemed a waiver interpreted as if this Amendment were the "Agreement" referred to in those incorporated provisions. This Amendment and the applicable Existing COCSA together contain the entire agreement and understanding of similar the Parties and supersede and completely replace all prior and other representations, warranties, promises, assurances and other agreements, understandings and information (including, without limitation, all letters of intent, term sheets, existing agreements, offers, requests, responses and proposals), whether written, electronic, oral, express, implied or dissimilar provisions or conditions at otherwise, from the same or at any prior or subsequent time. Parties to the applicable Existing COCSA, respect to the matters contained in this Amendment and the applicable Existing COCSA.

In Witness Whereof, the Parties hereto have executed and delivered this Agreement intending Amendment through their duly authorized signatories and intend to be legally bound by it and for it to be this Amendment effective as of the Effective Amendment Date.

**EXECUTIVES:**

EMPLOYER:	EXECUTIVE:
SPAR Group, Inc.	0001437749-23-010432acp01.jpg
By _____	Mike Matacunas, Chief Executive Officer
RON LUTZ	Employer's Current Address: WILLIAM LINNANE 1910 Opdyke Court, Auburn Hills, MI 48326 ATTN: Human Resources Department Signed as of: February 28, 2023
	Executive's Current Address: 1207 Willow Oaks Trail Matthews, NC 28104 Signed as of: February 28, 2023 FAY DEVRIESE
Antonio Calisto Pato -- COCSA	SPAR Group, Inc.

**ANNEX A TO CHANGE OF CONTROL SEVERANCE AGREEMENT BETWEEN SPAR GROUP, INC., AND  
Antonio Calisto Pato**

*This Annex A is incorporated into, and is part of, the Change of Control Severance Agreement entered into between SPAR Group, Inc. and Ron Lutz (the "Agreement"). Capitalized terms used and not otherwise defined in this Annex shall have the meanings respectively assigned to them in the Agreement. The Agreement is subject to and shall be governed by the following:*

**1. Tax Gross Up Provisions.**

(a) *4999 Gross-Up. If any payment made, or benefit provided, to or on behalf of Executive pursuant to this Agreement ("Payments") results in Executive being subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (or any successor or similar provision) ("4999 Excise Tax"), then the Corporation shall pay the Executive an additional amount (the "4999 Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 4999 Excise Tax and any interest charges or penalties in respect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section I(a), shall be equal to the Payments as if the 4999 Excise Tax was not applicable to the Payments. The Corporation shall pay the 4999 Gross-Up Payment, if any, as soon as practicable after such 4999 Gross-Up Payment can be determined, if any, but no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation and no later than the end of the calendar year following the year in which the Executive remits the Section 4999 Excise Tax to the Internal Revenue Service*

(b) *409A Gross-Up. If any Payments (or any acceleration of any Payments) are determined to be subject to the interest charges and taxes imposed by Section 409A(a)(1)(B) of the Code, or any interest charges or penalties with respect to such taxes (such taxes, together with any such interest charges and penalties, are collectively referred to as the "Section 409A Tax"), then the Corporation shall pay Executive an additional amount (the "409A Gross-Up Payment") such that the net amount retained by the Executive after deduction of the 409A Tax and any interest charges or penalties in respect of the imposition of such excise tax (but not any federal, state or local income tax, or employment tax) on the Payments, and any federal, state and local income tax, employment tax, and excise tax upon the payment provided for by this Section I(b), shall be equal to the Payments as if the 409A Tax was not applicable to the Payments. The Corporation shall pay the 409A Gross-Up Payment, if any, as soon as practicable after such 409A Gross-Up Payment can be determined, if any, but no earlier than the first day of the seventh month following the month in which Executive incurs a separation from service with the Corporation, and no later than the end of the calendar year following the year in which the Executive remits the Section 409A Tax to the Internal Revenue Service; further provided Executive must provide the Corporation with a written request for reimbursement thereof (accompanied by proof of taxes owed or paid) in order to receive the 409A Gross-Up Payment.*

(c) *For purposes of determining the amount of the 4999 Gross-Up Payment and the 409A Gross-Up Payment pursuant to this Section I (and Section 5 in the Agreement), if any, the Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation in the calendar year in which the applicable gross-up payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Executive's domicile for income tax purposes on the date the applicable gross-up payment is made, net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes, if any. All determinations under this Section I shall be made by the Corporation's certified public accountants.*

**2. Code Section 409A and Payment Timing.**

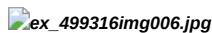
*Notwithstanding anything to the contrary herein or in the Agreement, the following additional rules shall apply to payments under the Agreement:*

(a) *Any payments made: (i) within 2½ months of the end of the Corporation's taxable year containing the date of Executive's involuntary (or Good Reason) termination; or (ii) within 2½ months of Executive's taxable year containing the date of involuntary (or Good Reason) termination shall be exempt from Code Section 409A. Payments subject to subparagraphs (i) or (ii) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A and the regulations thereunder.*

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.



(b) *To the extent payments under the Agreement are not exempt from Code Section 409A under subparagraph (a) above, any payments made in the first six months following Executive's termination of employment that are equal to or less than the lesser of the amounts described in Treasury Regulation Section 1.409A-1(b)(9)*

(iii)(A)(I) and (2) shall be exempt from Code Section 409A. Payments subject to this subparagraph (b) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A and the regulations thereunder.

(c) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (b) or (c) above, any payments made equal to or less than the applicable dollar amount under Code Section 402(g)(I)(B) for the year of severance from employment shall be exempt from Code Section 409A in accordance with Treasury Regulation Section 1.409A-1(b)(9)(v)(D). Payments subject to this subparagraph (c) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A of the Code and the regulations thereunder.

(d) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (a), (b), or (c) above, and to the extent Executive is a "specified employee" (as defined below), amounts payable to Executive due to his severance from employment (as defined below) shall begin no sooner than six months after Executive's severance from employment (other than for Death); provided, however, that any payments not made during the six-month period described in this subsection due to the six-month delay period required under Treasury Regulation Section 1.409A-3(i)(2) shall be made in a single lump sum as soon as administratively practicable after the expiration of such six-month period, and the balance of all other payments required under this Agreement shall be made as otherwise scheduled in this Agreement.

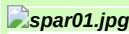
(e) For purposes of this Annex A, Section 2, and the Agreement, any reference to severance of employment or termination of employment shall mean a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h). For purposes of the Agreement and this Annex, the term "specified employee" shall have the meaning set forth in Treasury Regulation Section 1.409A-1(l).

Antonio Calisto Pato -- COCSA

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SPAR Group, Inc.

Exhibit 10.56 10.26



#### CORRECTIVE AMENDMENTS TO CHANGE OF CONTROL SEVERANCE AGREEMENTS

This Corrective Global Amendment to Change of Control Severance Agreements ("Amendment") between SPAR Group, Inc. a Delaware corporation (the "Corporation" or "SGRP"), and each of the undersigned Executives (each an "Executive") is made and entered into effective as of August 10, 2022 (the "Amendment Date"). The Executives and the Corporation may be referred to individually as a "Party" and collectively as the "Parties".

WHEREAS:(a) Ron Lutz ("Lutz" and one of the Executives) and SGRP are parties to an existing Change of Control Severance Agreement dated as of July 12, 2021 (the "Existing Lutz COCSA" and one of the Existing COCSAs); (b) William Linnane ("Linnane" and one of the Executives) and SGRP are parties to an existing Change of Control Severance Agreement dated as of July 12, 2021 (the "Existing Linnane COCSA" and one of the Existing COCSAs); and (c) Fay DeVries ("DeVries" and one of the Executives) and SGRP are parties to an existing Amended and Restated Change of Control Severance Agreement dated as of August 13, 2021 (the "Existing DeVries COCSA" and one of the Existing COCSAs);

WHEREAS, in the process of preparing an Amended and Restated Change of Control Severance Agreement for another executive, SGRP learned that several provisions in the Existing Lutz COCSA, Existing Linnane COCSA, and Existing DeVries COCSA (each an "Existing COCSA" and collectively the "Existing COCSAs") did not appear to clearly work as the parties had intended: namely the burden of establishing "Cause" was to have been clearly on SGRP and both "Change in Control" and "Good Reason" for leaving SGRP were to have clearly included departure of SGRP's CEO (whether or not other events also occurred);

WHEREAS: the Corporation, as authorized from time to time by its Board of Directors and Compensation Committee, has entered into the Existing COCSAs and similar agreements in order to help retain and motivate its executives (including the Executives) and to help ensure continuity of the business; it is in the best interest of the Corporation and its stockholders if its executives (including the Executives) have essentially the same Change of Control Severance Agreements apart from negotiated differences (length of severance and the like so that they can approach material business decisions objectively and without concern for her personal situation; and the Corporation recognizes that the possibility of a change of control of the Corporation may result in the early departure of its executives (including the Executives) to the detriment of the Corporation and its stockholders; and

WHEREAS, the Executives and SGRP want to correct each Existing COCSA as provided in this Amendment;

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation, and each signing Executive agree with SGRP as follows:

1. Amendment of the Existing COCSAs. Each Existing COCSA is separately amended as follows effective as of the Amendment Date:

(a) "Agreement" in each Existing COCSA shall mean that Agreement as modified by this Amendment.

(b) The definition of "Cause" in each Existing COCSA is hereby deleted and amended, restated and replaced with the following:

"Cause" shall mean: (i) the willful and continued failure by Executive to substantially perform Executive's material duties with the Corporation (other than any such failure resulting from Executive's incapacity due to physical or mental illness); (ii) Executive's commission of one or more acts that constitute a felony; (iii) Executive willfully engages in gross misconduct materially and demonstrably injurious to the Corporation; or (iv) one or more significant acts of dishonesty as regards the Corporation or any affiliate. The Corporation shall have the burden of proving Cause with reasonable evidence and supporting documentation. No act, or failure to act, on Executive's part shall be deemed 'willful' (whether or not continued) unless it can be reasonably established to have been done, or omitted to be done, by Executive both in bad faith and without reasonable belief by Executive that Executive's act, or failure to act, was in the

best interest of the Corporation. In any event, Executive shall be deemed to have acted (or failed to act) in good faith and with reasonable belief that it was in the best interest of the Corporation if such action (or inaction) was based on either (1) the approval of a majority of the Audit Committee, or (2) the written advice of Corporation's auditors, counsel or General Counsel or the SEC (which advice may be that such action or inaction was permissible or not impermissible or improper irrespective of other alternatives); provided that Corporation shall still have the burden of proving Cause, the Executive shall not be required to obtain any such approval or advice, no inference may be drawn from any failure to do so, and Executive may act (or fail to act) based on any personal belief. The determination of whether Cause exists must be made by the CEO or by a resolution duly adopted by the affirmative vote of not less than 75% of the entire membership of the Board at a meeting of the Board that was called for the purpose of considering such termination (after reasonable notice of such determination to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the CEO or Board and, if possible, to cure the breach that was the alleged basis for Cause) and then finding that, in the good faith opinion of the CEO or Board, the Corporation's burden of proof had been met, the Executive was guilty of misconduct constituting Cause and specifying the particulars thereof in detail. The determination of Cause may be challenged by Executive in arbitration, in which the Corporation shall continue to have the burden of proof as provided above.

(c) Clause (D) in the definition of "Change of Control" in each Existing COCSA is hereby deleted and amended, restated and replaced with the following:  
(D) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment; or

(d) Clause (i) in the definition of "Good Reason" is hereby deleted and amended, restated and replaced with the following:  
(i) (A) a Change in Control occurs and the Corporation is no longer an independent company (i.e., it becomes a subsidiary or division of another entity); or  
(B) the departure of the then current Chief Executive Officer of SGRP, or the appointment of a new Chief Executive Officer of SGRP, including any temporary authorization or appointment (whether or not any other events occur); or

(e) In the definition of "Good Reason" in each Existing COCSA, an " or" is hereby inserted after the ";" at the end of clauses (ii), (iii), and (iv).

2. Continuing Agreement, Binding upon Successors. Each Existing COCSA, as amended by this Amendment, shall remain and continue in full force and effect after the Amendment Date. All provision made by or on behalf of SGRP and each Executive in this Amendment shall be binding upon its heirs, successors, assigns and legal representatives and shall inure to the benefit of the heirs, successors, assigns, and legal representatives of such Party.

3. Counterparts, Amendments and Authority. This Amendment may be executed in multiple counterparts and delivered electronically (including by fax or email) or physically, each of which shall be deemed an original and all of which together shall constitute a single agreement binding upon all of the Parties. SGRP and the Executives are severally (but not jointly and severally) entering into a single Amendment for convenience. No Executive is assuming any liability or responsibility for or making any agreement with any other Executive or receiving any right under or interest in any other Existing COCSA. This Amendment shall be interpreted as if it were a separate amendment of the applicable Existing COCSA between the signing Executive and SGRP irrespective of how many of the other Executives execute this Amendment. Any supplement, modification, amendment, restatement, waiver, extension, discharge, release or termination of this Amendment must be in writing and signed by SGRP and the signing Executive and cannot be given orally. Each individual signing below represents and warrants to each other Party that such individual has the authority to bind the Party on whose behalf he or she has executed this Amendment.

4. Governance and Entire Agreement. This Amendment shall be governed by and construed in accordance with the applicable provisions of the applicable Existing COCSA, which provisions are hereby incorporated herein by reference into this Amendment and shall be interpreted as if this Amendment were the "Agreement" referred to in those incorporated provisions. This Amendment and the applicable Existing COCSA together contain the entire agreement and understanding of the Parties and supersede and completely replace all prior and other representations, warranties, promises, assurances and other agreements, understandings and information (including, without limitation, all letters of intent, term sheets, existing agreements, offers, requests, responses and proposals), whether written, electronic, oral, express, implied or otherwise, from the Parties to the applicable Existing COCSA, respect to the matters contained in this Amendment and the applicable Existing COCSA.

In Witness Whereof, the Parties hereto have executed and delivered this Amendment through their duly authorized signatories and intend to be legally bound by this Amendment effective as of the Amendment Date.

EXECUTIVES:

RON LUTZ	WILLIAM LINNANE	FAY DEVRIESE
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EMPLOYER: SPAR Group, Inc.

By:  Mike Matacunas, Chief Executive Officer

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SPAR Group, Inc.

Exhibit 10.57

#### THIRD MODIFICATION AGREEMENT

THIS THIRD MODIFICATION AGREEMENT (this "Modification Agreement") is dated as of December [16], 2021 and will be effective as of December 1, 2021, by and among NORTH MILL CAPITAL LLC, a Delaware limited liability company, db/a SLR Business Credit ("Lender"), with a place of business at 821 Alexander Road, Suite 130, Princeton, New Jersey 08540, SPAR MARKETING FORCE, INC., a Nevada corporation ("US Borrower"), with its chief executive office located at 1910 Opdyke Court, Auburn Hills, Michigan 48326, and SPAR CANADA COMPANY, an unlimited company organized under the laws of Nova Scotia ("Canadian Borrower"), with its chief executive office located at 10 Planchet Road, Unit 21, Vaughan, Ontario L4K 2C8.

RECITALS

WHEREAS, Lender, US Borrower and Canadian Borrower entered into a Loan and Security Agreement dated as of April 10, 2019 (as amended, modified, supplemented, substituted, extended or renewed from time to time, the "Loan Agreement") which sets forth the terms and conditions of a US Revolving Credit Facility by Lender to US Borrower and a Canadian Revolving Credit Facility by Lender to Canadian Borrower;

WHEREAS, Borrowers have applied to Lender for a temporary increase of (i) the advance rate on Eligible Accounts from eighty-five percent (85%) to ninety percent (90%) and (ii) the advance rate on Eligible Unbilled Accounts from seventy percent (70%) to eighty-five percent (85%), in each case for the period of December 1, 2021 through April 30, 2022; and

WHEREAS, Lender has approved the foregoing application of Borrowers on the terms and condition set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto adopt the above recitals and agree as follows:

1. Definitions. Capitalized terms used herein, but not defined herein, shall have the same meanings ascribed to such terms in the Loan Agreement. The term "Modification Agreement," as defined in the preamble to this Modification Agreement, is incorporated by reference into the Loan Agreement.

2. Estoppel; Release. To induce Lender to enter into this Modification Agreement, each Borrower represents and warrants to Lender that it has no defenses, offsets or counterclaims regarding its Obligations under the Loan Agreement and the other Loan Documents to which it is a party. To induce Lender to enter into this Modification Agreement, each Borrower waives and releases and forever discharges Lender and its officers, directors, investors, bank group members, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against Lender or any of them arising out of or relating to the Obligations. Each Borrower further agrees to indemnify and hold Lender and its officers, directors, investors, bank group members, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including reasonable attorneys' fees) suffered by or rendered against Lender or any of them on account of any claims arising out of or relating to the Obligations, in each case, except to the extent caused by the gross negligence or willful misconduct of the indemnitee or any of its representatives.

3. Specific Amendments to the Loan Agreement. Effective as of December 1, 2021, the Loan Agreement is amended in the following particulars:

(a) The first sentence of Section 2.1(a) (Revolving Advances; Advance Limit) of the Loan Agreement is hereby modified to read as follows:

Upon the request of US Borrower made at any time from and after the date hereof until the Termination Date, and so long as no Event of Default has occurred and is continuing, Lender may, in its Good Faith discretion, make Advances in Dollars to US Borrower under a revolving credit facility (the US Revolving Credit Facility) in an amount up to, so long as Dilution is less than three percent (3%), the sum of

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(a) up to eighty-five percent (85%) (or, solely with respect to the period beginning on December 1, 2021 through April 30, 2022, ninety percent (90%)) of the aggregate outstanding amount of Eligible Accounts of US Borrower plus (b) (i) up to seventy percent (70%) (or, solely with respect to the period beginning on December 1, 2021 through April 30, 2022, eighty-five percent (85%)) of Eligible Unbilled Accounts of US Borrower or (ii) Five Million Five Hundred Thousand Dollars (\$5,500,000), whichever is less; provided, however, in no event at any time shall the maximum aggregate principal amount outstanding under the US Revolving Credit Facility exceed Sixteen Million Five Hundred Thousand Dollars (\$16,500,000) (said Dollar limit being, the US Advance Limit).

(b) The first sentence of Section 2.1(b) (Revolving Advances; Advance Limit) of the Loan Agreement is hereby modified to read as follows:

Upon the request of Canadian Borrower made at any time from and after the date hereof until the Termination Date, and so long as no Event of Default has occurred and is continuing, Lender may, in its Good Faith discretion, make Advances in Canadian Dollars to Canadian Borrower under a revolving credit facility (the Canadian Revolving Credit Facility) in an amount up to, so long as Dilution is less than three percent (3%), the sum of (a) up to eighty-five percent (85%) (or, solely with respect to the period beginning on December 1, 2021 through April 30, 2022, ninety percent (90%)) of the aggregate outstanding amount of Eligible Accounts of Canadian Borrower plus (b) (i) up to seventy percent (70%) (or, solely with respect to the period beginning on December 1, 2021 through April 30, 2022, eighty-five percent (85%)) of Eligible Unbilled Accounts of Canadian Borrower or (ii) Six Hundred Thousand Dollars (\$600,000), whichever is less;

provided, however, in no event at any time shall the maximum aggregate principal amount outstanding under the Canadian Revolving Credit Facility exceed One Million Five Hundred Thousand Canadian Dollars (CDN\$1,500,000) (said Canadian Dollar limit being, the Canadian Advance Limit).

4. Conditions to Effectiveness of this Modification Agreement. As conditions precedent to this Modification Agreement, Borrowers shall deliver, or cause to be delivered to Lender, or Lender shall have received the following, all in form and substance satisfactory to Lender, on or before the date hereof:

- (a) *This Modification Agreement, duly executed by Borrowers, together with the consent of the Guarantors attached hereto; [and]*
- (b) *[Current UCC and good standing searches on [each Borrower], showing no results objectionable to Lender; and]*
- (c) *A modification fee of Fifteen Thousand Dollars (\$15,000) (the "Modification Fee"), which Modification Fee is payable contemporaneously with the execution hereof.*

5. Reaffirmation of Representations and Warranties. Each Borrower hereby reaffirms the representations and warranties made by it in the Loan Agreement and all of the other Loan Documents as fully and completely as if set forth herein at length and made anew. All of such representations and warranties are true, correct and complete as of the date hereof (except as to such representations and warranties which are made as of a specified date, in which case such representations and warranties remain true as of such date, and except as to the matters expressly waived hereunder). In addition, each Borrower represents and warrants to Lender that:

- (a) *No consent or approval of, or exemption by any person is required to authorize, or is otherwise required in connection with the execution and delivery of this Modification Agreement, which has not been obtained and which remains in full force and effect;*
- (b) *Such Borrower has the power to execute, deliver and carry out this Modification Agreement and all documents executed in connection herewith, and this Modification Agreement and such other Loan Documents have been duly authorized by all requisite organizational action and are valid, binding and enforceable as against such Borrower in accordance with their terms;*
- (c) *No material adverse change in the financial condition of such Borrower has occurred since the date of the most recent financial statements of such Borrower submitted to Lender, and the information contained in said statements and reports is true and correctly reflects the financial condition of such Borrower as of the dates of the statements and reports, and such statements and reports have been prepared in accordance with GAAP and do not contain any material misstatement of fact or omit to state any facts necessary to make the statements contained therein not misleading; and*
- (d) *No default or Event of Default exists under the Loan Agreement.*

6. Reaffirmation of Covenants. Each Borrower hereby reaffirms the affirmative and negative covenants set forth in the Loan Agreement and the other Loan Documents as fully and completely as if set forth herein at length (except as otherwise revised herein), and agrees that such covenants shall remain in full force and effect until payment in full of the Obligations.

7. Reaffirmation of Security Interests and Liens. Each Borrower hereby confirms the security interests and liens granted by such Borrower to Lender in, to and under the Collateral in accordance with the Loan Agreement and other Loan Documents as security for its Obligations to Lender and acknowledges that such security interests shall continue unimpaired and in full force and effect. Each Borrower represents and warrants that, as of the date hereof, there are no claims, setoffs or defenses to Lender's exercise of any rights or remedies available to it as a creditor in realizing upon such assets under the terms and conditions of the Loan Agreement and the other Loan Documents and the security interests and liens in favor of Lender on such assets shall cover and secure all of such Borrower's existing and future Obligations to Lender, as modified by this Modification Agreement.

8. Miscellaneous.

(a) *Each Borrower agrees to pay any and all fees and expenses, including the Modification Fee and reasonable counsel fees (including allocated fees of in-house counsel) incurred by Lender in connection with the preparation and execution of this Modification Agreement and all other documents executed in connection herewith.*

(b) *This Modification Agreement is intended to supplement and modify the Loan Agreement and the rights and obligations of the parties under the Loan Agreement shall not in any way be vacated, modified or terminated except as herein provided. All terms and conditions contained in each and every agreement or promissory note or other evidence of indebtedness of Borrowers to Lender are incorporated herein by reference. If there is a conflict between any of the provisions*

heretofore entered into and the provisions of this Modification Agreement, then the provisions of this Modification Agreement shall govern. By entering into this Modification Agreement, Lender is not waiving any Event of Default, if any so exists, or any of its rights and remedies as a consequence thereof. Each Borrower expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Loan Documents.

(c) This Modification Agreement will be binding upon an inure to the benefit of each Borrower and Lender and their respective successors and assigns.

(d) This Modification Agreement may be executed and delivered in counterparts and by facsimile or other electronic delivery means, with each such counterpart and facsimile or other electronic delivery means constituting a valid, effective and enforceable agreement.

9. **CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER.** THE VALIDITY OF THIS MODIFICATION AGREEMENT, ITS CONSTRUCTION, INTERPRETATION AND ENFORCEMENT AND THE RIGHTS OF THE PARTIES HERETO SHALL BE DETERMINED UNDER, GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS MODIFICATION AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS LOCATED IN THE COUNTY OF MERCER, STATE OF NEW JERSEY, THE FEDERAL COURTS WHOSE VENUE INCLUDES THE STATE OF NEW JERSEY OR AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. EACH LOAN PARTY AND LENDER EACH WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING UNDER THIS MODIFICATION AGREEMENT OR RELATING TO THE DEALINGS OF LOAN PARTIES AND LENDER AND ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF "FORUM NON CONVENIENS" OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

[signature page follows]

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IN WITNESS WHEREOF, the parties hereto have caused this Modification Agreement to be executed and delivered as of the day and year first above written.

SPAR MARKETING FORCE, INC., a Nevada corporation, as US

Borrower

By: \_\_\_\_\_



Name: Fay DeVries

Title: Chief Financial Officer

SPAR CANADA COMPANY, an unlimited company organized  
under the laws of Nova Scotia, as Canadian Borrower

By: \_\_\_\_\_



Name: Fay DeVries

Title: Chief Financial Officer

NORTH MILL CAPITAL LLC

By: \_\_\_\_\_



Name: Beatriz Hernandez

Title: Executive Vice President

Signature Page to Third Modification Agreement

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#### CONSENT OF GUARANTORS

Each of the undersigned guarantors (collectively, the "Guarantors") consents to the provisions of the foregoing Modification Agreement and all prior amendments (if any) to the Loan Agreement and confirms and agrees that: (a) such Guarantor's obligations under its respective guaranty dated April 10, 2019 (as amended, modified, supplemented, substituted, extended or renewed, from time to time, each a "Guaranty") relating to the Obligations mentioned in the Loan Agreement, as modified by the Modification Agreement shall be unimpaired by the Modification Agreement; (b) such Guarantor has no defenses or setoffs, counterclaims, discounts, or charges of any kind against Lender, its officers, directors, investors, bank group members, employees, agents or attorneys with respect to its Guaranty; and (c) all of the terms, conditions, and covenants in its Guaranty remain unaltered and in full force and effect and are hereby ratified and confirmed and apply to the Obligations, as amended by the Modification Agreement. Each Guarantor certifies that all representations and warranties made in its Guaranty are true and correct on the date hereof (except as to such representations and warranties which are made as of a specified date, in which case such representations and warranties remain true as of such date). Each Guarantor acknowledges and agrees that its obligations under its Guaranty include, without limitation, its guaranty of the payment and performance obligations of Borrowers under the Loan Agreement, as modified, and the Notes evidencing the same. Each Guarantor acknowledges and confirms the cross-default and cross-collateralization provisions of the Loan Agreement, as modified by the Modification Agreement. Each Guarantor expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Guaranty.

[signature page follows]

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WITNESS the due execution hereof as a document under seal, as of the date of this Modification Agreement, intending to be legally bound hereby.

SPAR GROUP, INC., a Delaware corporation, as a Guarantor

By:  \_\_\_\_\_  
Name: Fay DeVries  
Title: Chief Financial Officer

SPAR ACQUISITION, INC., a Nevada corporation, as a  
Guarantor

By:  \_\_\_\_\_  
Name: Fay DeVries  
Title: Chief Financial Officer

SPAR CANADA, INC., a Nevada corporation, as a Guarantor

By:  \_\_\_\_\_  
Name: Fay DeVries  
Title: Chief Financial Officer

SPAR TRADEMARKS, INC., a Nevada corporation, as a  
Guarantor

By:  \_\_\_\_\_  
Name: Fay DeVries  
Title: Chief Financial Officer

SPAR ASSEMBLY & INSTALLATION, INC., a Nevada corporation, as a Guarantor

By:   
Name: Fay DeVries  
Title: Chief Financial Officer

**Signature Page to Consent of Guarantors to Third Modification Agreement**

Exhibit **10.58** **10.59**

**FIFTH MODIFICATION AGREEMENT**

THIS FIFTH MODIFICATION AGREEMENT (this "Modification Agreement") is entered into as of August 9, 2022, by and among NORTH MILL CAPITAL LLC, a Delaware limited liability company, d/b/a SLR Business Credit ("Lender"), with a place of business at 821 Alexander Road, Suite 130, Princeton, New Jersey 08540, SPAR MARKETING FORCE, INC., a Nevada corporation ("US Borrower"), with its chief executive office located at 1910 Opdyke Court, Auburn Hills, Michigan 48326, and SPAR CANADA COMPANY, an unlimited company organized under the laws of Nova Scotia ("Canadian Borrower"), with its chief executive office located at 10 Planchet Road, Unit 21, Vaughan, Ontario L4K 2C8.

**RECITALS**

WHEREAS, Lender, US Borrower and Canadian Borrower entered into a Loan and Security Agreement dated as of April 10, 2019 (as amended, modified, supplemented, substituted, extended or renewed from time to time, the "Loan Agreement") which sets forth the terms and conditions of a US Revolving Credit Facility by Lender to US Borrower and a Canadian Revolving Credit Facility by Lender to Canadian Borrower; and

WHEREAS, Borrowers and Lender have agreed to make certain amendments to the Loan Agreement in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto adopt the above recitals and agree as follows:

1. **Definitions.** Capitalized terms used herein, but not defined herein, shall have the same meanings ascribed to such terms in the Loan Agreement. The term "Modification Agreement," as defined in the preamble to this Modification Agreement, is incorporated by reference into the Loan Agreement.

2. **Estoppe; Release.** To induce Lender to enter into this Modification Agreement, each Borrower represents and warrants to Lender that it has no defenses, offsets or counterclaims regarding its Obligations under the Loan Agreement and the other Loan Documents to which it is a party. To induce Lender to enter into this Modification Agreement, each Borrower waives and releases and forever discharges Lender and its officers, directors, investors, bank group members, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against Lender or any of them arising out of or relating to the Obligations. Each Borrower further agrees to indemnify and hold Lender and its officers, directors, investors, bank group members, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including reasonable attorneys' fees) suffered by or rendered against Lender or any of them on account of any claims arising out of or relating to the Obligations, in each case, except to the extent caused by the gross negligence or willful misconduct of the indemnitee or any of its representatives.

3. **Specific Amendments to the Loan Agreement.** Effective as of the date hereof, Section 2.7(a) (Facility Fee) of the Loan Agreement is hereby modified to read as follows:

(a) (i) For the contract (loan) year commencing October 10, 2021, US Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of Twelve Million Five Hundred Thousand Dollars (\$12,500,000). One twelfth (1/12) of such Facility Fee shall be paid on October 10, 2021, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(ii) In addition, if the amount owed under the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2021, (A) exceeds Twelve Million Five Hundred Thousand Dollars (\$12,500,000), but is less than or equal to Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, (B) exceeds Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), but is less than or equal to Fourteen Million Five Hundred Thousand Dollars (\$14,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, (C) exceeds Fourteen Million Five Hundred Thousand Dollars (\$14,500,000), but is less than or equal to Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, (D) exceeds Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), but is less than or equal to Sixteen Million Five Hundred Thousand Dollars (\$16,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, or (E) exceeds Sixteen Million Five Hundred Thousand Dollars (\$16,500,000), but is less than or equal to the US Advance Limit (that is, Seventeen Million Five Hundred Thousand Dollars (\$17,500,000)), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof (each such \$1,000,000 increment in clause (A), (B), (C), (D) and (E) above, being hereinafter referred to as an Increment). The highest Daily Balance of the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2021 (rounded upward to the next \$1,000,000, unless such amount is a multiple of \$1,000,000, in which case, such amount need not be rounded upward), but in no event less than Twelve Million Five Hundred Thousand Dollars (\$12,500,000), shall hereinafter be referred to as the October 2021 Benchmark Advance Amount.

(iii) For the contract (loan) year commencing October 10, 2022, US Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of the sum of (x) the October 2021 Benchmark Advance Amount plus (y) any Advances other than under the US Revolving Credit Facility. One twelfth (1/12) of such Facility Fee shall be paid on October 10, 2022, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(iv) In addition, Borrower shall pay to Lender an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) at the initial occurrence that the amount owed under the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2022 exceeds the October 2021 Benchmark Advance Amount by each applicable Increment. The highest Daily Balance of the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2022 (rounded upward to the next \$1,000,000 unless such amount is a multiple of \$1,000,000, in which case, such amount need not be rounded upward), but in no event less than the October 2021 Benchmark Advance Amount, shall hereinafter be referred to as the October 2022 Benchmark Advance Amount.

(v) For the contract (loan) year commencing October 10, 2023, US Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of the sum of (x) the October 2022 Benchmark Advance Amount plus (y) any Advances other than under the US Revolving Credit Facility. One twelfth (1/12) of such Facility Fee shall be paid on October 10, 2023, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(vi) In addition, Borrower shall pay to Lender an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) at the initial occurrence that the amount owed under the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2023 exceeds the October 2022 Benchmark Advance Amount by each applicable Increment. The highest Daily Balance of the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2023 (rounded upward to the next \$1,000,000 unless such amount is a multiple of \$1,000,000, in which case, such amount need not be rounded upward), but in no event less than the October 2022 Benchmark Advance Amount, shall hereinafter be referred to as the October 2022 Benchmark Advance Amount.

4. **Conditions to Effectiveness of this Modification Agreement.** As conditions precedent to this Modification Agreement, Borrowers shall deliver, or cause to be delivered to Lender, or Lender shall have received this Modification Agreement, duly executed by Borrowers, together with the consent of the Guarantors attached hereto.

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5. **Reaffirmation of Representations and Warranties.** Each Borrower hereby reaffirms the representations and warranties made by it in the Loan Agreement and all of the other Loan Documents as fully and completely as if set forth herein at length and made anew. All of such representations and warranties are true, correct and complete as of the date hereof (except as to such representations and warranties which are made as of a specified date, in which case such representations and warranties remain true as of such date, and except as to the matters expressly waived hereunder). In addition, each Borrower represents and warrants to Lender that:

(a) No consent or approval of, or exemption by any person is required to authorize, or is otherwise required in connection with the execution and delivery of this Modification Agreement, which has not been obtained and which remains in full force and effect;

(b) Such Borrower has the power to execute, deliver and carry out this Modification Agreement and all documents executed in connection herewith, and this Modification Agreement and such other Loan Documents have been duly authorized by all requisite organizational action and are valid, binding and enforceable as against such Borrower in accordance with their terms;

(c) No material adverse change in the financial condition of such Borrower has occurred since the date of the most recent financial statements of such Borrower submitted to Lender, and the information contained in said statements and reports is true and correctly reflects the financial condition of such Borrower as of the dates of the statements and reports, and such statements and reports have been prepared in accordance with GAAP and do not contain any material misstatement of fact or omit to state any facts necessary to make the statements contained therein not misleading; and

(d) No default or Event of Default exists under the Loan Agreement.

6. **Reaffirmation of Covenants.** Each Borrower hereby reaffirms the affirmative and negative covenants set forth in the Loan Agreement and the other Loan Documents as fully and completely as if set forth herein at length (except as otherwise revised herein), and agrees that such covenants shall remain in full force and effect until payment in full of the Obligations.

7. **Reaffirmation of Security Interests and Liens.** Each Borrower hereby confirms the security interests and liens granted by such Borrower to Lender in, to and under the Collateral in accordance with the Loan Agreement and other Loan Documents as security for its Obligations to Lender and acknowledges that such security interests shall continue unimpaired and in full force and effect. Each Borrower represents and warrants that, as of the date hereof, there are no claims, setoffs or defenses to Lender's exercise of any rights or remedies available to it as a creditor in realizing upon such assets under the terms and conditions of the Loan Agreement and the other Loan Documents and the security interests and liens in favor of Lender on such assets shall cover and secure all of such Borrower's existing and future Obligations to Lender, as increased and modified by this Modification Agreement.

8. **Miscellaneous.**

(a) Each Borrower agrees to pay any and all fees and expenses, including reasonable counsel fees (including allocated fees of in-house counsel) incurred by Lender in connection with the preparation and execution of this Modification Agreement and all other documents executed in connection herewith.

(b) This Modification Agreement is intended to supplement and modify the Loan Agreement and the rights and obligations of the parties under the Loan Agreement shall not in any way be vacated, modified or terminated except as herein provided. All terms and conditions contained in each and every agreement or promissory note or other evidence of indebtedness of Borrowers to Lender are incorporated herein by reference. If there is a conflict between any of the provisions heretofore entered into and the provisions of this Modification Agreement, then the provisions of this Modification Agreement shall govern. By entering into this Modification Agreement, Lender is not waiving any Event of Default, if any so exists, or any of its rights and remedies as a consequence thereof. Each Borrower expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Loan Documents.

(c) This Modification Agreement will be binding upon an inure to the benefit of each Borrower and Lender and their respective successors and assigns.

(d) This Modification Agreement may be executed and delivered in counterparts and by facsimile or other electronic delivery means, with each such counterpart and facsimile or other electronic delivery means constituting a valid, effective and enforceable agreement.

9. **CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER.** THE VALIDITY OF THIS MODIFICATION AGREEMENT, ITS CONSTRUCTION, INTERPRETATION AND ENFORCEMENT AND THE RIGHTS OF THE PARTIES HERETO SHALL BE DETERMINED UNDER, GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS MODIFICATION AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS LOCATED IN THE COUNTY OF MERCER, STATE OF NEW JERSEY, THE FEDERAL COURTS WHOSE VENUE INCLUDES THE STATE OF NEW JERSEY OR AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. EACH LOAN PARTY AND LENDER EACH WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING UNDER THIS MODIFICATION AGREEMENT OR RELATING TO THE DEALINGS OF LOAN PARTIES AND LENDER AND ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF "FORUM NON CONVENIENS" OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 9.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Modification Agreement to be executed and delivered as of the day and year first above written.

SPAR MARKETING FORCE, INC., a Nevada corporation, as US  
Borrower

By: 

Name: Fay DeVries

Title: Chief Financial Officer

SPAR CANADA COMPANY, an unlimited company organized  
under the laws of Nova Scotia, as Canadian Borrower

By: 

Name: Fay DeVries

Title: Chief Financial Officer

NORTH MILL CAPITAL LLC

By: 

Name: Beatriz Hernandez

Title: Executive Vice President

Signature Page to Fifth Modification Agreement

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CONSENT OF GUARANTORS

Each of the undersigned guarantors (collectively, the "Guarantors") consents to the provisions of the foregoing Modification Agreement and all prior amendments (if any) to the Loan Agreement and confirms and agrees that: (a) such Guarantor's obligations under its respective guaranty dated April 10, 2019 (as amended, modified, supplemented, substituted, extended or renewed, from time to time, each a "Guaranty") relating to the Obligations mentioned in the Loan Agreement, as increased and modified by the Modification Agreement shall be unimpaired by the Modification Agreement; (b) such Guarantor has no defenses or setoffs, counterclaims, discounts, or charges of any kind against Lender, its officers, directors, investors, bank group members, employees, agents or attorneys with respect to its Guaranty; and (c) all of the terms, conditions, and covenants in its Guaranty remain unaltered and in full force and effect and are hereby ratified and confirmed and apply to the Obligations, as amended by the Modification Agreement. Each Guarantor certifies that all representations and warranties made in its Guaranty are true and correct on the date hereof (except as to such representations and warranties which are made as of a specified date, in which case such representations and warranties remain true as of such date). Each Guarantor acknowledges and agrees that its obligations under its Guaranty include, without limitation, its guaranty of the payment and performance obligations of Borrowers under the Loan Agreement, as modified, and the Notes evidencing the same. Each Guarantor acknowledges and confirms the cross-default and cross-collateralization provisions of the Loan Agreement, as increased and modified by the Modification Agreement. Each Guarantor expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Guaranty.

[signature page follows]

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WITNESS the due execution hereof as a document under seal, as of the date of this Modification Agreement, intending to be legally bound hereby.

SPAR GROUP, INC., a Delaware corporation, as a Guarantor

By: 

Name: Fay DeVries

Title: Chief Financial Officer

SPAR ACQUISITION, INC., a Nevada corporation, as a  
Guarantor

By: 

Name: Fay DeVries

Title: Chief Financial Officer

SPAR CANADA, INC., a Nevada corporation, as a Guarantor

By: 

Name: Fay DeVries

Title: Chief Financial Officer

SPAR TRADEMARKS, INC., a Nevada corporation, as a  
Guarantor

By: 

Name: Fay DeVries

Title: Chief Financial Officer

SPAR ASSEMBLY & INSTALLATION, INC., a Nevada  
corporation, as a Guarantor

By: 

Name: Fay DeVries

Title: Chief Financial Officer

Signature Page to Consent of Guarantors to Fifth Modification Agreement

Exhibit 21.1

SPAR Group, Inc.

List of Subsidiaries

Owned Subsidiaries			State or Country of Incorporation
SPAR Acquisition, Inc.	100	%	Nevada
SPAR Assembly & Installation, Inc. (f/k/a SPAR National Assembly Services, Inc.)	100	%	Nevada
SPAR Canada Company	100	%	Nova Scotia, Canada
SPAR Canada, Inc.	100	%	Nevada
SPAR Group International, Inc.	100	%	Nevada
SPAR, Inc.	100	%	Nevada

SPAR International Ltd.	100	%	Cayman Islands
SPAR Marketing Force, Inc.	100	%	Nevada
SPAR Trademarks, Inc.	100	%	Nevada
SPAR Merchandising Romania, Ltd. (inactive) (inactive and being dissolved)	100	%	Romania
SPAR China Ltd.	100	%	China
SPAR FM Japan, Inc.	100	%	Japan
SPAR (Shanghai) Field Marketing Ltd. (inactive) <sup>1</sup>	100	%	China
SGRP Brasil Participações Ltda. ("SPAR Brazil Holdings") <sup>8A</sup>	100	%	Brazil
SPAR NMS Holdings, Inc.	100	%	Nevada
NMS Retail Services, ULC	100	%	Nova Scotia, Canada
<b>Owned Subsidiaries</b>			<b><u>State or Country of Incorporation</u></b>
National Merchandising Services, LLC <sup>2</sup>	51	%	Nevada
Resource Plus of North Florida, Inc. (RPI)*	51	%	Florida
BDA Resources, LLC <sup>3</sup>	70.36.2	%	Florida
Leasex, LLC. (Operated by and with RPI)	51	%	Florida
Mobex of North Florida, Inc. (Operated by and with RPI)	51	%	Florida
SGRP Meridian (Pty), Ltd. Proprietary Limited ("Meridian") <sup>4</sup>	51	%	South Africa
CMR-Meridian (Pty) Ltd. Proprietary Limited <sup>5</sup>	51	%	South Africa
Bordax Retail Services (Pty) Ltd 5	51	%	South Africa
Bordax Retail Services Gauteng (Pty) Ltd 5	51	%	South Africa
SPARFACTS Australia (Pty), Ltd. <sup>6</sup>	51	%	Australia
SPAR (Shanghai) Marketing Management Company Ltd. <sup>7</sup>	51	%	China
Unilink <sup>7A</sup>	100.51	%	China
SPAR DSI Human Resource Company <sup>7B</sup>	75.5.38.5	%	China
SPAR TODOPROMO, SAPI, de CV	51	%	Mexico
SPAR NDS Tanitim Ve Danismanlik A.S.	51	%	Turkey
SPAR KROGNOS Marketing Private Limited	51	%	India
Preceptor Marketing Services Private Limited	51	%	India
SPAR Brasil Serviços de Merchandising e Tecnologia S.A. ("SPAR Brazil") <sup>8B</sup>	51	%	Brazil
SPAR Brasil Serviços LTDA. Ltda. (f/k/a New Momentum Ltda.)** <sup>8C</sup>	51	%	Brazil
SPAR Brasil Serviços Temporários LTDA. (f/k/a New Momentum Serviços Temporários Ltda.)** <sup>8C</sup>	51	%	Brazil
Plus Trade Do Brasil Prestacao De Servicos Ltda <sup>9</sup>	51	%	Brazil
SPAR Brasil Servicos Ltda <sup>9</sup>	51	%	Brazil
SGRP Servicos Ltda <sup>9</sup>	51	%	Brazil

\* 1 Dissolved on November 29, 2022.

2 The Company sold its 51% interest in this joint venture effective December 31, 2023.

3 RPI owns a 70% interest in BDA Resource, LLC, a Florida limited liability company.

\*\* 4The Company has entered into an agreement to sell its 51% interest in this joint venture. See Note 15 Subsequent Events, above.

5 Owned by and being sold with Meridian.

6 The Company sold its 51% interest in this joint venture effective December 31, 2023.

7 The Company has entered into an agreement to sell its 51% interest in this joint venture. See Note 15 Subsequent Events, above.

7A Owned by and being sold with SPAR (Shanghai) Marketing Management Company Ltd.

7B Inactive and being liquidated. It is 75.5% Owned by and being sold with SPAR (Shanghai) Marketing Management Company Ltd.

8A The Company owns 100% of SGRP Brasil Participações Ltda. ("Brazil Holdings") and has entered into an agreement to sell Brazil Holdings (the "Brazil Holdings Sale"). See Note 15, Subsequent Events, above.

8B Brazil Holdings owns 51% of SPAR Brasil Serviços de Merchandising e Tecnologia S.A. ("SPAR Brazil"), and Brazil Holdings will continue to own those interests after the Brazil Holdings Sale.

8C Brazil Holdings effectively owns slightly more than 51% of this subsidiary since SPAR Brazil owns 99% and SPAR Brazil Holdings owns 1% of the equity in this subsidiary, and SPAR Brazil and Brazil Holdings will continue to own those equity interests after the Brazil Holdings Sale.

9

The Company effectively owns 51% of this subsidiary since we believe SPAR Brazil owns 100% of this subsidiary, and SPAR Brazil will continue to own those interests after the Brazil Holdings Sale.

Exhibit 23.1

**Consent of Independent Registered Public Accounting Firm**

**SPAR Group, Inc. and Subsidiaries**

**Auburn Hills, Michigan**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-53400, 333-73000, 333-730000, 333-73002, 333-152706, 333-72998, 333-189964, 3333-189964, 333-228185, and 333-254991) of SPAR Group, Inc. and Subsidiaries of our report dated April 17, 2023 April 1, 2024, relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K.

/s/ BDO USA, LLP P.C.

Troy, Michigan

April 17, 2023 April 1, 2024

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael R. Matacunas, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended December 31, 2022 December 31, 2023, of SPAR Group, Inc.;
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 the 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: **April 17, 2023** April 1, 2024

/s/ Michael R. Matacunas

Michael R. Matacunas, President and Chief Executive Officer

Exhibit 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Antonio Calisto Pato, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 of SPAR Group, Inc.;

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 the 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: **April 17, 2023** April 1, 2024

/s/ Antonio Calisto Pato

Antonio Calisto Pato, Chief Financial Officer,  
Treasurer and Secretary

**EXHIBIT 32.1**

**Certification of Chief Executive Officer Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 (this "Report"), of SPAR Group, Inc. (the "Registrant"), the undersigned hereby certifies that, to his knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Michael R. Matacunas

Michael R. Matacunas  
President and Chief Executive Officer

**April 17, 2023** April 1, 2024

A signed original of this written statement required by Section 906 has been provided to SPAR Group, Inc. and will be retained by SPAR Group, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

**EXHIBIT 32.2**

**Certification of Chief Financial Officer Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the annual report on Form 10-K for the year ended **December 31, 2022** December 31, 2023 (this "Report"), of SPAR Group, Inc. (the "Registrant"), the undersigned hereby certifies that, to her knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Antonio Calisto Pato

Antonio Calisto Pato  
Chief Financial Officer, Treasurer and Secretary

**April 17, 2023** April 1, 2024

*A signed original of this written statement required by Section 906 has been provided to SPAR Group, Inc. and will be retained by SPAR Group, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.*

#### **DISCLAIMER**

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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