

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the first quarterly period ended **March 31, 2025**

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 as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-0684451

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

1910 Opdyke Court, Auburn Hills, Michigan

(Address of principal executive offices)

48326

(Zip Code)

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

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files) Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (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 has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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

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 \$0.01 per share | SGRP | The NASDAQ Stock Market LLC |

As of July 14, 2025, the Registrant had 23,489,752 shares of common stock, par value \$0.01 per share, outstanding.

SPAR Group, Inc.

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PART I: FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements (Unaudited)**

SPAR Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

(In thousands, except per share amounts)

| | Three Months Ended March 31, | |
|---|---------------------------------|-----------|
| | 2025 | 2024 |
| Net revenues | \$ 34,041 | \$ 49,396 |
| Cost of revenue: | | |
| Field Management | 2,334 | 2,240 |
| Direct Expenses | 24,432 | 37,444 |
| Total cost of revenue | 26,766 | 39,684 |
| Gross profit | 7,275 | 9,712 |
| Selling, general and administrative expense | 5,872 | 7,723 |
| Gain on sale of business | - | (7,157) |
| Depreciation and amortization | 367 | 475 |
| Operating income | 1,036 | 8,671 |
| Interest expense | 469 | 475 |
| Other (income) expense, net | (9) | 7 |
| Income before income tax expense | 576 | 8,189 |
| Income tax expense | 114 | 1,393 |
| Income from continuing operations | 462 | 6,796 |
| Discontinued Operations | | |
| Income from discontinued operations | - | 846 |
| Income tax expense | - | (461) |
| Net income from discontinued operations | - | 385 |
| Net income | 462 | 7,181 |
| Net income attributable to non-controlling interest | - | (554) |
| Net income attributable to SPAR Group, Inc. | \$ 462 | \$ 6,627 |
| Basic earnings per common share attributable to SPAR Group, Inc. from continuing operations | \$ 0.02 | \$ 0.26 |
| Diluted earnings per common share attributable to SPAR Group, Inc. from continuing operations | \$ 0.02 | \$ 0.26 |
| Basic earnings per common share attributable to SPAR Group, Inc. from discontinued operations | \$ - | \$ 0.02 |
| Diluted earnings per common share attributable to SPAR Group, Inc. from discontinued operations | \$ - | \$ 0.02 |
| Basic earnings per common share attributable to SPAR Group, Inc. | \$ 0.02 | \$ 0.28 |
| Diluted earnings per common share attributable to SPAR Group, Inc. | \$ 0.02 | \$ 0.28 |
| Weighted-average common shares outstanding – basic | 23,450 | 23,817 |
| Weighted-average common shares outstanding – diluted | 23,552 | 24,013 |
| Net income | \$ 462 | \$ 7,181 |
| Other comprehensive loss | | |
| Foreign currency translation adjustments | (89) | (2,520) |
| Comprehensive income | 373 | 4,661 |
| Comprehensive loss attributable to non-controlling interest | - | 490 |
| Comprehensive income attributable to SPAR Group, Inc. | \$ 373 | \$ 5,151 |

See accompanying notes to the unaudited condensed consolidated financial statements.

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

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|--|---------------------------------|------------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,942 | \$ 18,221 |
| Accounts receivable, net | 38,219 | 24,766 |
| Prepaid expenses and other current assets | 2,901 | 3,009 |
| Total current assets | <u>59,062</u> | <u>45,996</u> |
| Property and equipment, net | 2,910 | 2,015 |
| Operating lease right-of-use assets | 537 | 630 |
| Goodwill | 856 | 856 |
| Intangible assets, net | 808 | 841 |
| Deferred income taxes, net | 4,157 | 4,259 |
| Other assets | 1,834 | 1,834 |
| Total assets | <u>\$ 70,164</u> | <u>\$ 56,431</u> |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 13,790 | \$ 8,767 |
| Accrued expenses and other current liabilities | 5,865 | 3,533 |
| Customer incentives and deposits | 2,655 | 892 |
| Lines of credit and short-term loans | 20,373 | 16,082 |
| Current portion of long-term debt | 500 | 500 |
| Current portion of operating lease liabilities | 219 | 276 |
| Total current liabilities | <u>43,402</u> | <u>30,050</u> |
| Operating lease liabilities, net of current portion | 318 | 353 |
| Long-term debt, net of current portion | 1,738 | 1,722 |
| Total liabilities | <u>45,458</u> | <u>32,125</u> |
| Commitments and contingencies – See Note 4 | | |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value per share: 47,000,000 shares authorized as of March 31, 2025 and December 31, 2024; 23,449,701 shares issued and outstanding as of March 31, 2025 and December 31, 2024 | 234 | 234 |
| Treasury stock, at cost, 1,205,485 shares as of March 31, 2025 and as of December 31, 2024 | (2,075) | (2,075) |
| Additional paid-in capital | 19,913 | 19,886 |
| Accumulated other comprehensive loss | (1,287) | (1,198) |
| Retained earnings | 7,921 | 7,459 |
| Total stockholders' equity | <u>24,706</u> | <u>24,306</u> |
| Total liabilities and stockholders' equity | <u>\$ 70,164</u> | <u>\$ 56,431</u> |

See accompanying notes to the unaudited condensed consolidated financial statements.

SPAR Group, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity
(Unaudited)
(In thousands)

| | <u>Common Stock</u> | | <u>Treasury Stock</u> | | <u>Additional Paid-In Capital</u> | <u>Accumulated Other Comprehensive Loss</u> | <u>Retained Earnings</u> | <u>Total Stockholders' Equity</u> |
|----------------------------------|---------------------|---------------|-----------------------|-------------------|---|---|------------------------------|---|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | | | | |
| Balance at January 1, 2025 | 23,449 | \$ 234 | 1,205 | \$ (2,075) | \$ 19,886 | \$ (1,198) | \$ 7,459 | \$ 24,306 |
| Share-based compensation | - | - | - | - | 27 | - | - | 27 |
| Other comprehensive loss | - | - | - | - | - | (89) | - | (89) |
| Net income | - | - | - | - | - | - | 462 | 462 |
| Balance at March 31, 2025 | 23,449 | \$ 234 | 1,205 | \$ (2,075) | \$ 19,913 | \$ (1,287) | \$ 7,921 | \$ 24,706 |

See accompanying notes to the unaudited condensed consolidated financial statements.

SPAR Group, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Continued)
(Unaudited)
(In thousands)

| | <u>Common Stock</u> | | <u>Series B Preferred Stock</u> | | <u>Treasury Stock</u> | | <u>Additional Paid-In Capital</u> | <u>Accumulated Other</u> | | <u>Retained Earnings</u> | <u>Non-Controlling Interest</u> | <u>Total Stockholders' Equity</u> |
|---|----------------------|----------------------|---------------------------------|--------------------|-----------------------|------------------------|-----------------------------------|---------------------------|-------------------------|--------------------------|---------------------------------|-----------------------------------|
| | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | <u>Shares</u> | <u>Amount</u> | | <u>Comprehensive Loss</u> | | | | |
| Balance at January 1, 2024 | 23,241 | \$ 232 | 650 | \$ 7 | 205 | \$ (285) | \$ 21,004 | \$ (3,341) | \$ 10,609 | \$ 12,020 | \$ 40,246 | |
| Share-based compensation expense | - | - | - | - | - | - | 128 | - | - | - | 128 | |
| Conversion of preferred stock to common stock | 975 | 10 | (650) | (7) | - | - | (1) | - | - | - | 2 | |
| Sale of joint ventures | - | - | - | - | - | - | - | 712 | (712) | (4,981) | (4,981) | |
| Other comprehensive loss | - | - | - | - | - | - | - | (2,030) | - | (490) | (2,520) | |
| Net income | - | - | - | - | - | - | - | - | 6,627 | 554 | 7,181 | |
| Balance at March 31, 2024 | <u>24,216</u> | <u>\$ 242</u> | <u>-</u> | <u>\$ -</u> | <u>205</u> | <u>\$ (285)</u> | <u>\$ 21,131</u> | <u>\$ (4,659)</u> | <u>\$ 16,524</u> | <u>\$ 7,103</u> | <u>\$ 40,056</u> | |

See accompanying notes to the unaudited condensed consolidated financial statements.

SPAR Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

| | Three Months Ended March 31, | |
|---|-------------------------------------|-----------------|
| | 2025 | 2024 |
| Cash flows from operating activities: | | |
| Net income | \$ 462 | \$ 7,181 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities | | |
| Depreciation and amortization | 382 | 475 |
| Amortization of operating lease right-of-use assets | 92 | 176 |
| Provision for expected credit losses | - | 61 |
| Deferred income tax expense | 102 | 1,088 |
| Gain on sale of businesses | - | (7,157) |
| Share-based compensation expense | 27 | 128 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (11,929) | (6,288) |
| Prepaid expenses and other current assets | 108 | (283) |
| Accounts payable | 5,071 | 2,105 |
| Operating lease liabilities | (185) | (176) |
| Accrued expenses, other current liabilities, due to affiliates and customer incentives and deposits | 1,826 | 4,610 |
| Net cash (used in) provided by operating activities of continuing operations | <u>(4,044)</u> | <u>1,920</u> |
| Net cash used in operating activities of discontinued operations | - | <u>(1,305)</u> |
| Net cash (used in) provided by operating activities | <u>(4,044)</u> | <u>615</u> |
| Cash flows from investing activities | | |
| Purchases of property and equipment and capitalized software | (525) | (431) |
| Proceeds from the sale of joint ventures, net of cash transferred | - | (446) |
| Net cash used in investing activities of continuing operations | <u>(525)</u> | <u>(877)</u> |
| Net cash used in investing activities of discontinued operations | - | <u>(1)</u> |
| Net cash used in investing activities | <u>(525)</u> | <u>(878)</u> |
| Cash flows from financing activities | | |
| Borrowings under line of credit | 31,553 | 25,780 |
| Repayments under line of credit | (27,263) | (23,657) |
| Payments of notes to seller | - | (1,120) |
| Payments on term debt | - | (1,503) |
| Net cash provided by (used in) financing activities of continuing operations | <u>4,290</u> | <u>(500)</u> |
| Net cash provided by financing activities of discontinued operations | - | <u>6,844</u> |
| Net cash provided by financing activities | <u>4,290</u> | <u>6,344</u> |
| Effect of foreign exchange rate changes on cash | - | (171) |
| Net change in cash, cash equivalents | <u>(279)</u> | <u>5,910</u> |
| Cash and cash equivalents at beginning of period | <u>18,221</u> | <u>10,719</u> |
| Cash and cash equivalents at end of period | <u>17,942</u> | <u>16,629</u> |
| Less cash and cash equivalents of discontinued operations | - | <u>11,203</u> |
| Cash and cash equivalents of continuing operations | <u>\$ 17,942</u> | <u>\$ 5,426</u> |
| Supplemental disclosure of cash flows information: | | |
| Cash paid for interest | \$ 429 | \$ 523 |
| Cash paid for income taxes | \$ - | \$ 209 |

See accompanying notes to the unaudited condensed consolidated financial statements.

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

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

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2024 included in the 2024 Annual Report on Form 10-K that was filed with the Securities and Exchange Commission on May 16, 2025.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the included disclosures are adequate, and the accompanying unaudited condensed consolidated financial statements contain all adjustments which are necessary for a fair presentation of the Company's consolidated financial position as of March 31, 2025, consolidated results of operations and comprehensive income for the three months ended March 31, 2025 and 2024, and consolidated cash flows for the three months ended March 31, 2025 and 2024. Such adjustments are of a normal and recurring nature. The consolidated results of operations for the three months ended March 31, 2025 are not necessarily indicative of the consolidated results of operations that may be expected for the year ending December 31, 2025.

Principles of Consolidation

The Company consolidates its 100%-owned subsidiaries and all significant intercompany transactions have been eliminated in the unaudited condensed consolidated financial statements.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. 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. As a result of the Company's exit of substantially all international operations during 2024, we have evaluated how our CODM has now organized our Company for purposes of making operating decisions, preparing budgets and forecasts, setting targets, allocating resources, and assessing performance. Our CODM manages all business activities on a consolidated basis and measures segment profit or loss based on consolidated net income. As a result, we have concluded that as of March 31, 2025, the Company's reportable segments changed to one segment for the purpose of making operational and resource decisions and assessing financial performance. Segment information for the three months ended March 31, 2024 have been recast to reflect this reportable segment structure.

Recently Adopted Accounting Pronouncements

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations – Joint Venture Formations (Subtopic 805): Recognition and Initial Measurement*, which requires joint ventures to recognize and initially measure its assets and liabilities at fair value upon formation. The guidance was effective for the Company prospectively for all joint venture formations on or after January 1, 2025. Adoption did not have a material effect on the Company's consolidated financial statements and related disclosures. The Company has exited all previous joint ventures and now owns all consolidated businesses fully.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This update requires enhanced segment disclosure, including the disclosure of the significant expense categories and the measure(s) of segment profit or loss used by the chief operating decision maker (CODM). The guidance was effective for the Company's fiscal year beginning January 1, 2024 and interim periods beginning January 1, 2025. See Note 9 Segment Information.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires companies to report specific categories of rate-reconciliation, certain details of income taxes paid and certain information by tax jurisdictions. ASU 2023-09 is effective for annual periods beginning after December 15, 2024. The Company is evaluating the impact that adoption will have on the Company's consolidated financial statements and related disclosures in 2025.



On November 4, 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* which requires disaggregated disclosure of income statement expenses for public business entities (PBEs). The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. ASU 2024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The Company is evaluating the impact that adoption will have on the Company's consolidated financial statements and related disclosures in 2025.

Supplemental Balance Sheet Information

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|--|---------------------------------|------------------------------------|
| Accounts receivable, net, consists of the following: (in thousands) | | |
| Trade | \$ 22,967 | \$ 12,059 |
| Unbilled | 12,810 | 9,284 |
| Non-trade | 2,684 | 3,834 |
| Gross accounts receivable | 38,461 | 25,177 |
| Less allowance for credit losses | (242) | (411) |
| Accounts Receivable, net | <u>\$ 38,219</u> | <u>\$ 24,766</u> |

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|---|---------------------------------|------------------------------------|
| Activity in allowance for credit losses (in thousands) | | |
| Beginning balance in allowance for credit losses | \$ 411 | \$ 1,461 |
| Current provision for expected credit losses | - | 128 |
| Allowances associated with businesses sold | - | (12) |
| Write-offs charged against the allowance | (169) | (1,166) |
| Ending balance in allowance for credit losses | <u>\$ 242</u> | <u>\$ 411</u> |

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|--|---------------------------------|------------------------------------|
| Property and equipment consist of the following: (in thousands) | | |
| Equipment | \$ 4,000 | \$ 4,060 |
| Furniture and fixtures | 640 | 591 |
| Leasehold improvements | 384 | 384 |
| Capitalized internal use software costs | 20,206 | 18,967 |
| | 25,230 | 24,002 |
| Less accumulated depreciation and amortization | (22,320) | (21,987) |
| Property and equipment, net | <u>\$ 2,910</u> | <u>\$ 2,015</u> |

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|---|---------------------------------|------------------------------------|
| Intangible assets consist of the following: (in thousands) | | |
| Trade names | \$ 900 | \$ 900 |
| Patents | 870 | 870 |
| Gross intangible assets | 1,770 | 1,770 |
| Less accumulated amortization | (962) | (929) |
| Intangible assets, net | <u>\$ 808</u> | <u>\$ 841</u> |

The annual amortization for each of the following years succeeding December 31, 2024 is summarized as follows: (in thousands)

| Year | Amount |
|------------|---------------|
| 2025 | \$ 100 |
| 2026 | 133 |
| 2027 | 36 |
| 2028 | 36 |
| 2029 | 36 |
| Thereafter | 467 |
| Total | <u>\$ 808</u> |

| | <u>March 31,</u> <u>2025</u> | <u>December 31,</u> <u>2024</u> |
|---|---------------------------------|------------------------------------|
| Accrued expenses and other current liabilities: (in thousands) | | |
| Taxes payable | \$ 480 | \$ 137 |
| Accrued salaries and wages | 3,542 | 1,644 |
| Accrued third party labor | 65 | 131 |
| Other | 1,778 | 1,621 |
| Accrued expenses and other current liabilities | <u>\$ 5,865</u> | <u>\$ 3,533</u> |

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.

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.

The fair value of the Company's lines of credit approximate the carrying value reflected on the Condensed Consolidated Balance Sheets, due to their short-term nature.

The fair value of the long-term portion of the Resource Plus Seller Notes is determined using a discounted cash flow methodology. Under this approach, the expected future cash flows of the notes are discounted to their present value using a discount rate derived from observable market data, such as current interest rates or yield curves for similar instruments. This valuation technique utilizes inputs classified as Level 2 under the ASC 820 fair value hierarchy. Accordingly, the carrying amount of the long-term portion of the Resource Plus Seller Notes approximates its fair value, as it represents the present value of the notes' future cash flows.

Discontinued Operations

The Company classifies a component of its business as a discontinued operation when the component has been disposed of or is classified as held for sale, and the disposition represents a strategic shift that has (or will have) a major effect on the Company's operations and financial results. Upon meeting the criteria for discontinued operations, the results of operations and cash flows of the component are segregated from continuing operations for all periods presented. Assets and liabilities of the discontinued operation are presented separately on the face of the balance sheet if classified as held for sale.

Gains or losses on disposal, along with adjustments to previously recognized gains or losses, are recognized in the period of sale or upon meeting the held-for-sale criteria. Interest expense and general corporate overhead are not allocated to the discontinued operation unless they are directly attributable to the component.

As discussed on the Company's Form 10-K/A, filed with the SEC on July 17, 2025, the Company determined that the sale of its Brazilian joint venture (see Note 8, *Related Party Transactions*) represented a strategic shift in the Company's operations that will have a significant impact to the financial statements. As such, the Company has reflected the Brazilian joint venture as discontinued operations.

Amounts included in the consolidated financial statements in this Form 10-Q for discontinued operations are detailed below:

Summary of Results from Discontinued Operations

| \$ in thousands | Three Months Ended March 31, 2024 |
|---|--|
| Net revenues | \$ 19,297 |
| Cost of revenues | 16,467 |
| Gross profit | 2,830 |
| Selling, general, and administrative expenses | 1,893 |
| Depreciation and amortization | 36 |
| Income from operations before tax | 901 |
| Income tax expense | 461 |
| Interest expense | 55 |
| Income from discontinued operations, net of tax | <u>\$ 385</u> |

3. 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. Pursuant to the NM Loan Agreement, the NM Borrowers agreed to reimburse NM for legal and documentation fees incurred in connection with the NM Loan Agreement and such amendments.



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 Company is evaluating refinancing options and plans to secure an extension or replacement financing before this maturity date. Although the Company currently expects its sources of capital to be sufficient to meet its near-term liquidity needs, there can be no assurance that such sources will be sufficient to satisfy its liquidity requirements in the future. If the Company cannot generate or obtain needed funds, it might be forced to make substantial reductions in its operating and capital expenses or pursue restructuring plans, which could adversely affect its business operations and ability to execute its current business strategy.

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, 2024, approximately 0.80% of the sum of (i) the prior year's "Benchmark Advance Amount" plus (ii) any additional advances outside the U.S. revolving credit facility. This facility fee is payable in twelve equal monthly installments during the contract year. Further, an incremental facility fee of \$15,000 is assessed upon the first occurrence that the outstanding balance under the US Revolving Credit Facility exceeds the prior year's Benchmark Advance Amount by each \$1,000,000 increment, up to the applicable maximum advance limit. The "Benchmark Advance Amount" is defined as the highest daily balance under the US Revolving Credit Facility during the immediately preceding contract year.

As of March 31, 2025, the aggregate interest rate was 9.40% per annum and the aggregate outstanding loan balance was approximately \$20.4 million, which is included within lines of credit and short-term loans in the unaudited 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 \$19.2 million; and (ii) the outstanding loan balance under the Canada Revolving Credit Facility was approximately \$1.2 million.

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 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, capital expenditures and certain other investments. The NM Loan Parties were in compliance with such covenants as of March 31, 2025. 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.

Resource Plus – Seller Notes

On April 18, 2024, the Company entered into a Securities Purchase Agreement to buy from Mr. Richard Justus the remaining minority joint venture interests of Resource Plus and its sister companies, Mobex of North Florida, Inc., and Leasex, LLC. Based on the terms set in the original joint venture agreement, the Company will pay a total of \$3 million in annual payments over a five-year period. \$0.25 million was paid within the five business days of closing, and the remaining \$2.75 million will be paid pursuant to a Secured Promissory Note. As of March 31, 2025, \$0.5 million has been paid and the remaining \$2.2 million Promissory Note (net of discount) is outstanding and is reported on the condensed consolidated balance sheets in current portion of long-term debt and long-term debt.

Summary of the Company's lines of credit (in thousands):

| | Interest Rate as of March 31, 2025 | Balance as of March 31, 2025 | Interest Rate as of December 31, 2024 | Balance as of December 31, 2024 |
|---------------------------------|---|---------------------------------------|--|--|
| USA / Canada North Mill Capital | 9.40% | \$ 20,373 | 9.40% | \$ 16,082 |
| Total | | <u>\$ 20,373</u> | | <u>\$ 16,082</u> |

Summary of the Company's Seller Notes (dollars in thousands):

| | Interest Rate as of March 31, 2025 | Balance as of March 31, 2025 | Interest Rate as of December 31, 2024 | Balance as of December 31, 2024 |
|--|---|---------------------------------------|--|--|
| USA - Resource Plus Seller Notes (Current) | 4.30% | 500 | 4.30% | 500 |
| USA - Resource Plus Seller Notes (Long-term) | 4.30% | 1,738 | 4.30% | 1,722 |
| USA - Resource Plus Seller Notes | | <u>\$ 2,238</u> | | <u>\$ 2,222</u> |

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

| | March 31, 2025 | December 31, 2024 |
|---------------------------|-------------------|----------------------|
| Unused Availability: | | |
| United States / Canada | \$ 5,507 | \$ 13,310 |
| Total Unused Availability | <u>\$ 5,507</u> | <u>\$ 13,310</u> |

4. 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.

5. Common Stock

As of March 31, 2025, the Corporation's certificate of incorporation authorized the 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 Corporation's common stock are subject to and qualified by the rights, powers and preferences of the holders of the Corporation's Series B convertible preferred stock. Each share of the Corporation's common stock is entitled to one vote on all matters submitted to a vote of the Corporation's stockholders. Holders of the Corporation's common stock are entitled to receive dividends as may be declared by the Corporation's board of directors (the "Board"), if any, subject to the preferential dividend rights of the Corporation's Series B convertible preferred stock. No cash dividends had been declared or paid during the periods presented.

2024 Stock Repurchase Program

On March 28, 2024, the Board approved SGRP's repurchase of up to 2,500,000 of SGRP's Shares of the Corporation's common stock under the 2024 Stock Repurchase Program (the "2024 Stock Repurchase Program"), which repurchases would be made from time to time over a one-year period in the open market and through privately-negotiated transactions, subject to cash availability and general market and other conditions. Pursuant to the 2024 Stock Repurchase Program, on May 3, 2024, SGRP's Board and its Audit Committee approved SGRP's Repurchase Agreement with William H. Bartels for SGRP's private repurchase of 1,000,000 shares of the Corporation's common stock from William H. Bartels, dated and effective as of April 30, 2024, at a purchase price of \$1.80 per share (the Nasdaq closing price on April 29, 2024). Mr. Bartels is a Director and significant stockholder of SGRP, is one of the founders of the Company, and is an affiliate and related party of SGRP. There have been no other share repurchases to date under the 2024 Stock Repurchase Program.

6. Preferred Stock

The 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 Corporation's common stock and other rights, powers and privileges as the Board of may establish in its discretion.

In January 2022, the 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 converted into the Corporation's common stock at a ratio of 1-to-1.5. The holders of the Series B convertible preferred stock had a liquidation preference over the Corporation's common stock and 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 Corporation's common stock.

During the year ended December 31, 2023, all of the remaining 854,753 shares of Series B convertible preferred stock vested and automatically became convertible into 1,282,129 shares of the Corporation's common stock of which 307,129 shares of the Corporation's common stock were issued prior to December 31, 2023. The remaining 975,000 shares of the Corporation's 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 at December 31, 2023. These issuances and cancellations were completed during the quarter ended March 31, 2024.

7. Share-Based Compensation

Stock Options

For the three months ended March 31, 2025 and 2024, the Company recognized share-based compensation expense related to stock options of \$2,237 and \$34,774, respectively. For the three months ended March 31, 2025 and 2024, the tax benefit available from share-based compensation expense related to stock options was approximately \$0 and \$4,000, respectively.

Restricted Stock Units

For the three months ended March 31, 2025 and 2024, the Company recognized share-based compensation expense related to restricted stock units of \$24,590 and \$93,226, respectively. For the three months ended March 31, 2025 and 2024, the tax benefit available from share-based compensation expense related to restricted stock units was \$6,148 and \$14,595, respectively.

Phantom Stock Awards

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 the Corporation'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 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 Corporation'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.

On and effective as of September 20, 2023, the Corporation issued an award of 181,818 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 the Corporation'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 70% of the agreed upon applicable financial target for the year commencing with 2023 (which was EBITDA for 2023), with the first criteria having been achieved, the second has respectively vested on the second and will vest on the third anniversary dates of the vesting of the first year's tranche with no additional vesting criteria. 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 Corporation'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.

During the quarter ended March 31, 2025 and March 31, 2024 the Company has recognized compensation expense of \$52,727 and \$0, respectively, related to the 2022 and 2023 Phantom Stock Awards. This amount is reflected within accrued expenses and other current liabilities on the condensed consolidated balance sheets as of March 31, 2025.

8. Related Party Transactions

Domestic Related Party Transactions

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 a significant stockholder of SGRP, is one of the founders of the Company, and is an affiliate and related party of SGRP.

Effective as of January 18, 2020, SPAR's Governance Committee proposed and unanimously approved retirement benefits for Mr. Bartels, for the five-year period commencing January 1, 2020, and ended December 31, 2024 (the "Five-Year Period"), for Mr. Bartels. The aggregate value of benefits payable to Mr. Bartels is approximately \$0.2 million per year and a total of \$1.1 million for the Five-Year Period. As of March 31, 2025 there are no retirement benefits remaining outstanding.

Pursuant to the 2024 Stock Repurchase Program, on May 3, 2024, SGRP's Board and its Audit Committee approved SGRP's Repurchase Agreement with William H. Bartels for SGRP's private repurchase of 1,000,000 shares of the Corporation's common stock from William H. Bartels, dated and effective as of April 30, 2024, at a purchase price of \$1.80 per share (the Nasdaq closing price on April 29, 2024).

Other Related Party Transactions and Arrangements

On April 18, 2024, the Company entered into a Securities Purchase Agreement to buy from Mr. Richard Justus the remaining minority joint venture interests of Resource Plus and its sister companies, Mobex of North Florida, Inc., and Leasex, LLC. Based on the terms set in the original joint venture agreement, the Company will pay a total of \$3 million in annual payments over a five-year period. \$0.3 million was paid within five business days of closing, and the remaining \$2.8 million will be paid pursuant to a Secured Promissory Note. The agreement resulted in the termination of all relevant shareholder and operating agreements, although specific confidentiality obligations remain effective for three years post-closing and specific mutual releases were provided. As of March 31, 2025, \$0.5 million has been paid and the remaining \$2.2 million Promissory Note is outstanding and is reported on the condensed consolidated balance sheets (including current portion).

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. During the first three months of 2025, the Company has recognized approximately \$129,000 in expenses under this agreement. In 2025, WB Marketing changed its name to Qantm Creative.

SBS and Infotech are related parties and affiliates of SGRP but are not under the control or part of the consolidated Company. In July 1999 the Company, 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 SBS and Infotech, and each entered into a non-exclusive royalty-free license from the Company to use certain "SPAR" trademarks in the United States.

International Joint Venture Transactions**Agreement to sell the Company's ownership interest in its South African Joint Venture**

Prior to March 31, 2024, SGRP Meridian Proprietary Limited ("Meridian") was a consolidated international subsidiary of the Company and was owned 51% by the Company and 49% by Friedshel (Pty) Ltd., Lindicom Proprietary Limited, and Lindicom Empowerment Holdings Proprietary Limited ("Local Owners"). On February 7, 2024, the Company entered into an agreement to sell its 51% ownership interest in Meridian to the Local Owners for 180,700,000 South African Rand, 80% of which would be paid upon closing.

The closing conditions under that agreement were satisfied in all material respects by March 31, 2024, and on April 29, the Company received 144,560,000 South African Rand from the Local Buyers (or approximately \$7.7 million). The remaining purchase price of approximately \$1.9 million is recorded as other receivable on the balance sheet and will be paid on December 31, 2025, and its payment is secured by an irrevocable unconditional guarantee from Investec Bank Limited. The Company has also licensed certain technology (including SPARView) and trademarks to Meridian in connection with the sale. The Company recognized a pre-tax gain of approximately \$7.2 million on this transaction in the first quarter of 2024, which is presented within Gain on sale of business in the Consolidated Statements of Operations and Comprehensive Income.

Agreement to sell the Company's ownership interest in its Chinese Joint Venture

On February 23, 2024, the Company entered into an agreement to sell its 51% ownership interest in SPAR (Shanghai) Marketing Management Co., Ltd. to Shanghai Jingbo Enterprise Consulting Co., Ltd. and Shanghai Wedone Marketing Management Co. Ltd. The total price paid to the Company is \$200,000. The sale was completed in April 2024. The Company has recognized a loss of \$1.1 million in the second quarter of 2024 as a result of this transaction. The Company has no continuing involvement in SPAR (Shanghai) Marketing Management Co., Ltd.

Agreement to sell the 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") for JKC to acquire the Company's Brazilian holding company (which in turn owns the Company's 51% ownership interest in its Brazilian joint venture subsidiary) for BRL 58.9 million or approximately \$11.8 million. Closing of the sale occurred in June 2024. The Company has recognized a loss of \$1.2 million in the second quarter of 2024 as a result of this transaction. The Company has no continuing involvement in the Brazilian Joint Venture.

Agreement to sell SPAR's 100% ownership interest in SPAR Japan

On July 23, 2024, the Company entered into an agreement to sell its 100% ownership interest in SPAR Japan for \$500,000. The sale closed on August 30, 2024. The Company has recognized a loss of \$0.7 million in the third quarter of 2024 as a result of this transaction. The Company has no continuing involvement in SPAR Japan.

Agreement to sell SPAR's 51% ownership interest in its Indian Joint Venture

On August 31, 2024, the Company closed on an agreement to sell its 51% ownership interest in its Indian Joint venture for \$500,000. The sale closed on September 25, 2024. The Company has recognized a loss of \$1.4 million in the third quarter of 2024 as a result of this transaction. The Company has no continuing involvement in the Indian Joint Venture.

Agreement to sell SPAR's 51% ownership interest in its Mexican Joint Venture

On December 19, 2024, the Company closed on an agreement to sell its 51% ownership interest in its Mexican Joint venture for \$417,000. The sale closed on December 19, 2024. The Company has recognized a loss of \$1.1 million in the fourth quarter of 2024 as a result of this transaction. The Company has no continuing involvement in the Mexican Joint Venture.

9. Segment Information

The Company operates as one operating segment. The Company's chief operating decision maker ("CODM") is its chief executive officer, who reviews financial information presented on a consolidated basis. The CODM uses consolidated revenues, gross margin, operating income and net income to assess financial performance and allocate resources. Significant expenses within operating income, as well as within net income, include field management costs, direct expenses, and selling, general and administrative expenses, which are each separately presented on the Company's Condensed Consolidated Statements of Operations and Comprehensive Income. Other segment items within net income include interest expense, other (income) expense, net, and income tax expense. Total consolidated assets on the Company's Condensed Consolidated Balance Sheets are equal to segment assets.

Long-lived assets of the Company as of the periods presented were (in thousands):

| | March 31, 2025 | December 31, 2024 |
|-------------------------|---------------------------|------------------------------|
| Long lived assets: | | |
| United States | \$ 4,858 | \$ 4,014 |
| Canada | 423 | 465 |
| Total long lived assets | <u>\$ 5,281</u> | <u>\$ 4,479</u> |

Geographic Data (in thousands)

| | Three Months Ended March 31, | | | |
|-------------------|------------------------------|-------------------------------------|------------------|-------------------------------------|
| | 2025 | | 2024 | |
| | | % of consolidated net revenue | | % of consolidated net revenue |
| United States | \$ 30,876 | 90.7% | \$ 28,822 | 58.3% |
| South Africa | - | - | 8,277 | 16.8% |
| Mexico | - | - | 3,267 | 6.6% |
| China | - | - | 2,698 | 5.5% |
| Japan | - | - | 1,418 | 2.9% |
| Canada | 3,165 | 9.3% | 3,269 | 6.6% |
| India | - | - | 1,645 | 3.3% |
| Total net revenue | <u>\$ 34,041</u> | <u>100.0%</u> | <u>\$ 49,396</u> | <u>100.0%</u> |

10. 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 | Three Months Ended March 31, | |
|-----------------------|---|---------------------------------|---------------|
| | | 2025 | 2024 |
| Operating lease cost | Selling, General and Administrative Expense | \$ 72 | \$ 170 |
| Short-term lease cost | Selling, General and Administrative Expense | 62 | 176 |
| Total lease cost | | <u>\$ 134</u> | <u>\$ 346</u> |

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

| | Three Months Ended March 31, | |
|--|---------------------------------|----------|
| | 2025 | 2024 |
| Operating cash flows from operating leases | \$ 92 | \$ 176 |
| Right-of-use assets obtained in exchange for lease obligations | | |
| Operating lease | \$ - | \$ 2,104 |

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

| | March 31, 2025 | December 31, 2024 |
|---|----------------|-------------------|
| <i>Assets:</i> | | |
| Operating lease right-of-use assets | \$ 537 | \$ 630 |
| <i>Liabilities:</i> | | |
| Current portion of operating lease liabilities | 219 | 276 |
| Non-current portion of operating lease liabilities | 318 | 353 |
| Total Operating lease liabilities | <u>\$ 537</u> | <u>\$ 629</u> |
| Weighted average remaining lease term - operating leases (in years) | 2.65 | 2.64 |
| Weighted average discount rate - operating leases | 7.89% | 7.70% |

The following table summarizes the maturities of lease liabilities as of March 31, 2025 (in thousands):

| | Period Ending December 31, | Amount |
|------------------------|----------------------------|---------------|
| 2025 | | \$ 281 |
| 2026 | | 164 |
| 2027 | | 139 |
| 2028 | | 54 |
| Thereafter | | - |
| Total Lease Payments | | 638 |
| Less: imputed interest | | (101) |
| Total | | <u>\$ 537</u> |

11. Earnings Per Share

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

| | Three Months Ended March 31, | |
|--|---|-------------|
| | 2025 | 2024 |
| Numerator: | | |
| Net income attributable to SPAR Group, Inc. | \$ 462 | \$ 6,627 |
| Denominator: | | |
| Shares used in basic net income per share calculation | 23,450 | 23,817 |
| Effect of diluted securities: | | |
| Stock options and unvested restricted shares | 102 | 196 |
| Shares used in diluted net income per share calculations | 23,552 | 24,013 |
| Basic income per common share attributable to SPAR Group, Inc. | \$ 0.02 | \$ 0.28 |
| Diluted income per common share attributable to SPAR Group, Inc. | \$ 0.02 | \$ 0.28 |

12. Subsequent Events

With the exception of those below, there are no additional subsequent events through July 17, 2025, the date these unaudited condensed consolidated financial statements were available for issuance.

Potential Going Private Transaction

As previously disclosed, on August 30, 2024, the Corporation entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Highwire Capital, LLC, a Texas limited liability company (“Parent”), and Highwire Merger Co. I, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (“Merger Sub”). Pursuant to the Merger Agreement, Merger Sub was expected to merge with and into the Corporation (the “Merger”), with the Corporation surviving the Merger as a direct, wholly owned subsidiary of Parent.

On May 15, 2025, the Corporation provided a conditional notice of termination to Parent indicating that if Parent did not consummate the Merger by 5:00 P.M. Eastern Time on May 22, 2025 (the “Closing Deadline”), the Corporation intended to terminate the Merger Agreement in accordance with the terms of the Merger Agreement.

Since the Merger was not consummated by the Closing Deadline, on May 23, 2025 the Corporation provided notice to Parent that the Corporation was terminating the Merger Agreement with immediate effect.

Upon termination of the Merger Agreement, Parent is required to pay to the Corporation the Termination Fee (as such term is defined in the Merger Agreement) by May 28, 2025. The Company is actively pursuing payment of this fee.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**Forward-Looking Statements**

This Quarterly Report on Form 10-Q (this "Quarterly 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" or the "Company"). There also are forward-looking statements contained in: (a) SGRP's 2024 Annual Report on Form 10-K/A for the year ended December 31, 2024, as filed with the Securities and Exchange Commission (the "SEC") on July 17, 2025; and (b) 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 Quarterly Report and the Annual Report, each a "SEC Report"). "Forward-looking statements" are defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable federal and state securities laws, rules and regulations, as amended (together with the Securities Act and Exchange Act, the "Securities Laws").

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 Quarterly Report and the Annual Report may include (without limitation) statements regarding: risks, uncertainties, cautions, circumstances and other factors ("Risks"). Those Risks include (without limitation): the impact of the Company's strategic review process or any resulting action or inaction; the impact of selling certain of the Company's subsidiaries or any resulting impact on revenues, earnings or cash; the impact of adding new directors or new finance team members; the potential negative effects of any stock repurchase and/or payment; the potential continuing negative effects of the COVID 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 (as applicable) in this Quarterly Report and the 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 Quarterly Report, the Annual 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, 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 Quarterly Report and the 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.

SPAR Group, Inc. and Subsidiaries

Overview of Our Business

SPAR Group is a leading 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. The Company's goal is to be the most creative, energizing and effective services company that drives sales, margins and operating efficiency for our brand and retail clients.

As of March 31, 2025, the Company operated in the United States and Canada. During 2024, the Company strategically exited joint ventures in Mexico, Brazil, South Africa, China, Japan and India.

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 is dedicated to delivering a spectrum of specialized services tailored to enhance retail operations and profitability in North America. Our team collaborates closely with clients to identify their primary goals, ensuring the execution of strategies that boost sales and profit margins. With a focus on merchandising and brand marketing, our specialists deploy a variety of programs aimed at maximizing product sell-through to consumers. These initiatives range from launching new products and setting up promotional displays to assembling fixtures and ensuring consistent stock availability, thus facilitating efficient reordering processes. Furthermore, we extend our expertise to sales enhancement and customer service improvement. As the retail landscape evolves, our team is adept at undertaking comprehensive store renovations and preparing new locations for their grand openings, ensuring they meet the modern consumer's expectations. Additionally, our distribution associates play a pivotal role in retail and consumer goods distribution centers, preparing these facilities for operation, optimizing system functionality, managing product logistics, and providing essential staffing solutions to meet our clients' needs effectively.

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

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP measures 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 ("U.S. GAAP"). "EBITDA" is defined as net income before (i) depreciation and amortization, (ii) interest expense, net, and (iii) income tax expense. "Adjusted EBITDA" is defined as EBITDA adjusted for (i) Board of Directors incremental compensation expense, (ii) restructuring, (iii) goodwill impairment, (iv) nonrecurring legal settlement costs and associated legal expenses unrelated to the Company's core operations, and (v) special items as determined by management. In evaluating Adjusted EBITDA for the three months ending March 31, 2024, Management has included adjusted EBITDA from discontinued operations for the time period that such discontinued operations were still owned by the Company. These metrics are supplemental measures of our operating performance that is neither required by, nor presented in accordance with, U.S. 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 U.S. 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.

The following is a reconciliation of our net income to Adjusted EBITDA for the periods presented:

| (in thousands) | Three Months Ended March 31, | |
|---|------------------------------|-----------|
| | 2025 | 2024 |
| Consolidated net income from continuing operations | \$ 462 | \$ 6,796 |
| Depreciation and amortization from continuing operations | 367 | 475 |
| Interest expense from continuing operations | 469 | 475 |
| Income tax expense from continuing operations | 114 | 1,393 |
| Other expense (income) from continuing operations | (9) | 7 |
| EBITDA of discontinued operations | - | 937 |
| Subtotal of Adjustments to Consolidated Net Income | 941 | 3,287 |
| Consolidated EBITDA | \$ 1,403 | \$ 10,083 |
| Review of Strategic Alternatives | 66 | 330 |
| Gain on sale of business | - | (7,157) |
| Share based compensation | 27 | 128 |
| Consolidated Adjusted EBITDA | \$ 1,496 | \$ 3,384 |
| Adjusted EBITDA attributable to non-controlling interest | - | (918) |
| Adjusted EBITDA attributable to SPAR Group, Inc. | \$ 1,496 | \$ 2,466 |

RESULTS OF OPERATIONS

The following table sets forth selected financial data and data as a percentage of Net revenues for the periods indicated (in thousands):

| | Three Months Ended March 31, | | | |
|---|------------------------------|--------|-----------|--------|
| | 2025 | | 2024 | |
| Net revenues | \$ 34,041 | 100.0% | \$ 49,396 | 100.0% |
| Cost of revenue: | | | | |
| Field Management | 2,334 | 6.9 | 2,240 | 4.5 |
| Direct Expenses | 24,432 | 71.8 | 37,444 | 75.8 |
| Total cost of revenue | 26,766 | 78.6 | 39,684 | 80.3 |
| Gross profit | 7,275 | 21.4 | 9,712 | 19.7 |
| Selling, general and administrative expense | 5,872 | 17.2 | 7,723 | 15.6 |
| Gain on sale of business | - | - | (7,157) | (14.5) |
| Depreciation and amortization | 367 | 1.1 | 475 | 1.0 |
| Operating income | 1,036 | 3.0 | 8,671 | 17.6 |
| Interest expense | 469 | 1.4 | 475 | 1.0 |
| Other (income) expense, net | (9) | (0.0) | 7 | 0.0 |
| Income before income tax expense | 576 | 1.7 | 8,189 | 16.6 |
| Income tax expense | 114 | 0.3 | 1,393 | 2.8 |
| Income from continuing operations | 462 | 1.4 | 6,796 | 13.8 |
| Net income from discontinued operations | - | - | 385 | 0.8 |
| Net income | 462 | 1.4 | 7,181 | 14.5 |
| Net income attributable to non-controlling interest | - | - | (554) | (1.1) |
| Net income attributable to SPAR Group, Inc. | \$ 462 | 1.4% | \$ 6,627 | 13.4% |

Net Revenues

Net revenues for three months ended March 31, 2025 were \$ 34.0 million, compared to \$ 49.4 million for the three months ended March 31, 2024, a decrease of \$ 15.4 million, or 31.1%. The decrease is primarily due to the exit of South Africa, Mexico, China, Japan and India during later periods of 2024.

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 78.6% of net revenue for the three months ended March 31, 2025 compared to 80.3% of net revenues for the three months ended March 31, 2024.

Cost of revenues for the three months ended March 31, 2025 were \$ 26.8 million, compared to \$ 39.7 million for the three months ended March 31, 2024, a decrease of \$ 12.9 million, or 32.5%. The decrease is primarily due to the exit of South Africa, Mexico, China, Japan and India during later periods of 2024.

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 \$ 5.9 million, or 17.2% of net revenue, and approximately \$ 7.7 million, or 15.6% of net revenue for the three months ended March 31, 2025 and 2024, respectively. The decrease is primarily due to the exit of South Africa, Mexico, China, Japan and India during later periods of 2024.

Depreciation and Amortization

For the three months ended March 31, 2025 and 2024, depreciation and amortization was approximately \$ 0.4 million and \$ 0.5 million, respectively.

Interest Expense

For the three months ended March 31, 2025 and 2024, interest expense was approximately \$ 0.5 million and \$ 0.5 million, respectively.

Other Expense (Income), Net

For the three months ended March 31, 2025 and 2024, other expense (income), net was approximately \$(9) thousand and \$7 thousand, respectively.

Income Tax Expense

For the three months ended March 31, 2025 and 2024, income tax expense was approximately \$ 0.1 million with an effective rate of 19.8% and \$ 1.4 million with an effective rate of 17.0%, respectively. For the first quarter of 2025, the Company's effective tax rate was consistent with the U.S. Federal statutory rate of 21%.

Critical Accounting Estimates

The preparation of our consolidated financial statements in conformity with US GAAP requires us to make estimates and judgments that affect the amounts reported in those financial statements and related notes thereto. However, we believe we have used reasonable estimates and assumptions in preparing the unaudited condensed consolidated financial statements. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates.

The significant accounting policies and estimates used in preparation of the unaudited condensed consolidated financial statements are described in the Critical Accounting Estimates section of the MD&A in the 2024 Annual Report on Form 10-K/A as filed with the Securities and Exchange Commission on July 17, 2025.

Liquidity and Capital Resources

Funding Requirements

Cash from operations could be affected by various risks and uncertainties, including, but not limited to risks detailed in the section titled "Risk Factors" included elsewhere in our 2024 Annual Report on Form 10-K/A. The Company believes that based upon the continuation of the Company's existing credit facilities (for which the Company has received a term sheet for a two year extension from its lender that expires on July 21, 2025), 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 working capital and capital expenditure requirements over the next 12 months. 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, 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. See Note 3 to the Company's unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Cash Flows for the For the Three months ended March 31, 2025 and 2024

Net cash used in operating activities was \$ 4.0 million compared to \$ 0.6 million provided by operating activities for the three months ended March 31, 2025 and 2024, respectively.

Net cash used in investing activities was approximately \$ 0.5 million compared to \$ 0.9 million used in investing activities for the three months ended March 31, 2025 and 2024, respectively.

Net cash provided by financing activities was approximately \$ 4.3 million compared to \$ 6.3 million provided by financing activities for the three months ended March 31, 2025 and 2024, respectively.

Reflecting the impact of foreign exchange rate changes on the activity above resulted in a decrease in cash and cash equivalents for the three months ended March 31, 2025 and 2024 of approximately \$0 and \$171 thousand, respectively.

Item 3. 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 4. 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 Quarterly Report on Form 10-Q 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.

Material Weaknesses in Internal Control Over Financial Reporting

Management did not maintain effective controls related to the financial statement close process to ensure the completeness and accuracy of certain amounts and disclosures, specifically related to the preparation and review of balance sheet account reconciliations and presentation of segment disclosures. This material weakness resulted in errors in revenue, expense, accrual accounts, and prepaid accounts at year end.

Management did not design and implement effective controls used in the financial close process over non-recurring transactions, including accounting for the deconsolidation and sale of the international components. This material weakness resulted in errors in the calculation and presentation of the sale of international components and the deconsolidation of one subsidiary.

Remediation Efforts

The Company has begun 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 material weakness identified above. The Company's internal control remediation efforts include the following:

1. Implemented a modern and more efficient ERP system which went live January 1, 2025 with a parallel run in Q4 2024, and which includes modern and inherent controls and reduces the need for manual adjustments and likelihood of errors;
2. Hiring of an Assistant Controller as of January 1, 2025, who is an experienced CPA, and will provide necessary support to the existing Controller and ensure proper reconciliations are performed in a timely manner;
3. Consolidation of the finance and accounting team in one office (versus different offices and home offices), in a transition that started January 1, 2025, centralizing processes and ensuring more consistent application of controls across the Company
4. Simplified the organizational structure by divesting six foreign joint venture operations, thereby reducing the complexity of the Company's financial reporting and oversight processes.

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

Other than the remediation efforts described above, there were no changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2025, that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

SPAR Group, Inc. and Subsidiaries

PART II: OTHER INFORMATION

Item 1. 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.

Item 1A. Risk Factors

Existing Risk Factors

Various risk factors applicable to the Company and its businesses are described in Item 1A under the caption "Risk Factors" in the 2024 Annual Report on Form 10-K/A for the year ended December 31, 2024, which Risk Factors are incorporated by reference into this Quarterly Report on Form 10-Q for the three months ended March 31, 2025.

There have been no material changes in the Company's risk factors since the 2024 Annual Report on Form 10-K/A for the year ended December 31, 2024.

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

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

SPAR Group, Inc. and Subsidiaries

Item 6. Exhibits

- 31.1 [Certification of the CEO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as filed herewith.](#)
- 31.2 [Certification of the CFO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, as filed herewith.](#)
- 32.1 [Certification of the CEO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as filed herewith.](#)
- 32.2 [Certification of the CFO pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as filed herewith.](#)
- 101.INS Inline XBRL Instance Document - the instance document does not appear in the interactive Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SPAR Group, Inc. and Subsidiaries

SIGNATURES

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

Date: July 17, 2025

SPAR Group, Inc., Registrant

By: /s/ Antonio Calisto Pato
Antonio Calisto Pato
Chief Financial Officer, Treasurer and Secretary

**CERTIFICATION OF THE 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 Quarterly Report on Form 10-Q for the three-month period ended March 31, 2025 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: July 17, 2025

/s/ Michael R. Matacunas
Michael R. Matacunas
President and Chief Executive Officer

**CERTIFICATION OF THE 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 Quarterly Report on Form 10-Q for the three-month period ended March 31, 2025 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: July 17, 2025

/s/ Antonio Calisto Pato
Antonio Calisto Pato
Chief Financial Officer, Treasurer and Secretary

**Certification of the Chief Executive Officer Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the three-month period ended March 31, 2025 of SPAR Group, Inc., 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

July 17, 2025

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.

**Certification of the Chief Financial Officer Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the three-month period ended March 31, 2025 of SPAR Group, Inc., 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/ Antonio Calisto Pato
Antonio Calisto Pato
Chief Financial Officer, Treasurer and
Secretary

July 17, 2025

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.