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, 2024**

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	**33-0684451**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1910 Opdyke Court, Auburn Hills, Michigan	**48326**
(Address of principal executive offices)	(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 May 2, 2024, the Registrant had 24,333,147 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, 2024	Three Months Ended March 31, 2023
Net revenues	$ 68,693	$ 64,380
Related party - cost of revenues	-	1,497
Cost of revenues	56,151	48,745
Gross profit	**12,542**	**14,138**
Selling, general and administrative expense	9,616	10,456
Gain on sale of business	(7,157)	-
Depreciation and amortization	511	532
Operating income	**9,572**	**3,150**
Interest expense	530	390
Other expense (income), net	7	(58)
Income before income tax expense	**9,035**	**2,818**
Income tax expense	1,854	1,041
Net income	**7,181**	**1,777**
Net income attributable to non-controlling interest	(554)	(911)
Net income attributable to SPAR Group, Inc.	**$ 6,627**	**$ 866**
Basic income per common share attributable to SPAR Group, Inc.	$ 0.28	$ 0.04
Diluted income per common share attributable to SPAR Group, Inc.	$ 0.28	$ 0.04
Weighted-average common shares outstanding – basic	23,817	23,114
Weighted-average common shares outstanding – diluted	24,013	23,279
Net income	$ **7,181**	$ **1,777**
Other comprehensive income		
Foreign currency translation adjustments	(2,520)	177
Comprehensive income	**4,661**	**1,954**
Comprehensive (income) loss attributable to non-controlling interest	490	(1,003)
Comprehensive income attributable to SPAR Group, Inc.	**$ 5,151**	**$ 951**

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)

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 16,629	$ 10,719
Accounts receivable, net	68,728	59,776
Prepaid expenses and other current assets	7,837	5,614
Total current assets	**93,194**	**76,109**
Property and equipment, net	2,643	2,871
Operating lease right-of-use assets	1,682	2,323
Goodwill	942	1,382
Intangible assets, net	865	1,180
Deferred income taxes	3,074	4,687
Other assets	2,131	1,729
Total assets	$ **104,531**	$ **90,281**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 11,001	$ 9,488
Accrued expenses and other current liabilities	20,060	15,274
Due to affiliates	3,168	3,205
Customer incentives and deposits	5,113	1,905
Lines of credit and short-term loans	15,159	17,530
Current portion of operating lease liabilities	522	1,163
Total current liabilities	**55,023**	**48,565**
Operating lease liabilities, net of current portion	1,160	1,160
Long-term debt	8,292	310
Total liabilities	**64,475**	**50,035**
Commitments and contingencies – See Note 4		
Stockholders' equity:		
Series A convertible preferred stock, $0.01 par value per share: Authorized and available shares– 2,445,598 Issued and outstanding shares– None	-	-
Series B convertible preferred stock, $0.01 par value per share: Authorized and available shares– 2,000,000 Issued and outstanding shares– 0 shares and 650,000 shares as of March 31, 2024 and December 31, 2023, respectively	-	7
Common stock, $0.01 par value per share: 47,000,000 shares authorized as of March 31, 2024; 24,215,959 and 23,446,444 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	242	232
Treasury stock, at cost, 205,485 shares as of March 31, 2024 and December 31, 2023	(285)	(285)
Additional paid-in capital	21,131	21,004
Accumulated other comprehensive loss	(4,659)	(3,341)
Retained earnings	16,524	10,609
Total stockholders' equity attributable to SPAR Group, Inc.	**32,953**	**28,226**
Non-controlling interest	7,103	12,020
Total stockholders' equity	**40,056**	**40,246**
Total liabilities and stockholders' equity	$ **104,531**	$ **90,281**

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Common Stock		Series B Convertible Preferred Stock		Treasury Stock		Additional	Accumulated Other		Non-	Total
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Paid-In Capital**	**Comprehensive Loss**	**Retained Earnings**	**Controlling Interest**	**Stockholders' Equity**
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	-	-	-	-	-	-	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 income (loss)	-	-	-	-	-	-	-	(2,030)	-	(490)	(2,520)
Net income	-	-	-	-	-	-	-	-	6,627	554	7,181
Balance at March 31, 2024	**24,216**	**$ 242**	**-**	**$ -**	**205**	**$ (285)**	**$ 21,131**	**$ (4,659)**	**$ 16,524**	**$ 7,103**	**$ 40,056**

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

	Common Stock		Series B Preferred Stock		Treasury Stock		Additional	Accumulated Other		Non-	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Comprehensive Loss	Retained Earnings	Controlling Interest	Stockholders' Equity
Balance at January 1, 2023	22,961	$ 229	855	$ 9	205	$ (285)	$ 20,708	$ (4,941)	$ 6,707	$ 15,634	$ 38,061
Share-based compensation expense	-	-	-	-	-	-	173	-	-	-	173
Conversion of Series B convertible preferred stock to common stock	307	4	(205)	(2)	-	-	3	-	-	-	5
Dividend to NCI	-	-	-	-	-	-	-	-	-	(334)	(334)
Other comprehensive income	-	-	-	-	-	-	-	85	-	92	177
Net income	-	-	-	-	-	-	-	-	866	911	1,777
Balance at March 31, 2023	**23,268**	**$ 233**	**650**	**$ 7**	**205**	**$ (285)**	**$ 20,884**	**$ (4,856)**	**$ 7,573**	**$ 16,303**	**$ 39,859**

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,	
	2024	**2023**
Cash flows from operating activities:		
Net income	$ **7,181**	$ **1,777**
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	**511**	**532**
Amortization of operating lease right-of-use assets	176	133
Provision for expected credit losses	61	(35)
Deferred income tax (benefit)	1,613	(129)
Gain on sale of business	(7,157)	-
Share-based compensation expense	128	173
Changes in operating assets and liabilities:		
Accounts receivable	(8,952)	607
Prepaid expenses and other current assets	(2,385)	1,301
Accounts payable	2,618	(325)
Operating lease liabilities	(176)	(133)
Accrued expenses, other current liabilities, due to affiliates and customer incentives and deposits	6,997	(965)
Net cash provided by operating activities	**615**	**2,936**
Cash flows from investing activities		
Purchases of property and equipment	(432)	(343)
Cash transferred in the sale of a business	(446)	-
Net cash used in investing activities	**(878)**	**(343)**
Cash flows from financing activities		
Borrowings under line of credit	25,780	26,659
Repayments under line of credit	(23,657)	(26,577)
Proceeds from term debt	8,187	445
Payments on term debt	(1,503)	(124)
Payments on capital lease obligations	-	(5)
Payments of notes to seller	(1,120)	(722)
Dividend on noncontrolling interest	(1,343)	(304)
Net cash provided by (used in) financing activities	**6,344**	**(628)**
Effect of foreign exchange rate changes on cash	(171)	(57)
Net change in cash and cash equivalents	**5,910**	**1,908**
Cash and cash equivalents at beginning of period	**10,719**	**9,345**
Cash and cash equivalents at end of period	$ **16,629**	$ **11,253**
Supplemental disclosure of cash flows information:		
Cash paid for interest	$ 523	$ 425
Cash paid for income taxes	$ 209	$ 476

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, 2023 included in the 2023 Annual Report on Form 10-K that was filled with the Securities and Exchange Commission on April 1, 2024.

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, 2024, consolidated results of operations and comprehensive income for the three months ended March 31, 2024 and 2023, and consolidated cash flows for the three months ended March 31, 2024 and 2023. Such adjustments are of a normal and recurring nature. The consolidated results of operations for the three months ended March 31, 2024 are not necessarily indicative of the consolidated results of operations that may be expected for the year ending December 31, 2024.

Principles of Consolidation

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

The Company provides similar merchandising, marketing and business services throughout the world and has *three* reportable regional segments: (i) Americas, which is comprised of United States, Canada, Brazil and Mexico; (ii) Asia-Pacific ("APAC”), which is comprised of Japan, China, and India; and (iii) Europe, Middle East and Africa ("EMEA”), which is comprised of South Africa. Certain corporate expenses have been allocated to segments based on each segment’s revenue as a percentage of total company revenue.

Recently Adopted Accounting Pronouncements

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

Recently Issued Accounting Pronouncements Not Yet Adopted

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations – Joint Venture Formations (Subtopic 805):Recognition and Initial Measurement*, which will require joint ventures to recognize and initially measure its assets and liabilities at fair value upon formation. The guidance will be effective for the Company prospectively for all joint venture formations on or after January 1, 2025. Early adoption and retrospective application is permitted. The Company does *not* believe adoption will have a material effect on its consolidated financial statements and related disclosures.

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

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

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

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

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

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

As of March 31, 2024, the aggregate interest rate was 10.32% per annum and the aggregate outstanding loan balance was approximately $14.6 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 $13.7 million; and (ii) the outstanding loan balance under the Canada Revolving Credit Facility was approximately $0.9 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, 2024. The obligations of the NM Borrowers are secured by the receivables and other assets of the NM Borrowers and substantially all of the assets of the other NM Loan Parties, however, the obligations are *not* secured by any equity in, financial asset respecting or asset of any Excluded Subsidiary (as such term is defined in the NM Loan Agreement). Pursuant to the NM Loan Agreement, Excluded Subsidiary means each of the following direct or indirect subsidiaries of SGRP: (i) Resource Plus of North Florida, Inc. (“Resource Plus”), Mobex of North Florida, Inc., and Leasex, LLC, and their respective subsidiaries; (ii) NMS Retail Services ULC, which is an inactive Nova Scotia ULC; (iii) SPAR Group International, Inc.; (iv) SPAR FM Japan, Inc.; (v) SPAR International, Ltd.; (vi) each other subsidiary formed outside of the United States or Canada; and (vii) any other entity in which any such subsidiary is a partner, joint venture or other equity investor.

International Credit Facilities

In December 2020, SPAR China secured a loan with Industrial Bank for 2.0 million Chinese Yuan. The loan was renewed in December 2023 and expires in December 2024. The annual interest rate was 3.56% as of March 31, 2024. As of March 31, 2024, the outstanding balance was approximately $0.3 million, and was due on demand.

In December 2021, SPAR China secured a loan with Industrial and Commercial Bank of China for 2.0 million Chinese Yuan. The loan will expire in November 2024. The annual interest rate was 4.0% as of March 31, 2024. As of March 31, 2024, the outstanding balance was approximately $0.3 million, and was due on demand.

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

SGRP Meridian is in compliance with these covenants as of March 31, 2024.

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

	Interest Rate as of March 31, 2024	Balance as of March 31, 2024	Interest Rate as of December 31, 2023	Balance as of December 31, 2023
USA / Canada - North Mill Capital	10.40%	14,605	10.40%	12,475
USA - Resource Plus Seller Notes	N/A	-	1.85%	1,120
China - Industrial Bank	3.56%	277	3.56%	283
China - Industrial and Commercial Bank of China	4.00%	277	4.00%	283
South Africa - Investec Bank Ltd.	N/A	-	11.75%	3,369
Total		$ **15,159**		$ **17,530**

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

	Interest Rate as of March 31, 2024	Balance as of March 31, 2024	Interest Rate as of December 31, 2023	Balance as of December 31, 2023
Brazil - Banco Santander	10.75%	$ 8,292	N/A	$ -
South Africa - Investec Bank Ltd.	N/A	-	11.75%	310
		$ **8,292**		$ **310**

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

	March 31, 2024	December 31, 2023
Unused Availability:		
United States / Canada	$ 4,395	$ 6,525
South Africa	-	2,064
Total Unused Availability	$ 4,395	$ 8,589

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, 2024, 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.

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

Subsequent to filing the Certificate of Elimination, in January 2022, the 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. See Note 8. 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.

In January 2022, 2,000,000 shares of Series B convertible preferred stock were issued to the majority stockholders and related parties pursuant to the Change of Control, Voting and Restricted Stock Agreement. See Note 8.

During the year ended December 31, 2022, 1,145,247 shares of Series B convertible preferred stock converted to 1,717,870 shares of the Corporation's common stock. As of the year ended December 31, 2022, 854,753 shares of Series B convertible preferred stock were outstanding, which upon vesting would automatically convert into 1,282,129 shares 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 SGRP Common Stock were in the process of being issued and the remaining shares of Series B Preferred Stock were in the process of being returned and cancelled at December 31, 2023. These issuances and cancellations were completed during the quarter ending March 31, 2024.

7. Share-Based Compensation

Stock Options

For the three months ended March 31, 2024 and 2023, the Company recognized share-based compensation expense related to stock options of approximately $34,774 and $47,000, respectively.

For the three months ended March 31, 2024 and 2023, the tax benefit available from share-based compensation expense related to stock options was approximately $3,953 and $5,100, respectively.

Restricted Stock Units

For the three months ended March 31, 2024 and 2023, the Company recognized share-based compensation expense related to restricted stock units of approximately $93,226 and $126,000, respectively.

For the three months ended March 31, 2024 and 2023, the tax benefit available to the Company from share-based compensation expense related to restricted stock units was approximately $14,595 and $7,700, respectively.

8. Related Party Transactions

Domestic Related Party Transactions

Change of Control, Voting and Restricted Stock Agreement

The Change of Control, Voting and Restricted Stock Agreement (the "CIC Agreement") became effective on January 28, 2022, when signed by the Company and Mr. Robert G. Brown, ("Mr. Brown"), Mr. William H. Bartels ("Mr. Bartels"), SPAR Administrative Services, Inc. ("SAS"), and SPAR Business Service, Inc. ("SBS"). Mr. Brown, Mr. Bartels, SAS and SBS may be referred to collectively as the "Majority Stockholders".

Pursuant to the CIC Agreement, the Corporation issued to the Majority Stockholders 2,000,000 restricted shares of Series B Preferred Stock, which converted into 3,000,000 SGRP Shares pursuant to the 1:1.5 conversion ratio set forth in the CIC Agreement. The final shares under the CIC Agreement vested on November 10, 2023, and all of the corresponding SGRP Shares had been issued or were in the process of being issued by December 31, 2023.

Pursuant to the CIC Agreement, all actions, claims and demands between the Majority Stockholders and the Corporation were resolved; and the Majority Stockholders and their affiliates during the five-year term of the CIC Agreement, ending on June 25, 2027, have agreed to give up certain rights with respect to the management of the Corporation.

Bartels' Retirement and Director Compensation

Mr. William H. Bartels retired as an employee of the Company as of January 1, 2020 but continues to serve as a member of SPAR's Board. Mr. Bartels is also one of the founders and a significant stockholder of SGRP. Effective January 18, 2020, SPAR's Governance Committee proposed and unanimously approved retirement benefits for the five-year period commencing January 1, 2020, and ending December 31, 2024 (the "Five-Year Period"), 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, 2024, there are approximately $178,425 of benefits payable, which are included in accrued expenses and other current liabilities in the unaudited condensed consolidated balance sheets.

2023 and 2022 Executive Deferred Compensation Agreements

The Corporation prepared a 2022 Stock Compensation Plan that would have included Awards for NQSOs and RSUs (as defined below), but that plan was never submitted to its shareholders for approval. However, the Board had previously approved, for certain key executives, incentive stock-based awards for 2023 and 2022 using RSUs or cash. Since there were no plan based RSUs available, those executives instead received deferred compensation in the form of Phantom Stock Units ("PSUs"), which correspond to an equal number of shares of the Corporation's Common Stock ("SGRP Shares"). The number of PSUs received equals the dollar value of the incentive award divided by the per share market price of SGRP shares on the date of award. Each PSU represents the right of the grantee to receive cash payments based on the fair market value of SGRP Shares at the time of vesting, but not to receive SGRP Shares themselves. The number of the Grantee's PSUs will be automatically adjusted to reflect the specified events respecting the SGRP Shares as provided in the applicable Phantom Stock Agreement. The PSUs do not possess the rights of common stockholders of the Corporation, including any voting or dividend rights, and cannot be exercised or traded for SGRP Shares. Due to the cash settlement feature, the PSUs are classified as liabilities in accrued expenses and other current liabilities and other long-term liabilities in the consolidated balance sheet.

Effective as of March 24, 2022 (the "2022 Grant Date"), the Corporation issued an award of 111,111 PSUs to each of its Executives: Kori G. Belzer; William Linnane; and Ron Lutz. Vesting will occur in three tranches of one-third each over the three (3) year period following the 2022 Grant Date, provided that: (i) the Grantee is an employee of the Company at the time; and (ii) the Corporation achieved 90% of the agreed upon financial target for 2022.As of December 31, 2023, the Company had determined that the 2022 performance target had not been met and the first tranche of those PSUs did not vest. The Board approved in October 2023 that the second and third tranches of those PSUs will respectively vest on the second and third anniversary of the 2022 Grant Date with no additional vesting criteria.

Effective as of April 3, 2023 (the "2023 Grant Date"), the Corporation granted an award of 181,818 PSUs to each its Executives: Kori G. Belzer; William Linnane; and Ron Lutz. None of those PSUs were vested as of the 2023 Grant Date. The PSUs granted and issued to each such Grantee shall vest over the three-year period following the Grant Date provided that the Grantee is an employee of the Company on the applicable vesting date; and the first tranche of those PSUs was to have vested upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT. If the first-year metrics are achieved, the second and third tranches will respectively vest on the second and third anniversary of the 2023 Grant Date with no additional vesting criteria. As of March 31, 2024, the Company determined that the 2023 performance target had been met, the first tranche of those PSUs had vested, and the second and third tranches of those PSUs will respectively vest on the second and third anniversary of the 2023 Grant Date with no additional vesting criteria.

Effective as of the 2023 Grant Date, the Corporation also granted an award of 378,788 PSUs to Michael R. Matacunas, the Chief Executive Officer and President of the Corporation. None of those PSUs were vested as of the 2023 Grant Date. All of the PSUs granted and issued to him will vest over a one-year period following the 2023 Grant Date provided that the Grantee is an employee of the Company on April 3, 2024, upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT. As of March 31, 2024, the Company had determined that the 2023 performance target had been met, and all of those PSUs have vested.

Effective as of the 2023 Grant Date, the Corporation also granted an award of 75,758 PSUs to Antonio Calisto Pato, the Chief Financial Officer, Secretary and Treasurer of the Corporation. None of those PSUs were vested as of the 2023 Grant Date. All of the PSUs granted and issued to him will vest over the one-year period following the 2023 Grant Date provided that the Grantee is an employee of the Company on April 3, 2024, upon the achievement by the Company of 70% or greater of the budgeted 2023 Global EBIT. As of March 31, 2024, the Company had determined that the 2023 performance target had been met, and all of those PSUs have vested.

Other Related Party Transactions and Arrangements

Resource Plus and related companies are owned jointly by SGRP through its direct ownership of 51% of the Resource Plus membership interests and by Mr. Richard Justus through his ownership of the other 49% of the Resource Plus membership interests. Mr. Justus has a 50% ownership interest in RJ Holdings which owns the buildings where Resource Plus is headquartered and operates and are subleased to Resource Plus. SGRP acquired the remaining joint venture interest in a transaction that closed on May 1, 2024 (see Note 12 - Subsequent Events).

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.

SBS and Infotech are related parties and affiliates of SGRP, but are not under the control or part of the consolidated Company. See *Change of Controls, Voting and Restricted Stock Agreement*, above. 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

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

The Corporation's principal Brazilian operating subsidiary, SPAR Brasil Serviços de Merchandising e Tecnologia S.A. ("SPAR BSMT"), is owned 51% by the Company, 39% by JK Consultoria Empresarial Ltda.-ME, a Brazilian limitada ("JKC"), and 10% by Earth Investments, LLC ("EILLC"). JKC is owned by Mr. Jonathan Dagues Martins ("JDM") and his sister, Ms. Karla Dagues Martins. JDM is the Chief Executive Officer of SPAR BSMT and each of its subsidiaries pursuant to a Management Agreement between JDM and SPAR BSMT dated September 13, 2016. JDM also is a director of SPAR BSMT. EILLC is owned by Mr. Peter W. Brown, who currently is a director of SPAR BSMT.

On March 26, 2024, the Company signed a Share Purchase Agreement with JKC for JKC to acquire for 58.9 million BRL (or approximately $11.8 million) the ownership of SGRP Brasil Participações Ltda ("Brasil Holdings"), the Company's Brazilian holding company. Brasil Holdings in turn owns (and after closing will continue to own) 51% of its operating joint venture subsidiary SPAR Brasil Serviços de Merchandising e Tecnologia S.A. (the "JV"), and the JV's subsidiaries. Closing of the sale is expected in the second quarter of 2024.

SPAR (Shanghai) Marketing Management Co., Ltd. ("SPAR China"), is a consolidated international subsidiary of the Company owned 51% by the Company. On February 23, 2024, the Company entered into an Equity Transfer Agreement to sell its 51% ownership interest in SPAR (Shanghai) Marketing Management Co., Ltd. to Shanghai Jingbo Enterprise Consulting Co., Ltd. and Shanghai Wedone Marketing Management Co. Ltd. The total price to be paid to the Company is $200,000. The sale was completed as of April 8, 2024 (see Note 12 – *Subsequent Events*, bellow).

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 Friedshelf (Pty) Ltd., Lindicom Proprietary Limited, and Lindicom Empowerment Holdings Proprietary Limited ("Local Owners").

On February 7, 2024, the Company entered into a Sale of Shares Agreement to sell its 51% ownership interest in Meridian to the Local Owners for 180,700,000 South African Rand, most of which would be paid upon closing. Meridian in turn owns (and after closing will continue to own) interests in its subsidiaries: CMR-Meridian Proprietary Limited; Bordax Retail Services (Pty) Ltd; and Bordax Retail Services Gauteng (Pty) Ltd.

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 will be paid on December 31, 2024 or 2025, depending on certain financial triggers, 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 has recognized a gain of $7.2 million in the first quarter of 2024 as a result of this transaction.

Summary of Certain Related Party Transactions

Due to related parties consists of the following as of the periods presented (in thousands):

	March 31, 2024	December 31, 2023
Loans from local investors:(1)		
Mexico	**623**	623
China	**2,279**	2,316
Resource Plus	**266**	266
Total due to affiliates	**$ 3,168**	$ 3,205

(1) Represent loans due from the local investors into the Company's subsidiaries (representing their proportionate share of working capital loans). The loans have no payment terms, are due on demand, and are classified as current liabilities in the unaudited condensed consolidated balance sheets.

9. Segment Information

Select statement of operations activity of the Company's reportable segments for the periods presented were (in thousands):

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net revenues:		
Americas	$ **54,655**	$ 48,578
APAC	**5,761**	6,100
EMEA	**8,277**	9,702
Total net revenues	$ **68,693**	$ 64,380
Operating income:		
Americas	$ **9,427**	$ 2,521
APAC	**(216)**	(192)
EMEA	**361**	821
Total operating income	$ **9,572**	$ 3,150
Interest expense:		
Americas	$ **426**	$ 274
APAC	**13**	(1)
EMEA	**91**	117
Total interest expense, net	$ **530**	$ 390
Other expense (income), net:		
Americas	$ **(15)**	$ 28
APAC	**32**	(6)
EMEA	**(10)**	(80)
Total other income, net	$ **7**	$ (58)
Income before income tax expense:		
Americas	$ **9,461**	$ 2,219
APAC	**531**	(185)
EMEA	**(957)**	784
Total income before income tax expense	$ **9,035**	$ 2,818
Income tax expense:		
Americas	$ **1,777**	$ 755
APAC	**8**	21
EMEA	**69**	265
Total income tax expense	$ **1,854**	$ 1,041

Net income, depreciation and amortization expense, and capital expenditures of the Company's reportable segments for the periods presented were (in thousands):

	Three Months Ended March 31,	
Net income (loss):		
Americas	$ **7,685**	$ 1,464
APAC	**523**	(206)
EMEA	**(1,027)**	519
Total net income	$ **7,181**	$ 1,777
Net income (loss) attributable to non-controlling interest		
Americas	$ **282**	$ 485
APAC	**(18)**	4
EMEA	**290**	422
Total net income attributable to non-controlling interest	$ **554**	$ 911
Net income attributable to SPAR Group, Inc.		
Americas	$ **7,403**	$ 979
APAC	**541**	(210)
EMEA	**(1,317)**	97
Total net income attributable to SPAR Group, Inc.	$ **6,627**	$ 866
Depreciation and amortization		
Americas	$ **442**	$ 462
APAC	**32**	13
EMEA	**37**	57
Total depreciation and amortization	$ **511**	$ 532
Capital expenditures:		
Americas	$ **416**	$ **289**
APAC	**11**	**5**
EMEA	**5**	**49**
Total capital expenditures	$ **432**	$ **343**

There were no intercompany sales for the three months ended March 31, 2024 and 2023.

Total assets of the Company's reportable segments as of the periods presented were (in thousands):

	March 31, 2024	December 31, 2023
Assets:		
Americas	$ 98,820	$ 71,372
APAC	5,711	13,361
EMEA	–	5,548
Total assets	$ **104,531**	$ 90,281

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

	March 31, 2024	December 31, 2023
Long lived assets:		
Americas	$ **4,408**	$ **4,585**
APAC	**42**	**1,015**
EMEA	**-**	**745**
Total long lived assets	$ **4,450**	$ **6,345**

Geographic Data (in thousands)

	Three Months Ended March 31,			
	2024		2023	
		% of consolidated net revenue		% of consolidated net revenue
United States	$ **28,822**	**42.0%**	$ 26,194	40.7%
Brazil	**19,297**	**28.1%**	18,082	28.1%
South Africa	**8,277**	**12.0%**	9,701	15.1%
Mexico	**3,267**	**4.8%**	2,472	3.8%
China	**2,698**	**3.9%**	2,677	4.2%
Japan	**1,418**	**2.1%**	1,553	2.4%
Canada	**3,269**	**4.8%**	1,830	2.8%
India	**1,645**	**2.4%**	1,406	2.2%
Australia	**-**	**0.0%**	465	0.7%
Total net revenue	$ **68,693**	**100.0%**	$ 64,380	100.0%

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):

		Three Months Ended March 31,	
Lease Costs	**Classification**	**2024**	**2023**
Operating lease cost	Selling, General and Administrative Expense	$ **170**	$ 70
Short-term lease cost	Selling, General and Administrative Expense	**176**	76
Variable costs	Selling, General and Administrative Expense	**-**	16
Total lease cost		$ **346**	$ 162

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

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating cash flows from operating leases	$ **176**	$ 150
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ **2,104**	$ 303

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

	March 31, 2024	December 31, 2023
Assets:		
Operating lease right-of-use assets	$ **1,682**	$ 2,323
Liabilities:		
Current portion of operating lease liabilities	**522**	1,163
Non-current portion of operating lease liabilities	**1,160**	1,160
Total operating lease liabilities	$ **1,682**	$ 2,323
Weighted-average remaining lease term - operating leases (in years)	**2.91**	2.64
Weighted-average discount rate - operating leases	**7.9%**	8.8%

The following table summarizes the maturities of lease liabilities as of March 31, 2024 (in thousands):

Period Ending December 31,	**Amount**
2024	$ 1,045
2025	555
2026	175
2027	152
2028	110
Thereafter	5
Total Lease Payments	2,042
Less: imputed interest	(360)
Total	$ 1,682

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,	
	2024	2023
Numerator:		
Net income attributable to SPAR Group, Inc.	$ **6,627**	$ **866**
Denominator:		
Shares used in basic net income per share calculation	**23,817**	**23,114**
Effect of diluted securities:		
Stock options and unvested restricted shares	**196**	**165**
Shares used in diluted net income per share calculations	**24,013**	**23,279**
Basic net income per common share	$ 0.28	$ 0.04
Diluted net income per common share	$ 0.28	$ 0.04

12. Subsequent Events

With the exception of those bellow, there are no additional subsequent events through May 15, 2024, the date these unaudited condensed consolidated financial statements were available for issuance.

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

On February 23, 2024, the Company entered into an Equity Transfer Agreement to sell its 51% ownership interest in SPAR (Shanghai) Marketing Management Co., Ltd. to Shanghai Jingbo Enterprise Consulting Co., Ltd. and Shanghai Wedone Marketing Management Co. Ltd. The total price to be paid to the Company is $200,000. The sale was completed as of April 8, 2024.

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 percent interest in its Brazilian joint venture subsidiary) for BRL 58.9 million or approximately $11.8 million. Closing of the sale is dependent upon a number of conditions and is expected in the second quarter of *2024.*

Agreement to acquire minority interest in Resource Plus

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 RPI 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. $250,000 was paid within five business days of closing, and the remaining $2,750,000 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. The purchase was closed and completed on May 1, 2024. See *Other Domestic Related Party Transactions* in Note 8, above.

Repurchase of 1,000,000 SGRP Shares From William H. Bartels

On May 13, 2024, SGRP privately repurchased 1,000,000 shares of SGRP's Common Stock from William H. Bartels, effective as of April 30, 2024, at a purchase price of $1.80 per share (the Nasdaq closing price on April 29, 2024).

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 2023 Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission (the "SEC") on April 1, 2024, and SGRP's First Amendment to the 2023 Annual Report on Form 10-K/A for the year ended December 31, 2023, as filed with the SEC on April 30, 2024 (as so amended, the "Annual Report"); 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, 2024, the Company operated in seven countries: the United States, Canada, Mexico, Brazil, China, Japan and India. Across all of these countries, the Company executes programs through its multi-lingual logistics, reporting and communication technology, which provides clients value through real-time insight on store/product conditions.

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

The Company is dedicated to delivering a spectrum of specialized services tailored to enhance retail operations and profitability across the globe. 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 each country.

Adjusted EBITDA

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

	Three Months Ended March 31,	
(in thousands)	2024	2023
Consolidated Net Income	**$ 7,181**	**$ 1,777**
Depreciation and amortization	511	532
Interest expense	530	390
Income tax expense	1,854	1,041
Other (income), loss	7	(58)
Subtotal of Adjustments to Consolidated Net Income	2,902	1,905
Consolidated EBITDA	**$ 10,083**	**$ 3,682**
Review of Strategic Alternatives	330	317
Gain on Sale of Business	(7,157)	-
Share Based Compensation	128	173
Consolidated Adjusted EBITDA	**$ 3,384**	**$ 4,172**
Adjusted EBITDA attributable to non-controlling interest	(918)	(1,276)
Adjusted EBITDA attributable to SPAR Group, Inc.	**$ 2,466**	**$ 2,896**

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,			
	2024	%	2023	%
Net revenues	$ 68,693	100.0%	$ 64,380.0	100%
Related Party - Cost of revenues	-	0.0%	$ 1,497.0	2.3%
Cost of revenues	56,151	81.7%	48,745.0	75.7%
Gross Profit	12,542	18.3%	14,138.0	22.0%
Selling, general and administrative expense	9,616	14.0%	10,456.0	16.2%
Gain on sale of business	(7,157)	10.4%	-	-%
Depreciation and amortization	511	0.7%	532.0	0.8%
Interest expense	530	0.8%	390.0	0.6%
Other expense (income), net	7	0.0%	(58.0)	-0.1%
Income before income taxes	9,035	13.2%	2,818.0	4.4%
Income tax expense	1,854	2.7%	1,041.0	1.6%
Net income	7,181	10.5%	1,777.0	2.8%
Net income attributable to non-controlling interest	(554)	-0.8%	(911.0)	-1.4%
Net income attributable to SPAR Group, Inc.	$ 6,627	9.6%	$ 866.0	1.3%

Net Revenues

Net revenues for three months ended March 31, 2024 were $68.7 million, compared to $64.4 million for the three months ended March 31, 2023, an increase of $4.3 million, or 7% despite having exited Australia and the US NMS JV (which revenues are included within the 2023 numbers but not in current year).

For the three months ended March 31, 2024 and 2023, the Americas net revenue was $54.7 million and $48.6 million, respectively, an increase of $6.1 million, or 13% almost all deriving from our US remodel business and our Canadian operations, and in part by foreign currency benefit in Brazil, and offset by slower performance in the Resource Plus joint venture.

For the three months ended March 31, 2024 and 2023, APAC net revenue was $5.8 million and $6.1 million, respectively, a decrease of $0.3 million, or 5%.

For the three months ended March 31, 2024 and 2023, EMEA net revenue was $8.3 million and $9.7 million, respectively, a decrease of $1.4 million, or 14% driven by negative foreign exchange rate falling volumes at retail level, and the loss of certain customers.

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 81.7% of net revenue for the three months ended March 31, 2024 compared to 78.0% of net revenues for the three months ended March 31, 2023. The decrease in gross margin is due to: (i) revenue mix in US owned (see hereunder in Americas); and (ii) a material decrease in margin in South Africa (see hereunder in EMEA).

Cost of revenues for the three months ended March 31, 2024 were $56.2 million, compared to $50.2 million for the three months ended March 31, 2023, an increase of $6.0 million, or 12%.

For the three months ended March 31, 2024 and 2023, the Americas cost of revenues were $44.6 million and $38.3 million, respectively, an increase of $6.3 million, or 16%. The Americas cost of revenue as a percent of net revenue was 82% for the quarter ended March 31, 2024 and 79% for the quarter ended March 31, 2023, reflecting a decrease in gross margin. The decrease in gross margin was expected and forecasted in our budget and is due (i) to the revenue mix in US owned where we saw a material increase in Remodels which is a lower margin business; and (ii) a decline in Resource Plus's gross margin.

For the three months ended March 31, 2024 and 2023, APAC cost of revenues were $4.5 million and $4.6 million, respectively, an decrease of $0.1 million, or 2%. The APAC cost of revenue as a percent of net revenue was 78% and 76% for the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023. The increase in cost as a percentage of revenue was primarily the result of economical and business constraints in China and Japan.

For the three months ended March 31, 2024 and 2023, EMEA cost of revenues were $7.0 million and $7.3 million, respectively a decrease of $0.3 million, or 4%. The EMEA cost of revenue as a percent of net revenue was 84% and 76% for the quarter ended March 31, 2024 compared to the quarter ended March 31, 2023. This decrease in gross margin is due to (i) additional variable expenses in the cost of sales, (ii) government imposed wage increases (8.5%) ahead of inflation (5,3%) at a time when the economy is under pressure which forced margin reduction in contract renegotiations.

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 $9.6 million, or 14% of net revenue, and approximately $10.5 million, or 16% of net revenue for the three months ended March 31, 2024 and 2023, respectively.

For the three months ended March 31, 2024 and 2023, Americas selling, general and administrative expenses were approximately $7.3 million and $7.3 million, respectively, or no change from prior year levels.

For the three months ended March 31, 2024 and 2023, APAC selling, general and administrative expenses were approximately $1.4 million and $1.6 million, respectively, a decrease of -$0.2 million, or -12% mostly consistent with reduction in revenue.

For the three months ended March 31, 2024 and 2023, EMEA selling, general and administrative expenses were approximately $0.9 million and $1.5 million, respectively, a decrease of -$0.6 million, or -40%, implemented as a reaction to the drop in revenue and increase in cost of sales.

Depreciation and Amortization

For the three months ended March 31, 2024 and 2023, depreciation and amortization was approximately $0.5 million and $0.5 million, respectively.

Interest Expense

For the three months ended March 31, 2024 and 2023, interest expense was approximately $0.5 million and $0.4 million, respectively.

Other Expense (Income), Net

For the three months ended March 31, 2024 and 2023, other expense (income), net was approximately $0.0 million and -$0.1 million, respectively.

Income Tax Expense

For the three months ended March 31, 2024 and 2023, income tax expense was approximately $1.9 million with an effective rate of 20.5% and $1.0 million with an effective rate of 36.9% , respectively. For the first quarter of 2024, our effective rate of 20.5% was in line 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 our audited consolidated financial statements as of and for the fiscal year ended December 31, 2023, and the notes thereto, which are included in the 2023 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on April 1, 2024. Except as detailed in Note 2 to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, there have been no material changes to our significant accounting policies during the three months ended March 31, 2024.

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 2023 Annual Report on Form 10-K. The Company believes that based upon the continuation of the Company's existing credit facilities, projected results of operations, vendor payment requirements and other financing available to the Company (including amounts due to affiliates), sources of cash availability should be manageable and sufficient to support ongoing 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 Three Months Ended March 31, 2024 and 2023

Net cash provided by operating activities $ 0.6 million and $ 2.9 million for the three months ended March 31, 2024 and 2023, respectively.

Net cash used in investing activities was approximately $ 0.9 million and $ 0.3 million for the three months ended March 31, 2024 and 2023, respectively.

Net cash provided by (used in) financing activities was approximately $ 6.3 million and $ (0.6) million for the three months ended March 31, 2024 and 2023, respectively.

Reflecting the impact of foreign exchange rate changes on the activity above resulted in a increase in cash, cash equivalents and restricted cash for the three months ended March 31, 2024 and 2023 of approximately $ $ 5.9 million and $1.9 million, 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 effective as of such date.

Changes in Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Management utilized the criteria established in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to conduct an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2024. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of March 31, 2024.

Changes in Internal Controls Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the three months ended March 31, 2024 that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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.

For further discussion of certain legal proceedings, see Note 8 – Related Party Transactions and Note 4 - Commitments and Contingencies of the Notes to the Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for the three months ended March 31, 2024, which is incorporated herein by reference, and Note 6 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements included in Part IV, Item 15 on the 2023 Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on April 1, 2024.

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 2023 Annual Report on Form 10-K for the year ended December 31, 2023, which Risk Factors are incorporated by reference into this Quarterly Report on Form 10-Q for the three months ended March 31, 2024.

There have been no material changes in the Company's risk factors since the 2023 Annual Report on Form 10-K for the year ended December 31, 2023.

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: May 15, 2024	SPAR Group, Inc., Registrant
	By: /s/ Antonio Calisto Pato Antonio Calisto Pato Chief Financial Officer, Treasurer and Secretary

EXHIBIT 31.1

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, 2024 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: May 15, 2024

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

EXHIBIT 31.2

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, 2024 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: May 15, 2024

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

EXHIBIT 32.1

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, 2024 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

May 15, 2024

A signed original of this written statement required by Section 906 has been provided to SPAR Group, Inc. and will be retained by SPAR Group, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification of 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, 2024 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

May 15, 2024

A signed original of this written statement required by Section 906 has been provided to SPAR Group, Inc. and will be retained by SPAR Group, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.