

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2023

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-27408
(Commission
File No.)

33-0684451
IRS Employer
(Identification No.)

1910 Opdyke Court, Auburn Hills, MI
(Address of Principal Executive Offices)

48326
(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)) 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, \$0.01 par value	SGRP	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

SPAR Group, Inc. ("SGRP" or the "Corporation", and together with its subsidiaries, the "Company", "SPAR", or "SPAR Group") has listed its shares of Common Stock for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC").

For background respecting SGRP and the events described below in this Current Report, reference is made to: (i) SGRP's Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on April 15, 2022, and as amended by SGRP's First Amendment to the Annual Report on Form 10K/A as filed with the SEC on May 2, 2022; (ii) SGRP's Definitive Proxy Statement on Schedule 14A as filed with the SEC on June 13, 2022; (iii) SGRP's Quarterly Reports on Form 10-Q as filed with the SEC on November 14, 2022, August 15, 2022, and May 16, 2022; and (iv) SGRP's Current Reports on Form 8-K as filed with the SEC since January 1, 2022, and prior to the date of this Current Report.

Item 1.01 Entry into a Material Definitive Agreement.

As previously reported, 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.

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

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

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

As previously reported, 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 US\$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 US\$6.5 million from US\$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 US\$28 million and increase the Canada Revolving Credit Facility to CDN\$2 million. In addition, the Sixth Modification Agreement increased the cap on unbilled accounts in the borrowing base for SMF to US\$7 million from US\$6.5 million.

To evidence the increase in the US Revolving Credit Facility, SMF executed and delivered to NM a US\$28 million Fourth Amended and Restated Revolving Credit Master Promissory Note (the "Restated US Note"), which amends, restates, supersedes and replaces the prior US\$ note. To evidence the increase in the Canadian Revolving Credit Facility, SCC executed and delivered to NM a CDN\$2 million Fourth Amended and Restated Revolving Credit Master Promissory Note (the "Restated Canadian Note"), which amends, restates, supersedes and replaces the prior CDN\$ note.

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, US\$140,000 plus 0.80% of the amount of any advances other than under the US Revolving Credit Facility plus an additional facility fee of US\$15,000 for every incremental US\$1 million of loan balance in excess of US\$21 million, and (ii) for the year commencing on October 10, 2023, US\$168,000 plus 0.80% of the amount of any advances other than under the US Revolving Credit Facility plus an additional facility fee of US\$15,000 for every incremental US\$1 million of loan balance in excess of US\$21 million. For the Sixth Modification Agreement, the NM Borrowers paid NM a fee of US\$28,000. As of January 31, 2023, the aggregate interest rate is 8.45% per annum and the aggregate outstanding loan balance is US\$13.5 million. The aggregate outstanding loan balance is divided between the US Revolving Credit Facility and the Canada Revolving Credit Facility as follows: (i) the outstanding loan balance under the US Revolving Credit Facility is US\$12,967,000; and (ii) the outstanding loan balance under the Canada Revolving Credit Facility is CAD\$752,000 (when divided by the applicable foreign exchange rate of 1.3413, equaled approximately US\$561,000) for a total US and Canadian loan balance on that date of approximately US\$13.5 million. Outstanding amounts are classified as short-term debt.

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, increases in executive, officer or director compensation, capital expenditures and certain other investments. The NM Loan Parties were in compliance with such covenants as of December 31, 2022.

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., 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.

Copies of the Sixth Modification Agreement and new restated NM Notes are attached to this Current Report on Form 8-K as Exhibits 10.1, 10.2 and 10.3, respectively, and are hereby incorporated herein by reference. The descriptions in this Current Report of the Sixth Modification Agreement and the NM Notes are qualified in their entirety by such Exhibits.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information included in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Forward Looking Statements

This Current Report contains "forward-looking statements" within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, made by, or respecting, the Company, and this Current Report has been filed by the Corporation with the SEC. "Forward-looking statements" are defined in Section 27A of the Securities Act and Section 21E of the Exchange Act and other applicable Securities Laws.

All statements (other than those that are purely historical) are forward-looking statements. 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 Corporation in this Current Report may include (without limitation) statements regarding: risks, uncertainties, cautions, circumstances and other factors ("Risks") such as (among other things) the impact of the strategic review process or any resulting action or inaction, the impact of adding a new Chief Financial Officer, the potential negative effects of any stock issuance and/or payment, the potential negative effects of the novel coronavirus and COVID-19 pandemic on the Company's business, the Corporation's compliance with applicable Nasdaq Audit Committee and director independence rules, the Company's cash flow or financial condition, or the pursuit or achievement of the Company's corporate objectives.

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 Current Report, but you should not place undue reliance on any of them. The results, actions, levels of activity, performance, achievements or condition of the Company (including its affiliates, assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, 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 Current 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

- 10.1 [Sixth Modification Agreement dated as of February 1, 2023, among North Mill Capital, LLC, d/b/a SLR Business Credit, SPAR Group, Inc. and certain of its direct and indirect subsidiaries in the United States and Canada.](#)
 - 10.2 [US\\$28 million Fourth Amended and Restated Revolving Credit Master Promissory Note executed and delivered by SMF to NM and dated as of February 1, 2023.](#)
 - 10.3 [CDN\\$2 million Fourth Amended and Restated Revolving Credit Master Promissory Note executed and delivered by SCC to NM and dated as of February 1, 2023.](#)
 - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
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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.

SPAR Group, Inc.

Date: March 2, 2023

By: /s/ Michael R. Matacunas

Michael R. Matacunas, Chief Executive Officer

SIXTH MODIFICATION AGREEMENT

THIS SIXTH MODIFICATION AGREEMENT (this "**Modification Agreement**") is entered into as of February 1, 2023, by and among **NORTH MILL CAPITAL LLC**, a Delaware limited liability company, d/b/a SLR Business Credit ("**Lender**"), with a place of business at 821 Alexander Road, Suite 130, Princeton, New Jersey 08540, **SPAR MARKETING FORCE, INC.**, a Nevada corporation ("**US Borrower**"), with its chief executive office located at 1910 Opdyke Court, Auburn Hills, Michigan 48326, and **SPAR CANADA COMPANY**, an unlimited company organized under the laws of Nova Scotia ("**Canadian Borrower**"), with its chief executive office located at 10 Planchet Road, Unit 21, Vaughan, Ontario L4K 2C8.

RECITALS

WHEREAS, Lender, US Borrower and Canadian Borrower entered into a Loan and Security Agreement dated as of April 10, 2019 (as amended, modified, supplemented, substituted, extended or renewed from time to time, the "**Loan Agreement**") which sets forth the terms and conditions of a US Revolving Credit Facility by Lender to US Borrower and a Canadian Revolving Credit Facility by Lender to Canadian Borrower; and

WHEREAS, Borrowers and Lender have agreed to make certain amendments to the Loan Agreement in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the parties hereto adopt the above recitals and agree as follows:

1. Definitions. Capitalized terms used herein, but not defined herein, shall have the same meanings ascribed to such terms in the Loan Agreement. The term "Modification Agreement," as defined in the preamble to this Modification Agreement, is incorporated by reference into the Loan Agreement.

2. Estoppel; Release. To induce Lender to enter into this Modification Agreement, each Borrower represents and warrants to Lender that it has no defenses, offsets or counterclaims regarding its Obligations under the Loan Agreement and the other Loan Documents to which it is a party. To induce Lender to enter into this Modification Agreement, each Borrower waives and releases and forever discharges Lender and its officers, directors, investors, bank group members, attorneys, agents, and employees from any liability, damage, claim, loss or expense of any kind that it may have against Lender or any of them arising out of or relating to the Obligations. Each Borrower further agrees to indemnify and hold Lender and its officers, directors, investors, bank group members, attorneys, agents and employees harmless from any loss, damage, judgment, liability or expense (including reasonable attorneys' fees) suffered by or rendered against Lender or any of them on account of any claims arising out of or relating to the Obligations, in each case, except to the extent caused by the gross negligence or willful misconduct of the indemnitee or any of its representatives.

3. Specific Amendments to the Loan Agreement. Effective as of the date hereof, the Loan Agreement is amended in the following particulars:

(a) Section 1.1 (Terms) of the Loan Agreement is hereby modified to add the following new defined term thereto in appropriate alphabetical order:

Sixth Modification Agreement means that certain Sixth Modification Agreement, dated as of February 1, 2023, among US Borrower, Canadian Borrower and Lender.

(b) The first sentence of Section 2.1(a) (Revolving Advances; Advance Limit) of the Loan Agreement is hereby modified to read as follows:

Upon the request of US Borrower made at any time from and after the date hereof until the Termination Date, and so long as no Event of Default has occurred and is continuing, Lender may, in its Good Faith discretion, make Advances in Dollars to US Borrower under a revolving credit facility (the **US Revolving Credit Facility**) in an amount up to, so long as Dilution is less than three percent (3%), the sum of (a) up to ninety percent (90%) of the aggregate outstanding amount of Eligible Accounts of US Borrower plus (b) (i) up to eighty percent (80%) of Eligible Unbilled Accounts of US Borrower or (ii) Seven Million Dollars (\$7,000,000), whichever is less, minus (c) an availability reserve in the amount of \$500,000; provided, however, in no event at any time shall the maximum aggregate principal amount outstanding under the US Revolving Credit Facility exceed Twenty-Eight Million Dollars (\$28,000,000) (said Dollar limit being, the **US Advance Limit**).

(c) The first sentence of Section 2.1(b) (Revolving Advances; Advance Limit) of the Loan Agreement is hereby modified to read as follows:

Upon the request of Canadian Borrower made at any time from and after the date hereof until the Termination Date, and so long as no Event of Default has occurred and is continuing, Lender may, in its Good Faith discretion, make Advances in Canadian Dollars to Canadian Borrower under a revolving credit facility (the **Canadian Revolving Credit Facility**) in an amount up to, so long as Dilution is less than three percent (3%), the sum of (a) up to ninety percent (90%) of the aggregate outstanding amount of Eligible Accounts of Canadian Borrower plus (b) (i) up to eighty percent (80%) of Eligible Unbilled Accounts of Canadian Borrower or (ii) Eight Hundred Thousand Dollars (\$800,000), whichever is less; provided, however, in no event at any time shall the maximum aggregate principal amount outstanding under the Canadian Revolving Credit Facility exceed Two Million Canadian Dollars (CDN\$2,000,000) (said Canadian Dollar limit being, the **Canadian Advance Limit**).

(d) The first sentence of Section 2.4(a) (Interest) of the Loan Agreement is hereby modified to read as follows:

Except where specified to the contrary in the Loan Documents, interest shall accrue on the Daily Balance at the per annum rate of one and nine tenths percentage points (1.90%) above the Prime Rate in effect from time to time, but not less than six and three-quarters percent (6.75%) per annum (the **Applicable Rate**).

(e) Section 2.7(a) (Facility Fee) of the Loan Agreement is hereby modified to read as follows:

(a) (i) For the contract (loan) year commencing October 10, 2021, US Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of Twelve Million Five Hundred Thousand Dollars (\$12,500,000). One twelfth (1/12) of such Facility Fee shall be paid on October 10, 2021, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(ii) In addition, if the amount owed under the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2021, (A) exceeds Twelve Million Five Hundred Thousand Dollars (\$12,500,000), but is less than or equal to Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, (B) exceeds Thirteen Million Five Hundred Thousand Dollars (\$13,500,000), but is less than or equal to Fourteen Million Five Hundred Thousand Dollars (\$14,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, (C) exceeds Fourteen Million Five Hundred Thousand Dollars (\$14,500,000), but is less than or equal to Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, (D) exceeds Fifteen Million Five Hundred Thousand Dollars (\$15,500,000), but is less than or equal to Sixteen Million Five Hundred Thousand Dollars (\$16,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof, or (E) exceeds Sixteen Million Five Hundred Thousand Dollars (\$16,500,000), but is less than or equal to Seventeen Million Five Hundred Thousand Dollars (\$17,500,000), an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) will be charged at the initial occurrence thereof (each such \$1,000,000 increment in clause (A), (B), (C), (D) and (E) above, being hereinafter referred to as an **Increment**).

(iii) For the contract (loan) year commencing October 10, 2022, US Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of the sum of (x) Seventeen Million Five Hundred Thousand Dollars (\$17,500,000) plus (y) any Advances other than under the US Revolving Credit Facility. One twelfth (1/12) of such Facility Fee shall be paid on October 10, 2022, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(iv) In addition, simultaneously with the execution of the Sixth Modification Agreement, US Borrower shall pay to Lender an additional Facility Fee equal to \$28,000 (or eight tenths of one percent (0.80%) of Three Million Five Hundred Thousand Dollars).

(v) In addition, Borrower shall pay to Lender an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) at the initial occurrence that the amount owed under the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2022 exceeds Twenty-One Million Dollars (\$21,000,000) by each applicable Increment (up to the US Advance Limit). The highest Daily Balance of the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2022 (rounded upward to the next \$1,000,000 unless such amount is a multiple of \$1,000,000, in which case, such amount need not be rounded upward), but in no event less than Twenty-One Million Dollars (\$21,000,000), shall hereinafter be referred to as the **2022-2023 Benchmark Advance Amount**.

(vi) For the contract (loan) year commencing October 10, 2023, US Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of the sum of (x) the 2022-2023 Benchmark Advance Amount plus (y) any Advances other than under the US Revolving Credit Facility. One twelfth (1/12) of such Facility Fee shall be paid on October 10, 2023, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(vii) In addition, Borrower shall pay to Lender an additional Facility Fee of Fifteen Thousand Dollars (\$15,000) at the initial occurrence that the amount owed under the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2023 exceeds the 2022-2023 Benchmark Advance Amount by each applicable Increment (up to the US Advance Limit). The highest Daily Balance of the US Revolving Credit Facility during the contract (loan) year commencing October 10, 2023 (rounded upward to the next \$1,000,000 unless such amount is a multiple of \$1,000,000, in which case, such amount need not be rounded upward), but in no event less than the 2022-2023 Benchmark Advance Amount, shall hereinafter be referred to as the **2023-2024 Benchmark Advance Amount**.

(f) Section 2.7(b) (Facility Fee) of the Loan Agreement is hereby modified to read as follows:

(b) (i) For the Initial Term, Canadian Borrower shall pay to Lender a Facility Fee equal to eight tenths of one percent (0.80%) of One Million Five Hundred Thousand Canadian Dollars (CDN\$1,500,000). \$1,000 of such Facility Fee shall be paid simultaneously with the execution of the Fourth Modification Agreement, and the remaining amount shall be paid in installments of like amount on the first (1st) day of each month thereafter until paid in full.

(ii) In addition, simultaneously with the execution of the Sixth Modification Agreement, Canadian Borrower shall pay to Lender an additional Facility Fee equal to \$4,000 (or eight tenths of one percent (0.80%) of Five Hundred Thousand Canadian Dollars).

4. Fourth Amended and Restated Revolving Credit Master Promissory Notes. To evidence the increase in each of the US Revolving Credit Facility and the Applicable Rate, US Borrower shall execute and deliver to Lender a Fourth Amended and Restated Revolving Credit Master Promissory Note (the "**Amended and Restated US Note**"), which Amended and Restated US Note shall amend and restate and supersede and replace the Third Amended and Restated Revolving Credit Master Promissory Note dated as of June 30, 2022 made by US Borrower and payable to the order of Lender and shall not be considered a novation and shall be a Note under the Loan Agreement. To evidence the increase in each of the Canadian Revolving Credit Facility and the Applicable Rate, Canadian Borrower shall execute and deliver to Lender a Fourth Amended and Restated Revolving Credit Master Promissory Note (the "**Amended and Restated Canadian Note**"), which Amended and Restated Canadian Note shall amend and restate and supersede and replace the Third Amended and Restated Revolving Credit Master Promissory Note dated as of June 30, 2022 made by Canadian Borrower and payable to the order of Lender and shall not be considered a novation and shall be a Note under the Loan Agreement.

5. **Conditions to Effectiveness of this Modification Agreement.** As conditions precedent to this Modification Agreement, Borrowers shall deliver, or cause to be delivered to Lender, or Lender shall have received the following, all in form and substance satisfactory to Lender, on or before the date hereof:

(a) This Modification Agreement, duly executed by Borrowers, together with the consent of the Guarantors attached hereto; and

(b) The Amended and Restated US Note, duly executed by US Borrower, and the Amended and Restated Canadian Note, duly executed by Canadian Borrower.

6. **Reaffirmation of Representations and Warranties.** Each Borrower hereby reaffirms the representations and warranties made by it in the Loan Agreement and all of the other Loan Documents as fully and completely as if set forth herein at length and made anew. All of such representations and warranties are true, correct and complete as of the date hereof (except as to such representations and warranties which are made as of a specified date, in which case such representations and warranties remain true as of such date, and except as to the matters expressly waived hereunder). In addition, each Borrower represents and warrants to Lender that:

(a) No consent or approval of, or exemption by any person is required to authorize, or is otherwise required in connection with the execution and delivery of this Modification Agreement, which has not been obtained and which remains in full force and effect;

(b) Such Borrower has the power to execute, deliver and carry out this Modification Agreement and all documents executed in connection herewith, and this Modification Agreement and such other Loan Documents have been duly authorized by all requisite organizational action and are valid, binding and enforceable as against such Borrower in accordance with their terms;

(c) No material adverse change in the financial condition of such Borrower has occurred since the date of the most recent financial statements of such Borrower submitted to Lender, and the information contained in said statements and reports is true and correctly reflects the financial condition of such Borrower as of the dates of the statements and reports, and such statements and reports have been prepared in accordance with GAAP and do not contain any material misstatement of fact or omit to state any facts necessary to make the statements contained therein not misleading; and

(d) No default or Event of Default exists under the Loan Agreement.

7. **Reaffirmation of Covenants.** Each Borrower hereby reaffirms the affirmative and negative covenants set forth in the Loan Agreement and the other Loan Documents as fully and completely as if set forth herein at length (except as otherwise revised herein), and agrees that such covenants shall remain in full force and effect until payment in full of the Obligations.

8. **Reaffirmation of Security Interests and Liens.** Each Borrower hereby confirms the security interests and liens granted by such Borrower to Lender in, to and under the Collateral in accordance with the Loan Agreement and other Loan Documents as security for its Obligations to Lender and acknowledges that such security interests shall continue unimpaired and in full force and effect. Each Borrower represents and warrants that, as of the date hereof, there are no claims, setoffs or defenses to Lender's exercise of any rights or remedies available to it as a creditor in realizing upon such assets under the terms and conditions of the Loan Agreement and the other Loan Documents and the security interests and liens in favor of Lender on such assets shall cover and secure all of such Borrower's existing and future Obligations to Lender, as increased and modified by this Modification Agreement.

9. **Miscellaneous.**

(a) Each Borrower agrees to pay any and all fees and expenses, including reasonable counsel fees (including allocated fees of in-house counsel) incurred by Lender in connection with the preparation and execution of this Modification Agreement and all other documents executed in connection herewith.

(b) This Modification Agreement is intended to supplement and modify the Loan Agreement and the rights and obligations of the parties under the Loan Agreement shall not in any way be vacated, modified or terminated except as herein provided. All terms and conditions contained in each and every agreement or promissory note or other evidence of indebtedness of Borrowers to Lender are incorporated herein by reference. If there is a conflict between any of the provisions heretofore entered into and the provisions of this Modification Agreement, then the provisions of this Modification Agreement shall govern. By entering into this Modification Agreement, Lender is not waiving any Event of Default, if any so exists, or any of its rights and remedies as a consequence thereof. **Each Borrower expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Loan Documents.**

(c) This Modification Agreement will be binding upon an inure to the benefit of each Borrower and Lender and their respective successors and assigns.

(d) This Modification Agreement may be executed and delivered in counterparts and by facsimile or other electronic delivery means, with each such counterpart and facsimile or other electronic delivery means constituting a valid, effective and enforceable agreement.

10. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER. THE VALIDITY OF THIS MODIFICATION AGREEMENT, ITS CONSTRUCTION, INTERPRETATION AND ENFORCEMENT AND THE RIGHTS OF THE PARTIES HERETO SHALL BE DETERMINED UNDER, GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES HERETO AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS MODIFICATION AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS LOCATED IN THE COUNTY OF MERCER, STATE OF NEW JERSEY, THE FEDERAL COURTS WHOSE VENUE INCLUDES THE STATE OF NEW JERSEY OR AT THE SOLE OPTION OF LENDER, IN ANY OTHER COURT IN WHICH LENDER SHALL INITIATE LEGAL OR EQUITABLE PROCEEDINGS AND WHICH HAS SUBJECT MATTER JURISDICTION OVER THE MATTER IN CONTROVERSY. **EACH LOAN PARTY AND LENDER EACH WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, THE RIGHT TO A TRIAL BY JURY** IN ANY PROCEEDING UNDER THIS MODIFICATION AGREEMENT OR RELATING TO THE DEALINGS OF LOAN PARTIES AND LENDER AND ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF "FORUM NON CONVENIENS" OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 10.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Modification Agreement to be executed and delivered as of the day and year first above written.

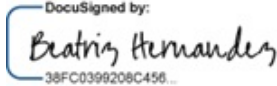
SPAR MARKETING FORCE, INC., a Nevada corporation, as US Borrower

By: 
Name: Michael Matacunas
Title: CEO

SPAR CANADA COMPANY, an unlimited company organized under the laws of Nova Scotia, as Canadian Borrower

By: 
Name: Michael Matacunas
Title: CEO

NORTH MILL CAPITAL LLC

By: 
Name: Beatriz Hernandez
Title: Executive Vice President

CONSENT OF GUARANTORS

Each of the undersigned guarantors (collectively, the "**Guarantors**") consents to the provisions of the foregoing Modification Agreement and all prior amendments (if any) to the Loan Agreement and confirms and agrees that: (a) such Guarantor's obligations under its respective guaranty dated April 10, 2019 (as amended, modified, supplemented, substituted, extended or renewed, from time to time, each a "**Guaranty**") relating to the Obligations mentioned in the Loan Agreement, as increased and modified by the Modification Agreement shall be unimpaired by the Modification Agreement; (b) such Guarantor has no defenses or setoffs, counterclaims, discounts, or charges of any kind against Lender, its officers, directors, investors, bank group members, employees, agents or attorneys with respect to its Guaranty; and (c) all of the terms, conditions, and covenants in its Guaranty remain unaltered and in full force and effect and are hereby ratified and confirmed and apply to the Obligations, as amended by the Modification Agreement. Each Guarantor certifies that all representations and warranties made in its Guaranty are true and correct on the date hereof (except as to such representations and warranties which are made as of a specified date, in which case such representations and warranties remain true as of such date). Each Guarantor acknowledges and agrees that its obligations under its Guaranty include, without limitation, its guaranty of the payment and performance obligations of Borrowers under the Loan Agreement, as modified, and the Notes evidencing the same. Each Guarantor acknowledges and confirms the cross-default and cross-collateralization provisions of the Loan Agreement, as increased and modified by the Modification Agreement. **Each Guarantor expressly ratifies and confirms the confession of judgment and waiver of jury trial provisions contained in the Guaranty.**

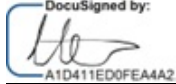
[signature page follows]

WITNESS the due execution hereof as a document under seal, as of the date of this Modification Agreement, intending to be legally bound hereby.

SPAR GROUP, INC., a Delaware corporation, as a Guarantor

By: 
Name: Michael Matacunas
Title: CEO

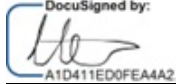
SPAR ACQUISITION, INC., a Nevada corporation, as a Guarantor

By: 
Name: Michael Matacunas
Title: CEO

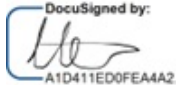
SPAR CANADA, INC., a Nevada corporation, as a Guarantor

By: 
Name: Michael Matacunas
Title: CEO

SPAR TRADEMARKS, INC., a Nevada corporation, as a Guarantor

By: 
Name: Michael Matacunas
Title: CEO

SPAR ASSEMBLY & INSTALLATION, INC., a Nevada corporation, as a Guarantor

By: 
Name: Michael Matacunas
Title: CEO

FOURTH AMENDED AND RESTATED REVOLVING CREDIT MASTER PROMISSORY NOTE

\$28,000,000.00

Princeton, New Jersey

February 1, 2023

FOR VALUE RECEIVED, the undersigned **SPAR MARKETING FORCE, INC.**, a Nevada corporation ("**Borrower**"), promises to pay to the order of **NORTH MILL CAPITAL LLC**, a Delaware limited liability company, d/b/a SLR Business Credit ("**Lender**"), at 821 Alexander Road, Suite 130, Princeton, New Jersey 08540, or such other address as Lender may notify Borrower, such sum up to Twenty-Eight Million and 00/100 Dollars (\$28,000,000.00), together with interest as hereinafter provided, as may be outstanding on Advances by Lender to Borrower under Section 2.J(a) of the Loan and Security Agreement dated April 10, 2019, by and among Lender, Borrower and **SPAR CANADA COMPANY**, an unlimited company organized under the laws of Nova Scotia (as amended, modified, supplemented, substituted, extended or renewed from time to time, the "**Loan Agreement**"). This instrument, as amended, modified, supplemented, substituted, extended or renewed from time to time, may be referred to as the "**Note**". Capitalized terms not otherwise defined herein have the meanings set forth in the Loan Agreement. The Loan Agreement is incorporated herein as though fully set forth, and Borrower acknowledges its reading and execution thereof. In the event of any conflict or inconsistency between this Note and the Loan Agreement, the applicable provision of the Loan Agreement shall control, govern and be given effect. The principal amount owing hereunder shall be paid to Lender on the Termination Date, which is currently October 10, 2024, or as may otherwise be provided for in the Loan Agreement.

On the first day of each calendar month hereafter, Borrower shall pay to Lender accrued interest, computed on the basis of a 360 day year for the actual number of days elapsed, on the Daily Balance, at the per annum rate of one and nine tenths percentage points (1.90%) above the Prime Rate in effect from time to time, but not less than six and three-quarters percent (6.75%) per annum. If there is a change in the Prime Rate, the rate of interest on the Daily Balance shall be changed accordingly as of the date of the change in the Prime Rate, without notice to Borrower.

To secure the payment of this Note and the Obligations, Borrower has granted to Lender a continuing security interest in and lien on the Collateral.

In addition to all remedies provided by law upon default on payment of this Note, or upon an Event of Default, Lender may, at its option:

- (1) declare this Note and the Obligations immediately due and payable;
- (2) collect interest on this Note at the Default Rate set forth in the Loan Agreement from the date of such Event of Default, and if this Note is referred to an attorney for collection, collect reasonable attorneys' fees; and
- (3) exercise any and all remedies provided for in the Loan Agreement.

BORROWER WAIVES PRESENTMENT FOR PAYMENT, PROTEST AND NOTICE OF PROTEST FOR NON-PAYMENT OF THIS NOTE AND TRIAL BY JURY IN ANY ACTION UNDER OR RELATING TO THIS NOTE AND THE ADVANCES EVIDENCED HEREBY. THIS NOTE IS GOVERNED BY THE LAWS OF THE STATE OF NEW JERSEY WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES.

This Note amends and restates in its entirety that certain Third Amended and Restated Revolving Credit Master Promissory Note dated as of June 30, 2022, executed by Borrower in favor of Lender (the "Original Note"). The execution and delivery of this Note is not intended to be a repayment, settlement or other novation of the indebtedness evidenced by the Original Note, or release or otherwise adversely affect any lien or security interest securing such indebtedness.

[signature page follows]

Fourth Amended and Restated Revolving Credit Master Promissory Note (US Borrower)

SPAR MARKETING FORCE, INC.

By: _____

Name:

Title:



Mike Matacunas

President

Fourth Amended and Restated Revolving Credit Master Promissory Note (US Borrower)

FOURTH AMENDED AND RESTATED REVOLVING CREDIT MASTER PROMISSORY NOTE

CDN\$2,000,000.00

Princeton, New Jersey

February 1, 2023

FOR VALUE RECEIVED, the undersigned **SPAR CANADA COMPANY**, an unlimited company organized under the laws of Nova Scotia ("**Borrower**"), promises to pay to the order of **NORTH MILL CAPITAL LLC**, a Delaware limited liability company, d/b/a SLR Business Credit ("**Lender**"), at 821 Alexander Road, Suite 130, Princeton, New Jersey 08540, or such other address as Lender may notify Borrower, such sum up to Two Million and 00/100 Canadian Dollars (CDN\$2,000,000.00), together with interest as hereinafter provided, as may be outstanding on Advances by Lender to Borrower under Section 2.1(b) of the Loan and Security Agreement dated April 10, 2019, by and among Lender, Borrower and **SPAR MARKETING FORCE, INC.**, a Nevada corporation (as amended, modified, supplemented, substituted, extended or renewed from time to time, the "**Loan Agreement**"). This instrument, as amended, modified, supplemented, substituted, extended or renewed from time to time, may be referred to as this "**Note**". Capitalized terms not otherwise defined herein have the meanings set forth in the Loan Agreement. The Loan Agreement is incorporated herein as though fully set forth, and Borrower acknowledges its reading and execution thereof. In the event of any conflict or inconsistency between this Note and the Loan Agreement, the applicable provision of the Loan Agreement shall control, govern and be given effect. The principal amount owing hereunder shall be paid to Lender on the Termination Date, which is currently October 10, 2024, or as, may otherwise be provided for in the Loan Agreement.

On the first day of each calendar month hereafter, Borrower shall pay to Lender accrued interest, computed on the basis of a 360 day year for the actual number of days elapsed, on the Daily Balance, at the per annum rate of one and nine tenths percentage points (1.90%) above the Prime Rate in effect from time to time, but not less than six and three-quarters percent (6.75%) per annum. If there is a change in the Prime Rate, the rate of interest on the Daily Balance shall be changed accordingly as of the date of the change in the Prime Rate, without notice to Borrower.

To secure the payment of this Note and the Obligations, Borrower has granted to Lender a continuing security interest in and lien on the Collateral.

In addition to all remedies provided by law upon default on payment of this Note, or upon an Event of Default, Lender may, at its option:

- (1) declare this Note and the Obligations immediately due and payable;
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[signature page follows]

Fourth Amended and Restated Revolving Credit Master Promissory Note (Canadian Borrower)

SPAR CANADA COMPANY

By:  Name: **MIKE Matacunas**
Title: **President**

Fourth Amended and Restated Revolving Credit Master Promissory Note (Canadian Borrower)