



Creative Realities Announces \$1.9 Million Reduction in Cash Contingent Consideration Obligations

January 31, 2023

LOUISVILLE, Ky., Jan. 31, 2023 (GLOBE NEWSWIRE) -- Creative Realities, Inc. ("Creative Realities," "CRI," or the "Company") (NASDAQ: CREX, CREXW), a leading provider of digital signage solutions, announced that cash contingent consideration issuable in conjunction with its acquisition of Reflect Systems, Inc. ("Reflect") via merger in 2022 has been reduced by approximately \$1,900,000.

On February 17, 2022, the parties consummated a merger in which CRI issued to Reflect stockholders as of the effective time of the merger, among other consideration, 2,333,334 shares of common stock of the Company (the "Shares").

The holders of Shares are entitled to receive, for each Share, a contingent cash payment on February 17, 2025 (subject to a possible extension) equal to the amount by which the average closing price of CRI common stock for the prior 15 trading days as reported on the Nasdaq Capital Market is less than \$6.40 per share, or if certain conditions were met on or before December 31, 2022, less than \$7.20 per share. CRI has determined that such conditions were not met on or before December 31, 2022. Accordingly, the contingent cash payment amount has been reduced from \$7.20 per Share to \$6.40 per Share, a reduction of \$0.80 per Share, or approximately \$1.9 million. This reduction will be reflected in the Company's annual consolidated financial statements to be filed on CRI's Annual Report on Form 10-K in March 2023.

The final calculation of the contingent cash payments will not be finalized until February 17, 2025 (subject to a possible extension), and the Company believes that the total amount of such payments will be further reduced, and possibly eliminated, as CRI's share price increases as investors will ultimately recognize and acknowledge the value creation taking place as general economic conditions improve and CRI continues to report impressive financial results. The Company has reported record revenue for the first, second and third quarters of 2022 and re-affirmed guidance for \$43 million in revenue for FY2022, which is a record full year revenue and represents a 40% organic growth rate. The Company recently conveyed additional revenue guidance of \$54 million for FY2023, which would constitute 25% incremental organic growth rate, nearly twice the industry average. Management projects these increased levels of revenue will drive 2023 results to record Adjusted EBITDA at an improved Adjusted EBITDA margin percentage. A reconciliation of the Company's historical GAAP-basis net income/(loss) to Adjusted EBITDA is provided in our earnings releases and SEC filings on Form 10-Q and Form 10-K, and will continue to be provided for future periods in which Adjusted EBITDA is reported.

About Creative Realities, Inc.

Creative Realities helps clients use the latest omnichannel technologies to inspire better customer experiences. CRI designs, develops and deploys consumer experiences for high-end enterprise-level networks, and is actively providing recurring SaaS and support services across diverse vertical markets, including but not limited to automotive, advertising networks, apparel & accessories, convenience stores, food service/QSR, gaming, theater, and stadium venues. The company has operations across North America with active installations in more than 10 countries.

Use of Non-GAAP Measures

Creative Realities, Inc. prepares its consolidated financial statements in accordance with United States generally accepted accounting principles ("GAAP"). In addition to disclosing financial results prepared in accordance with GAAP, the Company discloses information regarding "EBITDA" and "Adjusted EBITDA." CRI defines "EBITDA" as earnings before interest, income taxes, depreciation and amortization of intangibles. CRI defines "Adjusted EBITDA" as EBITDA excluding stock-based compensation, fair value adjustments and both cash and non-cash non-recurring gains and charges. EBITDA and Adjusted EBITDA are not measures of performance defined in accordance with GAAP. However, EBITDA and Adjusted EBITDA are used internally in planning and evaluating the Company's operating performance. Accordingly, management believes that disclosure of these metrics offers investors, bankers and other stakeholders an additional view of the Company's operations that, when coupled with the GAAP results, provides a more complete understanding of the Company's financial results.

EBITDA and Adjusted EBITDA should not be considered as an alternative to net income/(loss) or to net cash used in operating activities as measures of operating results or liquidity. Our calculation of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures used by other companies, and the measures exclude financial information that some may consider important in evaluating the Company's performance. A reconciliation of GAAP net income/(loss) to EBITDA and Adjusted EBITDA is included in the accompanying financial schedules.

For further information, please refer to Creative Realities, Inc.'s filings available online at www.sec.gov, including its Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 22, 2022.

Cautionary Note on Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, and includes, among other things, discussions of our business strategies, product releases, future operations and capital resources. Words such as "estimates," "projected," "expects," "anticipates," "forecasts," "plans," "intends," "believes," "seeks," "may," "will," "should," "future," "propose" and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance, conditions or results. They are based on the opinions, estimates and beliefs of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties, assumptions and other factors, many of which are outside of our control, that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Some of these risks are discussed in the "Risk Factors" section contained in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 and the Company's subsequent filings with the U.S. Securities and Exchange Commission. Important factors, among others, that may affect actual results or outcomes include: our ability to effectively integrate Reflect's business operations, our strategy for customer retention, growth, product development, market position, financial results and reserves, our ability to execute on our business plan, our ability to retain key personnel, potential litigation, supply chain shortages, and general economic and market conditions impacting demand for our products and services, including those as a result of the COVID-19 pandemic. Readers should not place undue reliance upon any forward-looking statements. We assume no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Contacts

Media Inquiries

Christina Davies

cdavies@ideagrove.com

Investor Relations:

ir@cri.com

<https://investors.cri.com/>