



Creative Realities Successfully Closes Public Offering

August 23, 2023

- ***Migrating to optimal capital structure in support of growth***
- ***Proceeds targeted at reduction in debt***
- ***Targets Net Debt Leverage Ratio below 2.0x***

LOUISVILLE, Ky., Aug. 23, 2023 (GLOBE NEWSWIRE) -- Creative Realities, Inc. ("Creative Realities," "CRI," or the "Company") (NASDAQ: CREX, CREXW), a leading provider of digital signage and media solutions, successfully closed its previously announced public common stock offering on August 21, 2023, and is pleased to provide information about the offering.

On August 17, 2023, the Company announced a public offering of \$6 million in common stock, with no warrant coverage, to institutional and retail investors with use of the net proceeds for general corporate purposes, which may include repayment of principal on the Company's indebtedness, capital expenditures and funding working capital.

Creative Realities CEO Rick Mills commented "The Company experienced unprecedented revenue growth in 2022 and is poised for further revenue and profitability enhancements moving forward." Mr. Mills continued, "The completion of this offering will significantly reduce our leverage ratio – the net offering proceeds are earmarked to repay principal on the Company's amortizing notes – and supports continued conversion of the tremendous growth in opportunities we are experiencing in the marketplace through enhanced working capital. By addressing our capital structure, we have fundamentally reduced the risk profile of the Company and provided sufficient runway to realize value creation for investors as we expect to demonstrate performance against our plan."

Mr. Mills stated, "Through the public offering, we have brought on valuable new institutional investors vested in supporting our value creation plan and who we believe are positioned to continue to support the Company as we scale." Mr. Mills concluded, "Let me be clear, the value that we have created is unimpacted. On the contrary, this transaction provides fuel to aggressively advance available opportunities for the benefit of all our shareholders, with significant focus on continuing the growth in our \$15 million-plus SaaS-based annual recurring revenue base."

The Company repaid approximately \$3.2 million in short-term, amortizing debt principal in 2023 through August 21, 2023. The Company anticipates using the net proceeds of the offering to service the Company's short-term amortizing debt, reducing the balance to approximately \$3.8 million by March 2024, and prospectively reducing the 2024 exit net debt leverage ratio to a projected 2.0x by the end of 2024.

Net debt leverage ratio is a key financial measure used by management to assess the borrowing capacity of the Company. The Company has defined its net debt leverage ratio as net debt (total principal debt outstanding less unrestricted cash) divided by Adjusted EBITDA for the trailing twelve-month period.

About Creative Realities, Inc.

[Creative Realities](#) helps clients use place-based digital media to achieve business objectives such as increased revenue, enhanced customer experiences, and improved productivity. The Company designs, develops and deploys digital signage experiences for enterprise-level networks, and is actively providing recurring SaaS and support services across diverse vertical markets, including but not limited to retail, automotive, digital-out-of-home (DOOH) advertising networks, convenience stores, foodservice/QSR, gaming, theater, and stadium venues.

With its recent acquisition of Reflect Systems, Inc. ("Reflect"), a leading provider of digital signage software platforms, the Company is poised to extend its product and service offering and accelerate growth in SaaS revenue. While Reflect provided a broad range of digital signage solutions, Reflect's flagship products are the market-leading ReflectView digital signage platform and Reflect AdLogic ad management platform. ReflectView is the industry's most comprehensive, scalable, enterprise-grade digital signage platform, powering enterprise customer networks. Meanwhile, Reflect AdLogic has become the benchmark for digital signage powered ad networks, delivering nearly 50 million ads daily. The acquisition of Reflect also brought to the Company a media sales division with the expertise and relationships to help any digital signage venue owner develop and execute a monetization plan for their network.

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 30, 2023.

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, 2022 and in our Quarterly Report on Form 10-Q for the period ended June 30, 2023, 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, our ability to remain listed on the Nasdaq Capital Market, our ability to realize the revenues included in our future guidance and backlog reports, the ability of the Company to continue as a going concern, 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.

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