



Creative Realities announces 2Q18 financial results

August 14, 2018

Reiterates significant growth for FY18

- Reports record quarterly revenue of \$7.2 million
- Achieves positive EBITDA of \$475 thousand
- Earnings call scheduled for Wednesday, August 15th at 9am Eastern

LOUISVILLE, KY – August 14, 2018 – Creative Realities, Inc. (“Creative Realities,” “CRI,” or the “Company”) (OTCQX: CREX), a leading provider of digital marketing solutions, announced its financial results for the quarter ended June 30, 2018.

Rick Mills, Chief Executive Officer, remarked, “CRI achieved revenue of approximately \$7.2 million in the second quarter of 2018, in line with our second quarter budget. This revenue growth resulted in our business achieving breakeven profitability from operations for the three months ended June 30, 2018 and generated positive EBITDA of \$475 thousand. We remain focused on controlling costs as we grow revenues. We have stated previously that our goal is to achieve scale and to maintain profitability moving forward. We expect to further build upon this momentum throughout 2018.”

2018 Second Quarter Financial Overview

- Revenues were approximately \$7.2 million for the three-month period ended June 30, 2018, \$3.6 million, or 101% higher than second quarter 2017. Hardware sales grew approximately \$1.3 million, or 84% in the second quarter of 2018 as compared to the same period in the prior year. Services and other sales grew approximately \$2.3 million, or 114% in the second quarter of 2018 as compared to the same period in the prior year.
- Gross profit was \$3.1 million in the second quarter of 2018. Gross margin declined to 43% in the second quarter of 2018 compared to 46% in the same period in 2017 due primarily to sales mix.
- The Company achieved breakeven profitability from operations for the three months ended June 30, 2018, an increase of \$1.0 million versus the same period in 2017.
- Revenues were \$11.2 million for the six-month period ended June 30, 2018, an increase of 13% compared to the same period in 2017. Hardware sales grew approximately \$2.0 million, or 96% for the six months ended June 30, 2018 as compared to the same period in the prior year. Services and other sales were approximately \$7.2 million.
- Gross profit was \$4.6 million for the six months ended June 30, 2018 as compared to \$4.5 million from the corresponding period in 2017. Gross margin declined to 41% in the six months ended June 30, 2018 as compared to 44% in the same period in 2017 due primarily to sales mix.

2018 Financial Guidance

The Company is providing further clarity regarding its 2018 financial guidance previously provided in connection with our FY2017 earnings release as follows:

- Organic revenue growth for FY18 of approximately 72%, to \$31 million; the reduction from our previous guidance of \$33 million is specifically related to a \$1.8 million Smart Cities order for which we previously received a \$1 million deposit but no longer anticipate will translate into revenue in 2018
- 2018 positive EBITDA of approximately \$3.2 million, excluding one-time, non-cash charges related to restructuring, adjusted from \$3.5 million as a result of the reduction in revenue

Mr. Mills added, “We remain focused on revenue growth and leveraging that growth to achieve and sustain positive EBITDA as we move through the second half of 2018. We believe that the Company is now positioned to sustain breakeven or positive operating results as a result of our success in the marketplace over the past twelve months. With that, we are now focused on consolidation opportunities in order to add inorganic growth to our own pattern of organic revenue growth, leaning on the significant investments we have made in operational systems and processes. We are focused on the execution of this strategy throughout the remainder of 2018 and 2019.”

Conference Call Details

The Company will host a conference call to review the results and provide additional commentary about the Company’s recent performance, which is scheduled for Wednesday, August 15, 2018 at 9:00 am Eastern Time.

Prior to the call, participants should register at bit.ly/crarnings2018Q2. Once registered, participants can use the weblink provided in the registration email to dial-in by phone or use your computer to listen to the live webcast.

Following the live webcast, a replay will be available approximately two hours after the webcast on our website at www.cri.com for at least 30 days.

About Creative Realities, Inc.

Creative Realities helps retailers and brands use the latest technologies to inspire shopper engagement in and around the Store. Founded over 15 years ago, the firm’s evolving client base has led to recognized leadership in deploying technology aligned with strategic and consumer behavior goals at Retail. The firm has created and delivered consumer/shopper experiences, designs and installs high-end audio-visual networks, and is actively

providing recurring SaaS and support services across diverse categories: Automotive, Apparel & Accessories, Banking, Baby/Children, Beauty, CPG, Department Stores, Digital Out-of-Home (DOOH), Electronics, Fashion, Fitness, Foodservice/QSR, Financial Services, Gaming, Luxury, Mass Merchants, Mobile Operators, and Pharmacy Retail.

Cautionary Note on Forward-Looking Statements

This press release contains certain statements that would be deemed "forward-looking statements" under Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and includes, among other things, discussions of our business strategies, future operations and capital resources. Words such as "may," "likely," "anticipate," "expect" and "believe" indicate forward-looking statements.

These forward-looking statements may reflect management's present expectations and estimates regarding future expenses, revenue and profitability, trends affecting our financial condition and results of operations, operating efficiencies, revenue opportunities, potential new markets, and the ability of the Company to effectively compete in a highly competitive market. Nevertheless, and despite the fact that management's expectations and estimates are based on assumptions management believes to be reasonable and data management believes to be reliable, the Company's actual results, performance, or achievements are subject to future risks and uncertainties, any of which could materially affect the Company's actual performance. Risks and uncertainties that could affect such performance include, but are not limited to: the adequacy of funds for future operations; future expenses, revenue and profitability; trends affecting financial condition and results of operations; ability to convert proposals into customer orders; the ability of customers to pay for products and services; the impact of changing customer requirements upon revenue recognition; customer cancellations; the availability and terms of additional capital; ability to develop new products; dependence on key suppliers, manufacturers and strategic partners; industry trends and the competitive environment; the impact of the Company's financial condition upon customer and prospective customer relationships; and the impact of losing one or more senior executives or failing to attract additional key personnel. These and other risk factors are discussed in Company reports filed with the Securities and Exchange Commission.

Given these uncertainties, and the fact that forward-looking statements represent management's estimates and assumption as of the date of this press release, you should not attribute undue certainty to these forwardlooking statements. We assume no obligation to update any forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in any forward-looking statements contained in this press release, even if new information becomes available in the future.

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