



Creative Realities announces FY17 and 4Q17 financial results

March 26, 2018

Achieves record revenue growth in 2017; Reiterates significant growth for FY18

- Annual revenue growth of approximately 30% versus 2016
- Announces FY18 guidance of \$33 million in revenue
- Earnings call scheduled for Monday, March 26th at 9am Eastern

LOUISVILLE, KY – March 26, 2018 – Creative Realities, Inc. (“Creative Realities,” “CRI,” or the “Company”) (OTCQB: CREX), a leading provider of digital marketing solutions, announced its financial results for the year ended December 31, 2017, including the quarter ended as of the same date.

Rick Mills, Chief Executive Officer, remarked, “CRI achieved record revenue growth in 2017, organically increasing revenue by more than \$4 million. Our progress in 2017 is attributable to three things: successfully integrating Conexus, investing in our sales team, and solid execution of our strategic plan for profitable growth. Adjusting for the impact of one large non-recurring project delivered in the fourth quarter of 2016, I’m particularly pleased to report that CRI revenue and gross profit grew by 50%+ and 30%+ in 4Q17 compared to 4Q16. Our product offerings and sales team continue to gain traction in a rapidly changing marketplace, and we expect to further build upon this momentum in 2018.”

2017 Financial Overview

- Revenues were \$17.7 million for the year ended December 31, 2017, growing by \$4.0 million or approximately 30% compared to 2016.
- Gross profit was \$7.4 million in 2017, up \$0.5 million, or 8%, compared to 2016.
- Gross margin declined to 42% in 2017 compared to 50% in 2016 due to sales mix. Hardware sales grew approximately 80% in 2017.
- Operating Loss declined to \$4.1 million, down \$0.5 million, compared to 2016, excluding the effect of a \$2.0 million one-time non-cash charge related to issuance of holdback shares in connection with the ConeXus acquisition.

4Q17 Financial Overview

- Revenues were \$4.1 million for the three-month period ended December 31, 2017, a decrease of 25% compared to the same period in 2016 and an increase of 16% sequentially.
- Gross profit was \$1.5 million for the fourth quarter of 2017, down \$1.2 million compared to the same period in 2016; gross profit increased 6% sequentially.
- Gross margin declined to 36% in 4Q17 compared to 49% in 4Q16 due to sales mix. Hardware sales represented approximately 40% of total revenue in the fourth quarter of 2017 compared to 10% in 2016.
- Operating loss/income changed from operating income of \$0.2 million in 4Q16 to an operating loss of \$1.6 million in 4Q17; operating loss decreased sequentially by \$2.0 million.

2018 Financial Guidance

The Company is announcing financial guidance 2018 as follows:

- Revenue growth to exceed 86%, equivalent to FY18 revenue of \$33 million.
- 2018 positive EBITDA of a minimum of approximately \$3.5 million.

Mr. Mills concluded, “We expect 2018 to be another year of significant growth. We already have \$11 million in signed orders booked for 2018, our senior management team is now in place, and we are currently evaluating acquisition opportunities to achieve greater scale and operating leverage”.

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 Monday, March 26, 2018 at 9:00 am Eastern Time. Prior to the call, participants should register at bit.ly/crearnings2017. 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 17 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 forward-looking 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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