

## Creative Realities announces 2Q17 financial results Third Consecutive Quarter Of Year Over Year Revenue Growth

August 14, 2017

- 1H17 revenue grew 80% and gross profit increased 56% versus prior year
- Q2 2017 revenue up 18% vs. prior year
- Deferred revenues increased to \$6.8 million
- Non-cash increase to Equity of \$2.5 million due to change in warrant liability classification
- Board of Directors approves stock repurchase program of up to 5 million shares
- Earnings call scheduled for Tuesday, August 15th at 9:00 am Eastern

LOUISVILLE, KY – August 14, 2017 – 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, 2017.

Net revenues were \$3.6 million in the second quarter of 2017, compared with \$3.0 million in the same period last year. This represents an 18% increase over the same period last year. Rick Mills, Chief Executive Officer, remarked, “This was a quarter of continued progress as this represents our third consecutive quarter of year-over-year growth. We were awarded a \$6.2 million contract in Q2 and expected to recognize an additional \$2.0 million of revenue in this quarter, as announced in the Company’s press release dated June 28, 2017. However, due to timing issues with delivery by a third-party vendor, the revenue is being deferred at this time. While it’s disappointing not to recognize additional revenues in this quarter, our deferred revenues increased to \$6.8 million. To be very clear, this is a timing/revenue recognition issue and in no way reflects on the continuing growth and expansion of the business.”

### Second Quarter Financial Highlights

- Revenues were \$3.6 million for the three-month period ended June 30, 2017, an increase of 18% compared to the same period in 2016
- Gross profit was \$1.6 million for the three-month period ended June 30, 2017, a slight decrease of \$100,000 from the corresponding period in 2016, due to increased investment in our business to accommodate our increased growth
- Revenues were \$10.0 million for the six-month period ended June 30, 2017, an increase of 83% compared to the same period in 2016
- Gross profit was \$4.5 million for the first half of 2017, up \$1.6 million, or 56%, from the corresponding period in 2016
- Net loss before income taxes was \$1.2 million for the first half of 2017, an improvement of \$1.1 million or 48%, compared to the same period in 2016
- Deferred revenues increased to \$6.8 million, an increase of 886% sequentially, primarily as a result of the receipt of a large order from a customer and the inability to recognize any revenue in this quarter related to that order
- Cash on hand increased to \$6.1 million on June 30, 2017 versus \$3.4 million at March 31, 2017

### Additional Second Quarter Highlights

Mr. Mills continued, “I would like to take a moment and outline the significant additional positive steps we have accomplished this quarter;

- Expanded the sales team across the US to 16 executives from 7 in Q2 2016.
- Awarded a contract with a leading premium car manufacturer located in Germany to deploy digital technology in its 380 dealerships in the US
- Due to a change in classification of the non-cash valuation of equity warrants from a liability to shareholders’ equity resulting from FASB Accounting Standards Update No. 2017-11, the Company’s shareholders’ equity increased by \$2.5 million at June 30, 2017

We are continuing to make investments in sales, marketing, systems and new business opportunities as we continue our rapid growth while exercising optimal expense control.”

### 2017 Updated Financial Outlook

Given the uncertainty regarding the ability to recognize the \$6.2 million pre-paid non-refundable order discussed above, the Company is revising its 2017 financial guidance provided in connection with an investor presentation at a financial conference in January 2017 (which is available on our website at [www.cri.com](http://www.cri.com)):

Organic revenue growth (i.e. excluding acquisitions) is now expected to exceed 47%, translating to FY17 revenue of not less than \$20.0 million

### 2017 Share Repurchase Program

The Company today announced that its Board of Directors has approved a share repurchase program to repurchase up to five million of the Company’s common stock or common stock equivalents. Repurchases may be made at management’s discretion from time to time on the open market or through privately negotiated transactions. The repurchase program expires in two years, and may be suspended for periods or discontinued at any time. Any shares acquired are expected to be retired. The Company intends to finance the share repurchase program through cash on hand.

"Our cash flow performance is strong, and the Board of Directors and management team believe that repurchasing stock below intrinsic value is a sound capital allocation strategy and accretive to shareholders. We will continue to fund substantial investments in the business, as well as evaluate acquisition opportunities," said Rick Mills, Chief Executive Officer.

#### 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 Tuesday, August 15, 2017 at 9:00 am Eastern Time.

Prior to the call, participants should register at [bit.ly/crarnings2017q2](http://bit.ly/crarnings2017q2). 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](http://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 16 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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