



## Creative Realities announces 2Q16 financial results and new financing

August 22, 2016

### Improving revenue growth, substantial gross margin gains, increase in liquidity

**LOUISVILLE, KY – August 22, 2016** – Creative Realities, Inc. (“Creative Realities,” “CRI,” or the “Company”) (OTCQB: CREX), a leading provider of digital signage and shopper marketing solutions announced its financial results for the three months ended June 30, 2016.

#### Second Quarter Financial Overview:

- Revenues increased to \$3.03 million or 12% for the three-month period ended June 30, 2016 compared to the same period in 2015. This represents an increase of 24% compared to the threemonth period ended March 31, 2016.
- Gross profit increased to \$1.7 million or 157% for the three-month period ended June 30, 2016 compared to the same period in 2015. This represents an increase of 50% compared to the threemonth period ended March 31, 2016.
- Gross margin improved significantly to 57% of revenue.
- General and administrative expenses decreased to \$1.47 million or 19% year-on-year, and decreased 14% sequentially.
- Non-operating gains resulted in a cumulative gain of \$1.16 million.
- Approaching operating break-even and cumulative non-operating gains resulted in net income attributable to shareholders of \$.42 million for the three months ended June 30, 2016.

Rick Mills, Chief Executive Officer, remarked, “We continue to make tremendous strides in expanding relationships with existing clients, acquiring new clients, operating efficiencies, and strengthening our balance sheet. This business transformation is ongoing and producing meaningful results. We also continue to engage in ongoing discussions with potential acquisition candidates that we believe can be effectively consolidated onto our public company platform, and contribute to our top and bottom lines. Our industry remains highly fragmented. We are uniquely positioned to be a consolidator to achieve greater scale, diversification and profitability.”

#### New Term Loan and Balance Sheet Improvements

On August 17, 2016, the Company entered into a \$3.0 million term loan with Slipstream Communications LLC, our largest institutional shareholder and an affiliate of Pegasus Capital Advisors, L.P. The loan has an initial maturity of one year, carries an 8.0% interest rate and is secured by the Company’s assets. The lender may make additional advances of up to another \$1.0 million, based on the Company’s future operating performance. In consideration for entering into the loan agreement, the Company also issued 5,882,352 warrants to purchase shares of the Company’s common stock. Proceeds from the loan will be used to: satisfy obligations under our current financing agreement, improve working capital, and targeted growth initiatives as we continue to expand the business.

“This financing represents not only a major endorsement of the Company’s recent progress, but more importantly, it is a major vote of confidence from our largest institutional shareholder in our future,” added Mills. “We have significantly increased our liquidity, reduced our cost of capital, and positioned ourselves favorably as we move forward.”

Year-to-date we have successfully negotiated structured settlements with legacy creditors resulting in cash savings of \$2.0 million, and the elimination of \$1.7M in liabilities from our balance sheet when the Company has fulfilled its remaining obligations. We recognized certain gains from these settlements in 2Q16, and anticipate additional gains will be recognized in future reporting periods.

Mills concluded “We have made a lot of progress in the past several months and are energized by the progress we have made. We have refocused and right-sized the business, improved our financing and liquidity positions and have added valuable resources to the team. I am optimistic about the future prospects and potential for Creative Realities.”

#### **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 delivered consumer/shopper experiences, and is actively providing recurring services today, across diverse categories: Automotive, Apparel & Accessories, Banking, Baby/Children, Beauty, CPG, Department Stores, Electronics, Fashion, Fitness, Foodservice/QSR, Financial Services, Gaming, Luxury, Mass Merchants, Mobile Operators, and Pharmacy Retail.

#### **About ConeXus**

The Company’s ConeXus subsidiary designs, installs and services high-end audio-visual networks for global retailers, luxury brands, digital out-of-home (DOOH) companies, advertising networks, and outdoor clients. The company has four offices across North America and active installations in 40 countries.

#### **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.

**Investor Relations Contact:**

John Walpuck  
Chief Operating Officer & Chief Financial Officer  
Creative Realities, Inc.  
Tel: (949) 228-7777 [john@cri.com](mailto:john@cri.com)