

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): May 19, 2023

CREATIVE REALITIES, INC.

(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| Minnesota (State or other jurisdiction of incorporation) | 001-33169 (Commission File Number) | 41-1967918 (IRS Employer Identification No.) |
| 13100 Magisterial Drive, Suite 100, Louisville, KY (Address of principal executive offices) | | 40223 (Zip Code) |

(502) 791-8800

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|--------------------------|--|
| Common Stock, par value \$0.001 per share | CREX | The Nasdaq Stock Market LLC |
| Warrants to purchase Common Stock | CREXW | The Nasdaq Stock Market LLC |

Item 8.01 Other Events.

As previously reported, on May 1, 2023, Creative Realities, Inc. (“Creative Realities,” “CRI,” or the “Company”) received a revised proposal (the “Revised Proposal”) from Pegasus Capital Advisors, L.P., on behalf of itself and certain of its affiliates (collectively, “Pegasus”), to acquire all of the outstanding shares of common stock of the Company that are not owned by Pegasus for a purchase price of \$2.85 per share in cash. Pegasus currently beneficially owns approximately 3.7 million shares of the Company’s common stock, or approximately 38.13% of the outstanding shares. Pegasus also currently beneficially owns approximately \$17.9 million of the Company’s outstanding debt. The Revised Proposal followed an earlier proposal (the “Original Proposal”) from Pegasus to acquire all of the outstanding shares of common stock of the Company that are not owned by Pegasus for a purchase price of \$2.49 per share in cash (adjusted for the Company’s 1-for-3 reverse stock split effected March 27, 2023). The Original Proposal was rejected by a special committee (the “Special Committee”) of the Company’s non-executive, independent directors.

The Special Committee, in consultation with its advisors, carefully reviewed and considered the Revised Proposal to determine what course of action it believed to be in the best interests of the Company’s shareholders. The Special Committee has concluded that the Revised Proposal undervalues the Company based on the Company’s existing business and current and future prospects, and is not in the best interests of the Company’s existing shareholders.

The Special Committee advised Pegasus that it has rejected the Revised Proposal. The Special Committee remains available to evaluate and respond to any revised proposal. There can be no assurance that any revised proposal or definitive offer will be made or accepted, that any agreement will be executed, or that any transaction will be consummated.

The press release attached as Exhibit 99.1 describes the foregoing and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|---|
| 99.1 | Press Release dated May 19, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CREATIVE REALITIES, INC.
(Registrant)

Date: May 19, 2023

By: /s/ Will Logan
WILL LOGAN
Chief Financial Officer

FOR IMMEDIATE RELEASE**Creative Realities Rejects Unsolicited Proposal by Pegasus Capital Advisors, L.P.**

LOUISVILLE, KY – May 19, 2023 – As previously reported, on May 1, 2023, Creative Realities, Inc. (“Creative Realities,” “CRI,” or the “Company”) (NASDAQ: CREX, CREXW) received a revised proposal (the “Revised Proposal”) from Pegasus Capital Advisors, L.P., on behalf of itself and certain of its affiliates (collectively, “Pegasus”), to acquire all of the outstanding shares of common stock of the Company that are not owned by Pegasus for a purchase price of \$2.85 per share in cash. The Revised Proposal followed an earlier proposal (the “Original Proposal”) from Pegasus to acquire all of the outstanding shares of common stock of the Company that are not owned by Pegasus for a purchase price of \$2.49 per share in cash (adjusted for the Company’s 1-for-3 reverse stock split effected March 27, 2023). The Original Proposal was rejected by a special committee (the “Special Committee”) of the Company’s non-executive, independent directors.

The Special Committee, in consultation with its advisors, carefully reviewed and considered the Revised Proposal to determine what course of action it believed to be in the best interests of the Company’s shareholders. The Special Committee has concluded that the Revised Proposal undervalues the Company based on the Company’s existing business and current and future prospects, and is not in the best interests of the Company’s existing shareholders.

The Special Committee advised Pegasus that it has rejected the Revised Proposal. The Special Committee remains available to evaluate and respond to any revised proposal. There can be no assurance that any revised proposal or definitive offer will be made or accepted, that any agreement will be executed, or that any transaction will be consummated.

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., 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.

The combined company has operations across North America with active installations in more than 10 countries.

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 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.

Contacts

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