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

FORM 8-K/A

CURRENT REPORT

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

Date of Report (date of earliest event reported): November 20, 2018

CREATIVE REALITIES, INC.
(Exact name of registrant as specified in its charter)

Minnesota	001-33169	41-1967918
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

13100 Magisterial Drive, Suite 100, Louisville, KY	40223
(Address of principal executive offices)	(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. ☐

EXPLANATORY NOTE

On November 26, 2018, Creative Realities, Inc. filed a Current Report on Form 8-K (the "Initial Report") reporting completion of its acquisition of Allure Global Solutions, Inc. ("Allure") on November 20, 2018, pursuant to the Stock Purchase Agreement dated as of September 20, 2018. Creative Realities is filing this amendment to (i) file the historical financial statements of Allure as required by Item 9.01(a) of Form 8-K, (ii) file the interim financial statements of Allure required by Item 9.01(a) of Form 8-K, and (iii) file the unaudited pro forma financial information required by Item 9.01(b) of Form 8-K. No other amendments to the Initial Report are being effected hereby.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited balance sheets of Allure Global Solutions, Inc. as of and for the years ended March 31, 2018 and 2017, the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements, are filed as Exhibit 99.1 and incorporated herein by reference. The unaudited consolidated balance sheet of Allure Global Solutions, Inc. as of September 30, 2018 and the unaudited consolidated statements of operations, changes in stockholder's equity, and cash flows for the periods ended September 30, 2018 and 2017 and the notes to the financial statements, are included as part of this Form 8-K/A and are incorporated herein by this reference.

(b) Pro Forma Financial Information

The unaudited pro forma financial information of Creative Realities as of September 30, 2018 and for the periods ended December 31, 2017 and September 30, 2018, is filed as Exhibit 99.2 and incorporated herein by reference.

(c) Exhibits

Exhibit No.	Description
99.1	Audited Financial Statements of Allure Global Solutions, Inc. for the years ended March 31, 2018 and 2017 (*filed herewith)*
99.2	Unaudited consolidated balance sheet of Allure Global Solutions, Inc. as of September 30, 2018 and the unaudited consolidated statements of operations, changes in stockholder's equity, and cash flows for the periods ended September 30, 2018 and 2017 and the notes related thereto (*filed herewith)*
99.3	Unaudited pro forma financial information of Creative Realities, Inc. as of September 30, 2018 and for the periods ended September 30, 2018 and December 31, 2017 (*filed herewith)*

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)

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

Date: February 1, 2019

INDEX OF EXHIBITS

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99.3	Unaudited pro forma financial information of Creative Realities, Inc. as of September 30, 2018 and for the periods ended September 30, 2018 and December 31, 2017 (*filed herewith)*

Exhibit 99.1

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SERVICES, INC.

FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SERVICES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Allure Global Solutions, Inc.

We have audited the accompanying financial statements of Allure Global Solutions, Inc., a wholly owned subsidiary of Christie Digital Services, Inc. which comprise the balance sheets as of March 31, 2018 and 2017, the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allure Global Solutions, Inc. as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Aprio, LLP

Atlanta, Georgia
September 17, 2018

Aprio, LLP Five Concourse Parkway, Suite 1000, Atlanta, Georgia 30328 404.892.9651 Aprio.com

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SERVICES, INC.

BALANCE SHEETS
MARCH 31,

	2018	2017
ASSETS		
Current assets		
Cash and equivalents	$ 42,674	$ 387,165
Accounts receivable - net	2,715,079	2,138,509
Due from affiliate	1,082,515	143,221
Inventories - net	351,937	296,037
Income taxes receivable	-	50,693
Prepaid expenses	69,116	54,370
Total current assets	4,261,321	3,069,995
Property and equipment - net	116,586	161,510
Other assets		
Capitalized software development costs, net of accumulated amortization of $1,103,891 and $992,074, respectively	1,848,506	1,273,541
Deferred income taxes, net	1,110,639	957,047
Goodwill and other intangible assets	8,952,652	10,372,652
Security deposits	7,308	7,308
	11,919,105	12,610,548
	$ 16,297,012	$ 15,842,053
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Due to affiliate	$ 3,300,000	$ -
Accounts payable and accrued expenses	3,105,352	1,536,211
Deferred revenue	1,765,323	2,015,800
Total current liabilities	8,170,675	3,552,011
Long-term liabilities		
Deferred income taxes	2,236,717	3,707,359
Commitments and Contingencies		
Stockholder's equity		
Common stock	-	-
Additional paid-in capital	18,204,930	18,204,930
Accumulated deficit	(12,315,311)	(9,622,247)
	5,889,620	8,582,683
	$ 16,297,012	$ 15,842,053

See auditors' report and accompanying notes

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SERVICES, INC.

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED MARCH 31,

	2018	2017
Net revenues	$ 9,449,435	$ 11,047,034
Costs and expenses:		
Direct costs of sales	7,377,550	5,192,782
Operating expenses	5,743,667	6,507,932
Depreciation and amortization	1,487,920	2,421,122
	14,609,137	14,121,836
Operating loss	(5,159,702)	(3,074,802)
Other income (expense)		
Interest income	55	199
Interest expense	(41,270)	(719)
Total other income (expense)	(41,215)	(520)
Impairment of goodwill	-	(6,162,880)
Loss before income taxes	(5,200,917)	(9,238,202)
Income tax benefit	2,507,854	1,294,431
Net loss	$ (2,693,063)	$ (7,943,771)

See auditors' report and accompanying notes

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SERVICES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED MARCH 31,

	Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Equity
Balance at April 1, 2016	1	$ -	$ 18,204,930	$ (1,678,476)	$ 16,526,454
Net loss	-	-	-	(7,943,771)	(7,943,771)
Balance at March 31, 2017	1	-	18,204,930	(9,622,247)	8,582,683
Net loss	-	-	-	(2,693,063)	(2,693,063)
Balance at March 31, 2018	1	$ -	$ 18,204,930	$ (12,315,310)	$ 5,889,620

See auditors' report and accompanying notes

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SERVICES, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Net loss	$ (2,693,063)	$ (7,943,771)
Adjustments to reconcile net loss to net cash provided / used by operating activities:		
Depreciation and amortization	1,646,134	2,647,337
Impairment of goodwill	-	6,162,880
Change in reserve for slow-moving and obsolete inventory	23,944	(73,252)
Change in allowance for doubtful accounts	342,000	(99,000)
Deferred income taxes	(1,624,234)	(1,300,685)
Change in operating assets and liabilities:		
Accounts receivable	(918,570)	(123,671)
Due from affiliate	(939,294)	6,255
Inventories	(79,844)	165,302
Income taxes receivable	50,693	339,552
Prepaid expenses	(14,745)	39,008
Accounts payable and accrued expenses	1,569,140	636,427
Deferred revenue	(250,477)	(167,447)
Net cash (used) provided by operating activities	(2,888,316)	288,935
Cash flows from investing activities		
Capitalization of software development costs	(733,179)	(439,676)
Purchases of property and equipment	(22,996)	-
Net cash used by investing activities	(756,175)	(439,676)
Cash flows from financing activities Proceeds from due to affiliate	3,300,000	-
Decrease in cash and cash equivalents	(344,491)	(150,741)
Cash and cash equivalents, beginning of year	387,165	537,906
Cash and cash equivalents, end of year	$ 42,674	$ 387,165
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the years for:		
Interest	$ -	$ 719
Income taxes	-	-

See auditors’ report and accompanying notes

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 AND 2017

Note A

Summary of Significant Accounting Policies

Nature of Operations:

Allure Global Solutions, Inc., (the "Company") is a global leader in helping companies connect and engage consumers by activating brands, environments, and experiences digitally. Allure's visual communication and retail transaction solutions connect businesses, brands, and products with their consumers at points of influence and purchase, in a variety of environments. Leveraging dynamic digital signage integrations to drive new revenue streams and create differentiated brand experiences, the company's suite of intelligent solutions integrate advanced analytics, exceptional creative, software, and hardware with business applications to deliver engaging data-driven experiences, activate brands, and achieve desired business outcomes. The Company's software currently manages approximately 3,000 installations and 18,500 devices in 13 countries around the world. The Company provides product and service offerings specifically tailored for restaurants and bars, theatres, theme parks, convenience stores, stadiums and arenas, as well as other high traffic retail spaces. The Company's vision is provide end-to-end planning, management, and support for innovative consumer engagement solutions such as digital menu boards, merchandisers, video walls and more. The Company is a wholly-owned subsidiary of Christie Digital Systems, Inc.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk:

The Company grants credit to its customers during the normal course of business. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers.

Note A

Summary of Significant Accounting Policies (Continued)

The Company maintains cash balances in financial institutions, which may at times exceed the amount insured by the Federal Deposit Insurance Corporation. Management continually monitors the soundness of these institutions and does not believe the Company is exposed to any significant credit risk related to cash and equivalents.

Cash and Cash Equivalents:

The Company considers cash on hand and deposits in banks as cash and equivalents for purposes of the statement of cash flows.

Accounts Receivable - Net:

Accounts receivable are generally due under normal trade terms requiring payment within 30 days from the invoice date. Unpaid accounts receivable do not bear interest and accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices over 90 days old are considered delinquent.

Bad debts are provided using the allowance for doubtful accounts method based on historical experience and management’s evaluation of outstanding accounts receivable at the end of the year. The allowance for doubtful accounts totaled approximately $536,000 and $194,000 as of March 31, 2018 and 2017.

Revenue Recognition:

The Company requires that four basic criteria be met before revenue can be recognized for all transactions: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred.

The Company earns revenue from the sale of equipment, installation of equipment, consulting services related to the development of content, software licenses, and support and maintenance of software including technical customer support and bug fixes.

Note A

Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Most of the Company's contracts are multiple element arrangements. For such arrangements, each element should be accounted for separately over its respective service period, provided that there is vendor-specific objective evidence (VSOE) of fair value for the separate elements. The Company has established VSOE on the sale of equipment, the consulting services related to content development and the installation of the equipment. The Company recognizes revenue on the sale and installation of equipment when the installation is complete, and recognizes revenue on the content creation when the content is turned over to the customer. Within the licensing of software, revenue is primarily from (a) perpetual software licenses installed at customer premises which is controlled by a cloud-based software and (b) cloud based services license, which allows customers to upload new content to the on-premise installed solution and provides real time analytical data that the customer can leverage to optimize profitability. The perpetual software license is recognized over the estimated life of the customer. Cloud services are billed as a time-based license and the Company recognizes revenue from the cloud services over the contractual license period. The Company recognizes support and maintenance on a straight line basis over the contractual service period. Revenue is reported net of sales tax.

Deferred revenue consists of amounts billed to, or payments received from customers for software licenses, equipment, services and maintenance that have not met the criteria for revenue recognition.

Inventories:

Inventories consist principally of purchased materials and are recorded at the lower of cost or net realizable value. Inventory is valued using average costing method. The Company assesses slow- moving inventory based on management's analysis of inventory levels and future marketability. As of March 31, 2018 and 2017, the allowance for slow-moving and obsolete inventory totaled $150,830 and $126,886.

Note A

Summary of Significant Accounting Policies (Continued)

Property and Equipment:

Property and equipment are recorded at cost. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation or amortization is removed from the accounts, and any resulting gain or loss is reflected in the statement of income. Depreciation and amortization are computed using the straight-line method over their estimated useful lives as follows:

Autos	5 years
Office furniture	5 - 7 years
Computer hardware	5 years
Leasehold improvements	3 years
Computer software	3 years

Impairment of Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. During the years ended March 31, 2018 and 2017, no impairment charges related to long-lived assets were recorded by the Company.

Intangible Assets:

Intangible assets consist of backlog, customer relationships, technology and trademarks and tradenames. Amortization is computed using the straight-line method. Backlog is amortized over 1 year. Customer relationships are amortized over 10 years. Technology is amortized over 7 years. Trademarks and tradenames are amortized over 10 years.

Capitalized Software Development Costs:

Software development costs are expensed as incurred until technological feasibility of the product is established. Development costs incurred subsequent to establishing technological feasibility are capitalized and are amortized on a straight-line basis over the estimated economic life of the product. Capitalization of computer software costs ceases and amortization begins when the product is available for general release to customers.

Note A

Summary of Significant Accounting Policies (Continued)

Goodwill:

Goodwill is accounted for in accordance with FASB ASC 350, “Intangibles—Goodwill and Other” (“FASB ASC 350”), which requires goodwill and certain intangible assets be reviewed for impairment annually. Under FASB ASC 350, goodwill impairment occurs if the net book value of a reporting unit exceeds its estimated fair value. Based on an independent valuation, the recorded book value of goodwill exceeded the reporting unit’s fair value, and an impairment loss of $0 and $6,162,880 was recognized for the years ended March 31, 2018 and 2017, respectively.

Advertising and Marketing Costs:

Advertising and marketing costs are expensed when incurred and are included as a part of operating expenses in the accompanying statement of operations. These costs totaled $944,135 and $757,639 for the years ended March 31, 2018 and 2017, respectively.

Income Taxes:

The Company recognizes deferred income taxes to reflect the tax consequences of temporary differences between the assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. A valuation allowance is provided, if necessary, to reduce deferred tax assets to a level, which more likely than not, will be realized.

On December 22, 2017, the U.S. enacted new tax reform legislation which reduced the corporate tax rate to 21% effective for tax years beginning January 1, 2018. Under ASC 740, the effects of new tax legislation are recognized in the period which includes the enactment date. As a result, the deferred tax assets and liabilities existing on the enactment date must be revalued to reflect the rate at which these deferred balances will reverse. Due to this rate reduction, the net deferred tax liability was reduced which resulted in a corresponding income tax benefit.

Research and Development:

Expenditures related to the development of new products and processes are expensed as incurred. Research and development expenses were $550,828 and $1,021,401 for the years ended March 31, 2018 and 2017, respectively.

Note B

Accounts Receivable - Net

Accounts receivable consisted of the following at March 31,:

	2018	2017
Trade accounts receivable	$ 3,250,225	$ 2,332,509
Employee advances	854	-
Less allowance for doubtful accounts	(536,000)	(194,000)
	$ 2,715,079	$ 2,138,509

Note C

Property and Equipment - Net

Property and equipment- net consisted of the following at March 31,:

	2018	2017
Automobiles	$ 134,028	$ 134,028
Computer hardware	525,576	502,580
Computer software	104,462	104,462
Office furniture	148,401	148,401
Leasehold improvements	10,148	10,148
	922,615	899,619
Less accumulated depreciation and amortization	(806,029)	(738,109)
	$ 116,586	$ 161,510

Depreciation expense on property and equipment was $67,920 and $84,455 for the years ended March 31, 2018 and 2017, respectively, and is included in depreciation and amortization in the accompanying statement of income.

Note D

Capitalized Software Development Costs

In 2011, the Company initiated a project to create a new point-of-sale product to replace the existing technology. The Company established technological feasibility in October 2011, and subsequently capitalized $232,848 related to development costs. In accordance with the Christie acquisition in 2015 (Note E), the Company recorded the project at fair market value of $109,494. The project was ready for general release to customers in March 2012, at which point capitalization of development costs ceased, and amortization of the capitalized software development costs began. Amortization expense related to this project was $33,264 for each of the years ended March 31, 2018 and 2017. During the year ended March 31, 2018, the Company determined that the product would no longer be sold and wrote-off the remaining unamortized balance of $30,492. These expenses are included in direct costs of sales in the accompanying statement of operations.

In 2014, the Company initiated a project to provide major enhancements to its primary digital signage content management software solution. The Company established technological feasibility in October 2014, and subsequently capitalized $182,204 related to development costs. In accordance with the Christie acquisition in 2015 (Note E), the Company recorded the project at fair market value of $180,685. The project was ready for general release to customers in October 2015, at which point capitalization of development costs ceased, and amortization of the capitalized software development costs began. Amortization expense related to this project was $36,441 for each of the years ended March 31, 2018 and 2017, and is included in direct costs of sales in the accompanying statement of operations.

In 2015, the Company initiated a project to re-write its content management software solution to, among other things, allow content to be driven by a rules engine. The Company established technological feasibility in January 2015, and subsequently capitalized $605,570 related to development costs. In accordance with the Christie acquisition in 2015 (Note E), the Company recorded the project at fair market value of $605,570. The project was ready for general release to customers in January 2016, at which point capitalization of development costs ceased, and amortization of the capitalized software development costs began. Amortization expense related to this project was $121,114 for each of the years ended March 31, 2018 and 2017, and is included in direct costs of sales in the accompanying statement of operations.

In 2016, the Company initiated a project to provide major enhancements, including operating system agnosticism and improved self-service functionality to its primary content management software solution. The Company established technological feasibility in January 2016, and capitalized $1,421,304 related to development costs through March 31, 2018, including $796,276 and $439,677 in the years ended March 31, 2018 and 2017, respectively. As of March 31, 2018 and 2017, the project was not ready for general release to customers. Accordingly, no amortization expense related to this project was recorded for the years ended March 31, 2018 and 2017.

Note E

Goodwill and Intangible Assets

On November 5, 2015, the Company was acquired by Christie Digital Systems, Inc. for total purchase consideration of $18,205,000. The purchase consideration for the acquisition was allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values. The resulting intangible assets consist of goodwill, backlog, customer relationships, technology, trademarks and trade names.

Goodwill of $7,207,755 has been assessed annually for impairment. Impairment charges for the years ended March 31, 2018 and 2017, were $0 and $6,162,881, respectively.

The intangible assets, other than goodwill, which total $12,800,000 are being amortized over periods ranging from one to ten years. Accumulated amortization and impairment charges of these intangible assets at March 31, 2018 and 2017, was $4,892,222 and $3,472,222, respectively.

Amortization expense for the years ended March 31, 2018 and 2017, was $1,420,000 and $2,336,667, respectively, and is included in depreciation and amortization in the accompanying statement of operations.

Intangible assets at March 31, 2018 and 2017, were as follows:

	Backlog	Customer Relationships	Technology	Trademarks and Tradenames	Goodwill	Total
April 1, 2016	$ 916,667	$ 4,305,556	$ 5,288,889	$ 1,153,333	$ 7,207,755	$ 18,872,200
Impairment	-	-	-	-	(6,162,881)	(6,162,881)
Amortization	(916,667)	(500,000)	(800,000)	(120,000)	-	(2,336,667)
March 31, 2017	-	3,805,556	4,488,889	1,033,333	1,044,874	10,372,652
Impairment	-	-	-	-	-	-
Amortization	-	(500,000)	(800,000)	(120,000)	-	(1,420,000)
March 31, 2018	$ -	$ 3,305,556	$ 3,688,889	$ 913,333	$ 1,044,874	$ 8,952,652

Estimated future amortization expense is as follows:

Year Ending March 31	Amount
2019	$ 1,420,000
2020	1,420,000
2021	1,420,000
2022	1,420,000
2023	1,108,889
Thereafter	1,118,889
	$ 7,907,778

Note F

Due to Affiliate

The Company has a revolving loan agreement with it's parent company that provides for a maximum borrowing amount of $4,000,000, and that bears interest at a rate per annum equal to the rate announced by Bank of Tokyo-Mitsubishi UFJ, Ltd. as its prime rate, plus 50 basis points. The initial term for this facility was March 31, 2017, and the term automatically extends until the next anniversary date unless the lender gives written notice of it's intention not to renew. All principal, interest, and other amounts payable under this agreement are payable on demand by lender. As of March 31, 2018 and 2017, the outstanding balance was $3,300,000 and $0, respectively. As of March 31, 2018 and 2017, outstanding accrued interest payable was $41,270 and $0, respectively.

Note G

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at March 31,:

	2018	2017
Accounts payable	$ 896,244	$ 464,558
Accrued expenses:		
Bonuses	1,569,896	897,083
Commissions	73,707	11,621
Deferred rent	71,361	86,581
Due to parent company	100,638	16,283
Interest	41,270	-
Miscellaneous	340,140	37,094
Professional fees	4,294	19,294
Sales taxes	7,801	3,697
	$ 3,105,351	$ 1,536,211

Note H

Deferred Revenue

Deferred revenue consisted of the following at March 31,:

	2018	2017
Customer deposits	$ 780,733	$ 273,298
Deferred revenue - maintenance and support	984,590	1,742,502
	$ 1,765,323	$ 2,015,800

Note I

Commitments and Contingencies

Lease Obligations

The Company leases office and warehouse space under multiple operating leases. Total rental expense was $288,783 and $269,075 for the years ended March 31, 2018 and 2017, respectively, and is included in operating expenses in the accompanying statement of operations.

The following is a schedule of future minimum lease payments under operating leases:

Year Ending March 31	
2019	$ 169,965
2020	259,431
2021	133,286
	$ 562,682

Litigation

The Company has legal proceedings arising from the normal course of business. The Company believes that the ultimate outcome of the proceedings will not have a material adverse impact on the Company's financial position, results of operations, or cash flows.

Note J

Income Taxes

	2018	2017
Current:		
Federal	$ (904,989)	$ 68,497
State	21,369	4,500
Total	(883,620)	72,997
Deferred:		
Federal	(1,576,486)	(1,155,357)
State	(47,748)	(212,071)
Total	(1,624,234)	(1,367,428)
Income tax benefit	$ (2,507,854)	$ (1,294,431)

Note J

Income Taxes (Continued)

For the year ended March 31, 2018 and 2017, the Company's effective income tax rate varied from the statutory federal income rate principally due to research and development credits and certain expenses permanently non-deductible for tax purposes.

The approximate tax effects of cumulative temporary differences that give rise to deferred income tax assets (liabilities) at March 31, 2018 and 2017, are as follows:

	2018	2017
Allowance for doubtful accounts	$ 134,333	$ 70,068
Allowance for slow-moving and obsolete inventory	37,801	45,828
Property and equipment	(63,817)	(189,566)
Net operating loss	93,760	6,691
Accrued compensation	407,500	324,002
Accrued expenses	17,884	31,271
Intangible assets	(1,939,617)	(3,284,510)
Research and development tax credits	401,940	431,067
Other	17,421	48,120
Valuation allowance	(233,283)	(233,283)
Net deferred tax liability	$ (1,126,078)	$ (2,750,312)

At March 31, 2018 and 2017, the Company had research and development tax credits of $401,940 and $431,067 that expire in years beginning in 2019. As of March 31, 2018 and 2017, the Company recorded a $233,283 valuation allowance, respectively, due to the likelihood that the Company would not generate sufficient taxable income in the State of Georgia to fully utilize the unused tax credits.

Note K

Common Stock

The Company has 1,000,000 shares of $.001 par value common stock authorized, with one share issued and outstanding as of March 31, 2018 and 2017. The Company had 50,000,000 shares of $.001 par value preferred stock authorized, with no shares issued or outstanding as of March 31, 2017.

Note L

Related Party Transactions

The Company's parent company provides information technology, engineering and project management, and other services to the Company from time-to-time. The Company has entered into a revolving loan agreement with its parent company (See note F).

Note M

Major Customers and Suppliers

For the year ended March 31, 2018, revenues from customers representing greater than 10% of total revenues included two customers with revenues aggregating approximately $5,187,000, or 55% of net revenues. Accounts receivable outstanding for the two customers totaled approximately $1,911,216, or 73% of net accounts receivable as of March 31, 2018.

For the year ended March 31, 2017, revenues from customers representing greater than 10% of total revenues included three customers with revenues aggregating approximately $6,719,000, or 62% of net revenues. Accounts receivable outstanding for the four customers totaled approximately $1,751,441, or 82% of net accounts receivable as of March 31, 2017.

For the year ended March 31, 2018, purchases from suppliers representing greater than 10% of total purchases included one supplier with purchases aggregating approximately $1,777,000, or 28% of total purchases. Accounts payable due to these suppliers totaled approximately $122,600, or 28% of accounts payable as of March 31, 2018.

For the year ended March 31, 2017, purchases from suppliers representing greater than 10% of total purchases included three suppliers with purchases aggregating approximately $1,222,000, or 40% of total purchases. Accounts payable due to these suppliers totaled approximately $55,900, or 24% of accounts payable as of March 31, 2017.

Note N

Subsequent Events

On May 30, 2018, the Company entered into a non-binding letter of intent to sell the outstanding stock of the Company. The transaction is contingent on various terms and conditions and is expected to close during the third quarter of calendar year 2018.

Subsequent events have been evaluated through September 17, 2018, the date which the financial statements were available to be issued.

Exhibit 99.2

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SYSTEMS USA, INC.

FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 and 2017

ALLURE GLOBAL SOLUTIONS, INC.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors of Allure Global Solutions, Inc.

We have reviewed the accompanying interim financial statements of Allure Global Solutions, Inc., a wholly owned subsidiary of Christie Digital Services USA, Inc. which comprise the balance sheets as of September 30, 2018 and 2017, the related statements of operations for the three month and six month periods ended September 30, 2018 and 2017, changes in stockholder's equity, and cash flows for the six month periods ended September 30, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the interim financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial statements in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial statements. A review of interim financial statements consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Aprio, LLP

Atlanta, Georgia
January 28, 2019

Aprio, LLP Five Concourse Parkway, Suite 1000, Atlanta, Georgia 30328 404.892.9651 Aprio.com

Independently Owned and Operated Member of Morison KSi

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SYSTEMS USA, INC.

BALANCE SHEETS
SEPTEMBER 30, 2018 AND 2017

	2018	2017
ASSETS		
Current assets		
Cash and equivalents	$ 68,492	$ 26,941
Accounts receivable - net	2,909,889	3,400,206
Due from affiliate	1,409,199	729,193
Inventories - net	255,734	286,095
Income taxes receivable	-	42,874
Prepaid expenses	51,335	53,967
Total current assets	4,694,649	4,539,276
Property and equipment - net	89,371	154,422
Other assets		
Capitalized software development costs, net of accumulated amortization of $1,182,668 and $1,087,483	2,085,955	1,566,464
Goodwill and other intangible assets - net	8,242,652	9,662,652
Security deposits	7,308	95,731
	10,335,915	11,324,847
	$ 15,119,935	$ 16,018,545
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Due to affiliate	$ 3,850,000	$ 1,800,000
Accounts payable and accrued expenses	4,266,918	1,962,452
Deferred revenue	1,115,835	2,116,162
Total current liabilities	9,232,753	5,878,614
Long-term liabilities		
Deferred income taxes	1,126,077	2,750,312
Commitment and Contingencies		
Stockholder's equity		
Common stock	-	-
Additional paid-in capital	18,204,930	18,204,930
Accumulated deficit	(13,443,825)	(10,815,311)
	4,761,105	7,389,619
	$ 15,119,935	$ 16,018,545

See independent auditor's review report and accompanying notes

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SYSTEMS USA, INC.

STATEMENTS OF OPERATIONS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	Three Month Period Ended September 30, 2018	Six Month Period Ended September 30, 2018	Three Month Period Ended September 30, 2017	Six Month Period Ended September 30, 2017
Net revenues	$ 3,320,739	$ 5,692,145	$ 1,965,575	$ 4,617,016
Costs and expenses:				
Direct costs of sales	2,675,840	4,600,898	869,256	2,794,313
Operating expenses	939,450	1,746,408	2,045,458	2,852,416
Depreciation and amortization	368,527	737,827	370,784	740,084
	3,983,817	7,085,133	3,285,498	6,386,813
Operating loss	(663,078)	(1,392,988)	(1,319,923)	(1,769,797)
Interest expense	(31,441)	(59,210)	(9,238)	(9,238)
Loss before income taxes	(694,519)	(1,452,198)	(1,329,161)	(1,779,035)
Income tax benefit	117,770	323,683	428,827	585,972
Net loss	$ (576,749)	$ (1,128,515)	$ (900,334)	$ (1,193,063)

See independent auditor’s review report and accompanying notes

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SYSTEMS USA, INC.

STATEMENT OF CHANGES IN STOCKHOLDERʹS EQUITY
FOR THE SIX MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholder's Equity
Balance at March 31, 2017	1	$ -	$ 18,204,930	$ (9,622,248)	$ 8,582,682
Net loss	-	-	-	(1,193,063)	(1,193,063)
Balance at September 31, 2017	1	$ -	$ 18,204,930	$ (10,815,311)	$ 7,389,619
Balance at March 31, 2018	1		$ 18,204,930	(12,315,310)	5,889,620
Net loss	-	-	-	(1,128,515)	(1,128,515)
Balance at September 30, 2018	1	$ -	$ 18,204,930	$ (13,443,825)	$ 4,761,105

See independent auditor's' review report and accompanying notes

ALLURE GLOBAL SOLUTIONS, INC.
A WHOLLY OWNED SUBSIDIARY OF CHRISTIE DIGITAL SYSTEMS USA, INC.

STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Net loss	$ (1,128,515)	$ (1,193,063)
Adjustments to reconcile net cash used by operating activities:		
Depreciation and amortization	816,603	835,494
Change in allowance for doubtful accounts	(277,085)	100,416
Change in allowance for slow-moving and obsolete inventory	-	-
Change in operating assets and liabilities:		
Accounts receivable	82,275	(1,362,113)
Due from affiliate	(326,684)	(585,974)
Inventories	96,203	9,942
Income taxes receivable	-	7,819
Prepaid expenses	17,781	403
Security deposits	-	(88,423)
Accounts payable and accrued expenses	1,161,566	426,240
Deferred revenue	(649,488)	100,364
Net cash used by operating activities	(207,344)	(1,748,895)
Cash flows from investing activities		
Capitalization of software development costs	(316,227)	(388,333)
Purchases of property and equipment	(611)	(22,996)
Net cash used by investing activities	(316,838)	(411,329)
Cash flows from financing activities		
Proceeds from due to affiliate	550,000	1,800,000
Increase (decrease) in cash and cash equivalents	25,818	(360,224)
Cash and cash equivalents, beginning of period	42,674	387,165
Cash and cash equivalents, end of period	$ 68,492	$ 26,941

See independent auditor’s review report and accompanying notes

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

Note A
Summary of Significant Accounting Policies

Nature of Operations:

Allure Global Solutions, Inc., (the ″Company″) is a global leader in helping experience-driven companies connect and engage consumers by activating brands, environments, and experiences digitally. Allure’s visual communication and retail transaction solutions connect businesses, brands, and products with their consumers at points of influence and purchase, in a variety of environments. Leveraging dynamic digital signage integrations to drive new revenue streams and create differentiated brand experiences, the company’s suite of intelligent solutions integrate advanced analytics, exceptional creative, software, and hardware with business applications to deliver engaging data-driven experiences, activate brands, and achieve desired business outcomes. The Atlanta-based Company’s software currently manages approximately 3,000 installations and 18,500 devices in 13 countries around the world. The Company provides product and service offerings specifically tailored for restaurants and bars, theatres, theme parks, convenience stores, stadiums and arenas, as well as other high traffic retail spaces. The Company’s vision is provide end-to-end planning, management, and support for innovative consumer engagement solutions such as digital menu boards, merchandisers, video walls and more. The Company is a wholly-owned subsidiary of Christie Digital Systems, Inc.

Basis of Presentation:

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk:

The Company grants credit to its customers during the normal course of business. The Company performs ongoing credit evaluations of its customers′ financial condition and generally requires no collateral from its customers.

Note A
Summary of Significant Accounting Policies (Continued)

The Company maintains cash balances in financial institutions, which may at times exceed the amount insured by the Federal Deposit Insurance Corporation. Management continually monitors the soundness of these institutions and does not believe the Company is exposed to any significant credit risk related to cash and equivalents.

Cash and Cash Equivalents:

The Company considers cash on hand and deposits in banks as cash and equivalents for purposes of the statement of cash flows.

Accounts Receivable - Net:

Accounts receivable are generally due under normal trade terms requiring payment within 30 days from the invoice date. Unpaid accounts receivable do not bear interest and accounts receivable are stated at the amount billed to the customer. Customer account balances with invoices over 90 days old are considered delinquent.

Bad debts are provided using the allowance for doubtful accounts method based on historical experience and management's evaluation of outstanding accounts receivable at the end of the period. The allowance for doubtful accounts totaled approximately $258,915 and $294,416 as of September 30, 2018 and September 30, 2017.

Revenue Recognition:

The Company requires that four basic criteria be met before revenue can be recognized for all transactions: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred.

The Company earns revenue from the sale of equipment, installation of equipment, consulting services related to the development of content, software licenses, and support and maintenance of software including technical customer support and bug fixes.

Note A
Summary of Significant Accounting Policies (Continued)

Most of the Company's contracts are multiple element arrangements. For such arrangements, each element should be accounted for separately over its respective service period, provided that there is vendor-specific objective evidence (VSOE) of fair value for the separate elements. The Company has established VSOE on the sale of equipment, the consulting services related to content development and the installation of the equipment. The Company recognizes revenue on the sale and installation of equipment when the installation is complete, and recognizes revenue on the content creation when the content is turned over to the customer. Within the licensing of software, revenue is primarily from (a) perpetual software licenses installed at customer premises which is controlled by a cloud-based software and (b) cloud based services license, which allows customers to upload new content to the on-premise installed solution and provides real time analytical data that the customer can leverage to optimize profitability. The perpetual software license is recognized over the estimated life of the customer. Cloud services are billed as a time-based license and the Company recognizes revenue from the cloud services over the contractual license period. The Company recognizes support and maintenance on a straight line basis over the contractual service period. Revenue is reported net of sales tax.

Deferred revenue consists of amounts billed to, or payments received from customers for software licenses, equipment, services and maintenance that have not met the criteria for revenue recognition.

Inventories:

Inventories consist principally of purchased materials and are recorded at the lower of cost or net realizable value. Inventory is valued using average costing method. The Company assesses slow-moving inventory based on management's analysis of inventory levels and future marketability. As of September 30, 2018 and September 30, 2017, the allowance for slow-moving and obsolete inventory totaled $150,830 and $126,886.

Property and Equipment:

Property and equipment are recorded at cost. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation or amortization is removed from the accounts, and any resulting gain or loss is reflected in the statement of income. Depreciation and amortization are computed using the straight-line method over their estimated useful lives as follows:

Autos	5 years
Office furniture	5 - 7 years
Computer hardware	5 years
Leasehold improvements	3 years
Computer software	3 years

Note A
Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to their fair value, which is normally determined through analysis of the future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount that the carrying amount of the assets exceeds the fair value of the assets. During the six month periods ended September 30, 2018 and September 30, 2017, no impairment charges were recorded by the Company.

Intangible Assets:

Intangible assets consist of customer relationships, technology and trademarks and tradenames. Amortization is computed using the straight-line method. Customer relationships are amortized over 10 years. Technology is amortized over 7 years. Trademarks and tradenames are amortized over 10 years.

Capitalized Software Development Costs:

Software development costs are expensed as incurred until technological feasibility of the product is established. Development costs incurred subsequent to establishing technological feasibility are capitalized and are amortized on a straight-line basis over the estimated economic life of the product. Capitalization of computer software costs ceases and amortization begins when the product is available for general release to customers.

Goodwill:

Goodwill is accounted for in accordance with FASB ASC 350, “Intangibles—Goodwill and Other” (“FASB ASC 350”), which requires goodwill and certain intangible assets be reviewed for impairment annually. Under FASB ASC 350, goodwill impairment occurs if the net book value of a reporting unit exceeds its estimated fair value. No impairment loss was recognized for the six month periods ended September 30, 2018 and September 30, 2017.

Advertising and Marketing Costs:

Advertising and marketing costs are expensed when incurred and are included as a part of operating expenses in the accompanying statement of operations. These costs totaled approximately $108,103 and $200,040 for the six month periods ended September 30, 2018 and September 30, 2017.

Note A
Summary of Significant Accounting Policies (Continued)

Income Taxes:

The Company recognizes deferred income taxes to reflect the tax consequences of temporary differences between the assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes. A valuation allowance is provided, if necessary, to reduce deferred tax assets to a level, which more likely than not, will be realized.

Research and Development:

Expenditures related to the development of new products and processes are expensed as incurred. Research and development expenses were $166,073 and $316,769 for the six month periods ended September 30, 2018 and 2017.

Note B
Accounts Receivable - Net

Accounts receivable consisted of the following at September 30, 2018 and September 30, 2017:

	2018	2017
Trade accounts receivable	$ 3,167,709	$ 3,694,027
Employee advances	1,095	595
Less allowance for doubtful accounts	(258,915)	(294,416)
	$ 2,909,889	$ 3,400,206

Note C
Property and Equipment - Net

Property and equipment- net consisted of the following at September 30, 2018 and September 30, 2017:

	2018	2017
Automobiles	$ 134,027	$ 134,028
Computer hardware	525,576	525,576
Computer software	105,074	104,462
Office furniture	148,401	148,401
Leasehold improvements	10,148	10,148
	923,226	922,615
Less accumulated depreciation and amortization	(833,855)	(768,193)
	$ 89,371	$ 154,422

Depreciation expense on property and equipment was $27,827 and $30,084 for the six month periods ended September 30, 2018 and September 30, 2017 and is included in depreciation and amortization in the accompanying statements of operations.

Note D
Capitalized Software Development Costs

In 2011, the Company initiated a project to create a new point-of-sale product to replace the existing technology. The Company established technological feasibility in October 2011, and subsequently capitalized $232,848 related to development costs. In accordance with the Christie acquisition in 2015 (Note E), the Company recorded the project at fair market value of $109,494. The project was ready for general release to customers in March 2012, at which point capitalization of development costs ceased, and amortization of the capitalized software development costs began. Amortization expense related to this project was $16,633 for the six month period ended September 30, 2017. These expenses are included in direct costs of sales in the accompanying statement of operations. Effective March 31, 2018, the Company determined that the product would no longer be sold and wrote-off the remaining unamortized balance of $30,492.

In 2014, the Company initiated a project to provide major enhancements to its primary digital signage content management software solution. The Company established technological feasibility in October 2014, and subsequently capitalized $182,204 related to development costs. In accordance with the Christie acquisition in 2015 (Note E), the Company recorded the project at fair market value of $180,685. The project was ready for general release to customers in October 2015, at which point capitalization of development costs ceased, and amortization of the capitalized software development costs began. Amortization expense related to this project was $18,220 for the each six month periods ended September 30, 2018 and September 30, 2017, and is included in direct costs of sales in the accompanying statement of operations.

In 2015, the Company initiated a project to re-write its content management software solution to, among other things, allow content to be driven by a rules engine. The Company established technological feasibility in January 2015, and subsequently capitalized $605,570 related to development costs. In accordance with the Christie acquisition in 2015 (Note E), the Company recorded the project at fair market value of $605,570. The project was ready for general release to customers in January 2016, at which point capitalization of development costs ceased, and amortization of the capitalized software development costs began. Amortization expense related to this project was $ 60,556 for each of the six month periods ended September 30, 2018 and September 30, 2017, and is included in direct costs of sales in the accompanying statement of operations.

Note D
Capitalized Software Development Costs (Continued)

In 2016, the Company initiated a project to provide major enhancements, including operating system agnosticism and improved self-service functionality to its primary content management software solution. The Company established technological feasibility in January 2016, and capitalized $1,737,530 and $1,013,360 related to development costs as of September 30, 2018 and September 30, 2017, including $316,226 and $388,333 for the six month periods ended September 30, 2018 and September 30, 2017, respectively. As of September 30, 2017 and September 30, 2018, the project was not ready for general release to customers. Accordingly, no amortization expense related to this project was recorded for the periods ended September 30, 2018 and September 30, 2017.

Estimated future amortization expense is as follows:

Year Ending September 30	Amount
2019	$ 157,560
2020	157,560
2021	33,305
	$ 348,425

Note E
Goodwill and Intangible Assets

On November 5, 2015, the Company was acquired by Christie Digital Systems, Inc. for total purchase consideration of $18,205,000. The purchase consideration for the acquisition was allocated to the tangible and intangible assets acquired and liabilities assumed based on their fair values. The resulting intangible assets consist of goodwill, backlog, customer relationships, technology, trademarks and tradenames.

Goodwill of $7,207,755 has been assessed annually for impairment. No impairment charges were recognized for the six month periods ended September 30, 2018 and September 30, 2017. Total impairment charges recognized as of September 30, 2018 and September 30, 2017, totaled $6,162,881.

The intangible assets, other than goodwill, which total $12,800,000 are being amortized over periods ranging from one to ten years. Accumulated amortization of these intangible assets at September 30, 2018 and 2017, was $5,602,222 and $4,182,222.

Amortization expense for each of the each of the six month periods ended September 30, 2018 and 2017 was $710,000 and is included in depreciation and amortization in the accompanying statement of operations.

Note E
Goodwill and Intangible Assets (Continued)

Intangible assets at September 30, 2018 and September 30, 2017, were as follows:

	Customer Relationships	Technology	Trademarks and Tradenames	Goodwill	Total
April 1, 2017	$ 3,805,556	$ 4,488,889	$ 1,033,333	$ 1,044,874	$ 10,372,652
Impairment	-	-	-	-	-
Amortization	(250,000)	(400,000)	(60,000)	-	(710,000)
September 30, 2017	$ 3,555,556	$ 4,088,889	$ 973,333	$ 1,044,874	$ 9,662,652
April 1, 2018	$ 3,305,556	$ 3,688,889	$ 913,333	$ 1,044,874	8,952,652
Impairment	-	-	-	-	-
Amortization	(250,000)	(400,000)	(60,000)	-	(710,000)
September 30, 2018	$ 3,055,556	$ 3,288,889	$ 853,333	$ 1,044,874	$ 8,242,652

Note E
Goodwill and Intangible Assets (Continued)

Estimated future amortization expense is as follow:

Year Ending September 30	Amount
2019	$ 1,420,000
2020	1,420,000
2021	1,420,000
2022	1,420,000
2023	708,889
Thereafter	808,889
	$ 7,197,778

Note F
Due to Affiliate

The Company has a revolving loan agreement with it′s parent company that provides for a maximum borrowing amount of $4,000,000, and that bears interest at a rate per annum equal to the rate announced by Bank of Tokyo-Mitsubishi UFJ, Ltd. at its prime rate, plus 50 basis points. The initial term for this facility was March 31, 2017, and the term automatically extends until the next anniversary date unless the lender gives written notice of it’s intention not to renew. All principal, interest, and other amounts payable under this agreement are payable on demand by lender. As of September 30, 2018 and September 30, 2017, the outstanding balance was $3,850,000 and $1,800,000. As of September 30, 2018 and September 30, 2017, outstanding accrued interest payable was $100,480 and $9,292.

Note G
Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at September 30, 2018 and September 30, 2017:

	2018	2017
Accounts payable	$ 152,848	517,815
Accrued expenses:		
Bonuses	1,906,302	1,233,490
Commissions	6,109	28,707
Deferred rent	60,381	79,269
Due to parent company	1,922,797	38,420
Interest	100,480	9,292
Miscellaneous	96,511	38,038
Professional fees	8,519	70
Sales taxes	12,971	17,351
	$ 4,266,918	1,962,452

Note H
Deferred Revenue

Deferred revenue consisted of the following at September 30, 2018 and September 30, 2017:

	2018	2017
Customer deposits	$ 803,256	$ 864,554
Deferred revenue - maintenance and support	312,579	1,251,608
	$ 1,115,835	$ 2,116,162

Note I
Commitments and Contingencies

Lease Obligations:

The Company leases office and warehouse space under multiple operating leases. Total rental expense was $138,654 and $146,174 for the six month periods ended September 30, 2018 and September 30, 2017, and is included in operating expenses in the accompanying statement of operations.

The following is a schedule of future minimum lease payments under operating leases:

Year Ending September 30		
2019	$	256,296
2020		263,318
	$	519,614

Litigation:

The Company has legal proceedings arising from the normal course of business. The Company believes that the ultimate outcome of the proceedings will not have a material adverse impact on the Company's financial position, results of operations, or cash flows.

Note J
Income Taxes

The Company’s effective income tax rate differs from the U.S. statutory rate principally due to state taxes, Federal research and development tax credits, jurisdictions with pretax losses for which no tax benefit can be recognized, and changes in the valuation allowance. For the six month periods ended September 30, 2018 and 2017, the Company recorded a tax benefit of $323,683 and $585,972 for income taxes, respectively. The effective income tax rates for the Company for the six month periods ended September 30, 2018 and 2017 were 23% and 33%.

The Company continues to evaluate the realizability of its deferred tax assets and liabilities on a quarterly basis and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of ongoing tax audits and the regulatory approval of products currently under development. Any changes to the valuation allowance or deferred tax assets and liabilities in the future would impact the Company’s income taxes.

The Tax Cuts and Jobs Act of 2017 (the “Act”) was enacted on December 22, 2017. The Act reduces the U.S. federal corporate tax rate from 35% to 21% effective for tax years beginning after December 31, 2017, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred and includes a variety of other changes.

The Company is no longer subject to tax examinations for years prior to 2015.

Note K
Common Stock

The Company has 1,000,000 shares of $.001 par value common stock authorized, with one share issued and outstanding as of September 30, 2018 and September 30, 2017. The Company has no preferred stock authorized, issued or outstanding as of September 30, 2018 and September 30, 2017.

Note L
Related Party Transactions

The Company’s parent company provides information technology, engineering and project management, and other services to the Company from time-to-time. The Company has entered into a revolving loan agreement with its parent company.

Note M
Major Customers and Suppliers

For the six month periods ended September 30, 2018, revenues from customers representing greater than 10% of total revenues included four customers with revenues aggregating approximately $4,012,730, or 70% of net revenues. Accounts receivable outstanding for the four customers totaled approximately $1,871,702, or 59% of net accounts receivable as of September 30, 2018.

For the six month periods ended September 30, 2017, revenues from customers representing greater than 10% of total revenues included five customers with revenues aggregating approximately $2,971,000, or 64% of net revenues. Accounts receivable outstanding for the four customers totaled approximately $2,125,593, or 58% of net accounts receivable as of September 30, 2017

For the six month period ended September 30, 2018, purchases from suppliers representing greater than 10% of total purchases included three suppliers with purchases aggregating approximately $1,376,315, or 53% of total purchases. There were no amounts owed to these suppliers at September 30, 2018.

For the six month period ended September 30, 2017, purchases from suppliers representing greater than 10% of total purchases included three suppliers with purchases aggregating approximately $568,168, or 42% of total purchases. Accounts payable due to these suppliers totaled approximately $128,138, or 33% of accounts payable as of September 30, 2017.

Note N
Subsequent Events

On May 30, 2018, the Company entered into a non-binding letter of intent to sell the outstanding stock of the Company. The transaction closed on November 19, 2018.

Subsequent events have been evaluated through January 28, 2019, the date which the financial statements were available to be issued.

Exhibit 99.3

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

On September 20, 2018, Creative Realities, Inc. ("Creative Realities" or the "Company"), announced the execution of a Stock Purchase Agreement which anticipates the acquisition of Allure Global Solutions, Inc. ("Allure"). The acquisition of Allure closed on November 20, 2018 and is referred to as the "Transaction."

The following unaudited pro forma combined financial statements are based on the Creative Realities historical consolidated financial statements and Allure's historical financial statements as adjusted to give effect to the Transaction and those capitalization events previously outlined in the Prospectus dated November 14, 2018 (Registration No. 333-209487) filed with the SEC on November 16, 2018, including a one-for-thirty reverse stock split, conversion of the Company's outstanding convertible promissory notes into shares of common stock and warrants, conversion of the Company's Series A 6% Convertible Preferred Stock into shares of common stock, and the issuance of other shares of common stock and warrants set forth in the Prospectus.

The unaudited pro forma combined statements of operations for the nine months ended September 30, 2018 give effect to the acquisition of Allure as if it had occurred on January 1, 2017 and combine the historical statement of operations for the nine months ended September 30, 2018 for both Creative Realities and Allure.

The unaudited pro forma combined statements of operations for the twelve months ended December 31, 2017 give effect to the acquisition of Allure as if it had occurred on January 1, 2017 and combine the Creative Realities historical statement of operations for the year ended December 31, 2017 and the Allure historical statement of operations for the year ended March 31, 2018, representing the fiscal year end date for Allure.

The unaudited pro forma combined balance sheet as of September 30, 2018 gives effect to the acquisition of Allure as if it had occurred on September 30, 2018 and includes adjustments that give effect to factually supportable events that are directly attributable to the Transaction.

The Notes to the unaudited pro forma combined financial information describe the pro forma amounts and adjustments presented. The unaudited pro forma combined financial information should be read in conjunction with the accompanying Notes.

The unaudited pro forma combined financial information are primarily based on and should be read in conjunction with the Company's historical consolidated financial statements and accompanying notes included in the Company's periodic reports previously filed with the Securities and Exchange Commission, along with the historical financial statements and accompanying notes for Allure included in our Current Report on Form 8-K filed February 1, 2019. The unaudited pro forma combined financial information may not necessarily reflect the financial position or results of operations which would have been obtained if these transactions had been consummated on the dates indicated in the unaudited pro forma combined financial information.

The pro forma adjustments reflecting the completion of the Transaction are based upon the acquisition method of accounting in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and upon the assumptions set forth in the Notes included in this section. The pro forma adjustments related to the allocation of purchase price within the unaudited pro forma combined balance sheet are preliminary and subject to change and are based on the estimated fair value of the identifiable assets acquired and liabilities assumed with the excess purchase price allocated to goodwill. The final purchase price allocation will be completed no later than one year after the date of completion of the Transaction.

The unaudited pro forma combined financial information is presented for informational purposes only and do not reflect future events that may occur after the Transaction, or any operating efficiencies or inefficiencies that may result from the Transaction. Therefore, the unaudited pro forma combined financial information is not necessarily indicative of results that would have been achieved had the businesses been combined during the period presented or the results that the Company will experience after the Transaction. In addition, the preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are preliminary and have been made solely for purposes of developing this unaudited pro forma combined financial information. Actual results could differ, perhaps materially, from these estimates and assumptions.

CREATIVE REALITIES, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEETS
As of September 30, 2018
(In thousands)

ASSETS	Creative Realities, Inc.	Allure Global Solutions, Inc.	Pro Forma Adjustments	Notes	Pro Forma as Adjusted
CURRENT ASSETS:					
Cash and cash equivalents	$ 1,500	$ 68	$ 2,154	(a)	$ 2,439
			(1,283)	(a)	
Accounts receivable, net	5,047	2,910			7,957
Unbilled receivables	216	-	-		216
Due from affiliate		1,409	(1,409)	(b)	-
Work-in-process and inventories	391	256	-		647
Prepaid expenses and other current assets	1,249	51	(64)	(a)	1,236
TOTAL CURRENT ASSETS	8,403	4,694	(602)		12,495
Long-term receivables	417	-	-		417
Property and equipment, net	1,106	90	-		1,196
Capitalized software development costs	-	2,086	(2,086)	(d)	-
Intangibles, net	179	-	-		179
Goodwill	14,989	-	14,812	(d),(e)	29,801
Goodwill and other intangible assets		8,243	(8,243)	(e),(f)	-
Other assets	187	-	7	(c)	194
Security deposits		7	(7)	(c)	-
TOTAL ASSETS	$ 25,281	$ 15,120	$ 3,881		$ 44,282

CREATIVE REALITIES, INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEETS
As of June 30, 2018
(In thousands)

	Creative Realities, Inc.	Allure Global Solutions, Inc.	Pro Forma Adjustments	Notes	Pro Forma as Adjusted
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Short-term related party loans payable, net	1,817	-	(1,158)	(a)	659
Due to affiliate	-	3,850	(3,850)	(g)	-
Accounts payable and accrued expenses		4,267	(4,267)	(c)	-
Accounts payable	1,444	-	153	(c)	1,597
Accrued expenses	1,648	-	4,114	(c)	2,204
			(125)	(a)	
			(764)	(h)	
			(465)	(q)	
			(2,204)	(o)	
Deferred revenue	6,752	1,116	(803)	(c)	7,065
Customer deposits	1,258	-	803	(c)	2,061
Other current liabilities		-	-		-
TOTAL CURRENT LIABILITIES	12,919	9,233	(8,566)		13,586
LONG-TERM LIABILITIES:					
Long-term related party loans payable, net	6,558	-	(4,407)	(q)	2,151
Long-term loans payable, net	-	-	900	(g)	3,104
			2,204	(o)	
Earn-out liability	-	-	2,000	(j)	2,000
Warrant liability	623	-	-		623
Deferred tax liabilities	352	1,126	94	(n)	1,572
Other long-term liabilities	193	-	-		193
TOTAL LONG-TERM LIABILITIES	7,726	1,126	791		9,643
TOTAL LIABILITIES	20,645	10,359	(7,775)		23,229
COMMITMENTS AND CONTINGENCIES:					
Convertible preferred stock, net of discount (liquidation preference of $5,535)	1,802	-	(1,802)	(p)	-
STOCKHOLDERS' EQUITY:					
Common stock, $.01 par value, 200,000 shares authorized; 2,962 shares issued and outstanding	30	-	29	(a)	97
			18	(p)	
			20	(q)	
Additional paid-in capital	32,763	18,205	(18,205)	(i)	50,915
			2,061	(a)	
			(1,409)	(b)	
			4,483	(e),(f)	
			2,950	(g)	
			764	(h)	
			(2,000)	(j)	
			4,761	(l)	
			(94)	(n)	
			1,784	(p)	
			4,852	(q)	
Accumulated deficit	(29,959)	(13,444)	13,444	(i)	(29,959)
TOTAL STOCKHOLDERS' EQUITY	2,834	4,761	13,458		21,053
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 25,281	$ 15,120	$ 3,881		$ 44,282

See notes to unaudited pro forma consolidated financial information

CREATIVE REALITIES, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
For the Nine Months Ended September 30, 2018
(In thousands, except per share data)

	Creative Realities, Inc.	Allure Global Solutions, Inc.	Pro Forma Adjustments	Notes	Pro Forma as Adjusted
Net revenues	$	$ 8,061	$ (8,061)	(c),(m)	$ -
Sales - Hardware	5,587		2,776	(c)	8,363
Sales - services and other	11,659		5,284	(c)	16,943
Direct costs of sales		6,765	(6,765)	(c)	-
Cost of Sales - Hardware	3,782		2,745	(c)	6,527
Cost of Sales - Services and Other	5,124		3,374	(c)	8,498
Gross profit	8,340	1,296	645		10,281
Operating Expenses:					-
Operating expenses		3,334	(3,334)	(c)	-
Sales and marketing expenses	1,466		1,166	(c)	2,632
Research and development expenses	879		322	(c)	1,201
General and administrative expenses	6,874		2,366	(c)	9,029
			(211)	(h)	
Depreciation and amortization expense	981	1,115	127	(c)	1,158
			(1,065)	(f)	
Lease termination expense	474		-		474
Total operating expenses	10,674	4,449	(629)		14,494
Operating income (loss)	(2,334)	(3,153)	1,274		(4,213)
Other income (expenses):					
Interest expense	(2,014)	(78)	18	(g)	(2,189)
			(115)	(r)	
Change in fair value of warrant liability	235		-		235
Gain on settlement of obligations	208		-		208
Other income (expense), net	(7)		-		(7)
Net income (loss) before income taxes	(3,912)	(3,231)	1,177		(5,966)
Benefit/(provision) from income taxes	184	1,939	(23)	(k)	2,100
Net (loss) / income	$ (3,728)	$ (1,292)	$ 1,155		$ (3,865)
Dividends on preferred stock	(345)				(240)
Net loss attributable to common shareholders	(4,073)				(4,105)
Basic loss per common share	(1.34)				(0.41)
Diluted loss per common share	(1.34)				(0.41)
Weighted average shares outstanding - basic	2,777		6,708	(a)	9,485
Weighted average shares outstanding - diluted	2,777		6,708	(a)	9,485

CREATIVE REALITIES, INC.
UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS
For the Twelve Months Ended December 31, 2017
(In thousands, except per share data)

	Creative Realities, Inc. For the twelve months ended December 31, 2017	Allure Global Solutions, Inc. For the twelve months ended March 31, 2018	Pro Forma Adjustments	Notes	Pro Forma as Adjusted
Net revenues	$ -	$ 9,449	$ (9,449)	(c)	$ -
Sales - Hardware	5,412	-	3,748	(c)	9,160
Sales - services and other	12,286	-	5,701	(c)	17,987
Direct costs of sales	-	7,377	(7,377)	(c)	-
Cost of Sales - Hardware	4,434	-	4,104	(c)	8,538
Cost of Sales - Services and Other	5,875	-	2,285	(c)	8,160
Gross profit	7,389	2,072	988		10,449
Operating Expenses:					-
Operating expenses	-	5,744	(5,744)	(c)	-
Sales and marketing expenses	2,078	-	2,012	(c)	4,090
Research and development expenses	991	-	564	(c)	1,555
General and administrative expenses	6,944	-	3,965	(c)	10,628
			(281)	(h)	
Depreciation and amortization expense	1,505	1,488	191	(c)	1,764
			(1,420)	(f)	
ConeXus acquisition stock issuance expense	1,971	-	-		1,971
Total operating expenses	13,489	7,232	(713)		20,008
Operating income (loss)	(6,100)	(5,160)	1,701		(9,559)
Other income (expenses):					
Interest expense	(1,610)	(41)	39	(g)	(1,612)
Change in fair value of warrant liability	(153)		-		(153)
Gain on settlement of obligations	872		-		872
Other income (expense), net	2		-		2
Net income (loss) before income taxes	(6,989)	(5,201)	1,741		(10,449)
Benefit/(provision) from income taxes	39	2,507	-		1,368
			(337)	(k)	
			4	(b)	
			94	(n)	
			(939)	(b)	
Net loss	$ (6,950)	$ (2,694)	$ 563		$ (9,081)
Dividends on preferred stock	(246)				(240)
Net loss attributable to common shareholders	(7,196)				(9,321)
Basic loss per common share	(2.86)				(0.99)
Diluted loss per common share	(2.86)				(0.99)
Weighted average shares outstanding - basic	2,426		6,708	(a)	9,134
Weighted average shares outstanding - diluted	2,426		6,708	(a)	9,134

CREATIVE REALITIES, INC.
NOTES TO UNAUDITED PRO FORMA COMBINED
FINANCIAL INFORMATION

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited pro forma combined financial information is presented on a basis consistent with the Company's historical consolidated financial statements and is comprised of the following:

- The unaudited pro forma combined balance sheet combines the Company's unaudited consolidated balance sheet and Allure's unaudited consolidated balance sheet as of September 30, 2018.

- The unaudited pro forma combined statements of operations for the year ended December 31, 2017 combines the Company's audited consolidated statement of operations for the year ended December 31, 2017 and Allure's audited statement of operations for the year ended March 31, 2018.

- The unaudited pro forma combined statement of operations for the nine months ended September 30, 2018 combines the Company's unaudited consolidated statement of operations for the nine months ended September 30, 2018 with Allure's unaudited consolidated statement of operations for the nine months ended September 30, 2018.

The unaudited pro forma combined statements of operations do not reflect any anticipated cost savings or any related non-recurring costs to achieve those cost savings. The unaudited pro forma combined statements of operations do not claim to represent our actual results of operations that would have occurred if the Transaction had taken place on the dates specified, nor are they indicative of the results of operations that may be achieved in the future.

NOTE 2 – PURCHASE PRICE ALLOCATION

The purchase price summary and purchase price allocations are preliminary, subject to change and based on Allure's assets and liabilities as of September 30, 2018. Final purchase price and purchase price allocations will be based on the fair value of identifiable assets acquired and liabilities assumed in accordance with U.S. GAAP on the closing date of the Transaction. The Company expects to finalize the valuation and complete the purchase price summary and purchase price allocations as soon as practical, but no later than one year from the acquisition date.

Estimated Purchase Price Summary
For purposes of the pro forma financial information, the following table presents the components of the purchase price consideration (amounts in thousands), assuming an estimated working capital settlement of zero:

Cash consideration for stock	$	6,300
Note payable with former creditor of seller		900
Management retention liability due by former seller		1,250
Earn-out on revenue target		2,000
Total consideration / purchase price	$	10,450

The working capital settlement adjusts the base purchase price based on the excess or shortfall of current assets less current liabilities of the acquiree on the acquisition date versus the working capital target date of September 30, 2018. Settlement is due 90 days after the closing date of the Transaction.

Estimated Purchase Price Allocation

The following represents the preliminary allocation of the purchase price to the acquired net tangible and intangible assets acquired and liabilities assumed of Allure and is for illustrative purposes only.

Accounts receivable	$ 2,909
Inventory	256
Prepaid expenses and other current assets	52
Property and equipment	89
Goodwill	14,812
Other long-term assets	7
Accounts payable	(153)
Accrued expenses	(3)
Deferred revenues	(313)
Customer deposits	(803)
Deferred tax liabilities, net	(1,126)
Management retention liability	(974)
Earn-out liability	(2,000)
Note payable to seller	(2,303)
Total purchase price	10,450

Goodwill represents the excess of the purchase price over the fair value of tangible and intangible assets. Specifically identifiable indefinite-lived intangible assets include trade name, customer relationships and technology platform. No finite-lived intangible assets were identified.

NOTE 3 – PRO FORMA ADJUSTMENTS

The following pro forma adjustments are reflected in the accompanying unaudited pro forma combined financial information:

(a) The principal sources and uses of cash associated with the Transaction are anticipated as follows (in thousands of US Dollars):

	Increase (decrease) in Cash
Cash raised through equity offering, net	$ 7,171
Cash consideration paid for stock	(6,300)
Pro forma adjustment	$ 871

The Transaction was funded through the sale of shares of our common stock and warrants to purchase common stock in our public offering as described in our Prospectus dated November 14, 2018 (Registration No. 333-209487) filed with the Securities and Exchange Commission on November 16, 2018. We raised $10,002 in gross proceeds or $8,904 net of offering expenses. $64 of the $1,097 offering expenses were recorded in other current assets as of September 30, 2018 and have been reclassified. We used $6,300 in cash consideration from the closing, assuming an estimated working capital settlement of zero, as outlined in the Stock Purchase Agreement. We used proceeds for repayment of our senior secured credit facility down to a maximum balance of $4,000 (gross debt) as articulated in the "Use of Proceeds" section of the Prospectus, which represented a use of approximately $1,283 based on the outstanding balance, inclusive of accrued interest, as of September 30, 2018.

(b) Commensurate with the Transaction, income tax receivables related to historic income tax returns filed by Allure were retained by the seller as amounts were generated as the result of the use of Allure deferred tax assets recognized as part of the seller's consolidated income tax return. Accordingly, we have eliminated the benefit of these items from the "Benefit/(provision) from income taxes" for within the unaudited pro forma combined statements of operations for both the year ended December 31, 2017 and the nine months September 30, 2018. We also eliminated these amounts from the pro forma as adjusted balance sheet at September 30, 2018 and accounted for the impact on the unaudited pro forma combined statements of operations through additional paid-in capital as of September 30, 2018.

(c) Reclassifications to Allure's historical audited and unaudited consolidated financial statements to conform to the financial statement classification and presentation used by Creative Realities, Inc. to prepare its consolidated financial statements.

(d) To derecognize the $2,086 million recorded by the acquiree for separately identified capitalized software development costs which had not yet begun being amortized in the financial statements. For purposes of these unaudited pro forma financial statements, no amounts have been preliminarily assigned to separately identifiable intangible assets, including software applications, as fair value assessments have not been completed on these assets. As such, no pro forma adjustments were recorded to the amortization expense included in the historic Allure financial statements. The fair value of the Company's separately identifiable intangible assets, including any marketable software applications, will be based on the Company's estimate of fair value based on both historical experience and knowledge of the Transaction. Valuations of the Company's intangible assets are expected to be finalized no later than one year from the date of acquisition. Any value assigned to these assets will represent a reclassification from the goodwill asset recorded in our preliminary purchase price allocation as outlined in the table in Note 2. Any reclassification recorded could result in further adjustments to pro forma combined financial statements, including but not limited to adjustments to amortization expense, deferred tax liabilities and income tax expense

(e) To derecognize the $1,045 recorded by the acquiree for goodwill, net of amortization, and to record goodwill for the Transaction. For further detail on the calculation of goodwill, see the estimated purchase price and estimated purchase price allocation tables in Note 2.

(f) To derecognize the $7,198 million recorded by the acquiree for separately identified intangible assets. As a result of the recognition of these assets, we adjusted the unaudited pro forma combined statement of operations for the twelve months ended December 31, 2017 and the nine months ended September 30, 2018 for the amortization expense previously recorded and the related impact on additional paid-in capital within the unaudited pro forma combined balance sheet as of September 30, 2018. For purposes of these unaudited pro forma financial statements, no amounts have been preliminarily assigned to separately identifiable intangible assets as fair value assessments have not been completed on these assets. As such, no pro forma adjustments were recorded to the amortization expense included in the historic Allure financial statements. Separately identifiable intangible assets principally represent indefinite lived assets including include trade name, customer relationships and technology platform. The fair value of the Company's separately identifiable intangible assets will be based on the Company's estimate of fair value based on both historical experience and knowledge of the Transaction. Valuations of the Company's intangible assets are expected to be finalized no later than one year from the date of acquisition. Any value assigned to these assets will represent a reclassification from the goodwill asset recorded in our preliminary purchase price allocation as outlined in the table in Note 2. Any reclassification recorded could result in further adjustments to pro forma combined financial statements, including but not limited to adjustments to amortization expense, deferred tax liabilities and income tax expense.

(g) To derecognize the $3,850 note payable recorded by the acquiree for notes payable to their parent company, and to recognize a $900 long-term note payable due to the seller as part of the purchase price consideration included within the tables in Note 2. The note has a stated interest rate of 3.5% and is payable on February 19, 2020, with interest-only payments quarterly until the maturity date. We have eliminated the incremental interest expense from the unaudited pro forma combined statements of operations for the twelve months ended December 31, 2017 and the nine months ended September 30, 2018 and accounted for the impact on the unaudited pro forma combined statements of operations through additional paid-in capital as of September 30, 2018.

(h) To eliminate $1,906 of management retention bonus included within Accrued expenses on the unaudited pro forma balance sheet as of September 30, 2018 and re-establish a liability of $932 representing the liability transferred to us as part of the purchase price consideration as outlined in our preliminary purchase price allocation in the table in Note 2. Accordingly, we have eliminated general and administrative expense recorded in the unaudited pro forma combined statements of operations for both the year ended December 31, 2017 and the nine months September 30, 2018 related to the liability retained by the seller and adjusted additional paid-in capital within the unaudited pro forma combined balance sheet at September 30, 2018. The remaining expense related to the management retention bonus will be recorded pro rata through the maturity date on November 15, 2019.

(i) To eliminate the stockholders' equity section of the sellers' balance sheet.

(j) To recognize a liability in the unaudited pro forma combined balance sheet as of September 30, 2018 for the earn-out payment. The stock purchase agreement contemplates additional consideration or $2,000 to be paid by us to seller in the event that acquiree revenue exceeds $13,000, wherein revenues from one specifically-named customer add only 70% of their gross value to the total, for any of (i) the 12-month period ending December 31, 2019, or (ii) any of the next following trailing 12-month periods ending on each of March 31, June 30, September 30 and December 31, 2020.

ASC 805 requires recognition of the fair value of this contingent consideration transferred in exchange for an acquired business. The gross value of the contingent consideration has been recorded as a liability and a reduction to accumulated deficit within the unaudited pro forma combined balance sheet as of September 30, 2018. As the contingent consideration arrangement includes a nonlinear relationship between outcomes and payouts, we utilized the probabilistic method in determining the fair value of this liability to be recorded as part of the estimated purchase price allocation as included in the tables in Note 2.

(k) To derecognize the income tax benefit recorded on acquire standalone financial statements, net of adjustment previously outlined in (b), as the acquiree has had losses for two consecutive annual periods and did not previously record a valuation allowance on deferred tax assets. As the unaudited pro forma combined statements of income indicate a pre-tax loss for all periods presented, a valuation allowance has been recorded and the related income tax benefit has been removed.

(l) Pro forma adjustments for non-acquired assets and liabilities.

(m) Acquiree is a private company not yet required and has not yet adopted ASC 606 *Revenue from Contracts with Customers*. The potential impact of the adoption of ASC 606 is not present within this unaudited pro forma financial information. Upon consummation of the transaction, we will formalize our evaluation, adopt, and implement ASC 606.

(n) To record a valuation allowance of $94, representing 100% of the deferred tax assets related to net operating losses. The Acquiree financial statements did not record a valuation allowance on net operating losses; however, as the unaudited combined pro forma statements accumulated deficit indicates historical losses, an adjustment to reserve against these assets by reducing income tax benefit in the unaudited combined statement of income.

(o) To reclassify $2,204 of accrued liabilities as of the acquisition date to long-term loans payable, net. The closing balance sheet of Allure as of the acquisition date resulted in a proposed net working capital contribution by the Seller of $800; however, the net working capital at the acquisition date included $2,204 of liabilities due from Allure to the Seller. The Company and Seller agreed to exclude those balances from the net working capital calculation, resulting in a net working capital surplus of $1,403. Both parties agreed to modify the Note outlined in (g) above to increase the note by this net working capital surplus to a new total balance of $2,303. The note has a stated interest rate of 3.5% and is payable on February 19, 2020, with interest-only payments quarterly until the maturity date. We have eliminated the incremental interest expense from the unaudited pro forma combined statements of operations for the twelve months ended December 31, 2017 and the nine months ended September 30, 2018 and accounted for the impact on the unaudited pro forma combined statements of operations through additional paid-in capital as of September 30, 2018.

(p) To recognize the mandatory conversion of the Company's Series A Preferred Stock into common stock as a result of the Company's consummation of the Offering and the Allure Transaction per the results of the proxy vote of those preferred shareholders. The conversion price of the Preferred Stock was $7.65 per share, consistent with the Certificate of Designation, resulting in issuance of 723,561 shares of the Company's common stock. Those holders of Preferred Stock who executed a customary lock-up agreement for a period continuing for 90 days after the consummation of the Public Offering were issued, as a one-time incentive, additional common stock and warrants, consistent with the Public Offering, in such number that made the effective conversion price equal to 90% of the effective price per unit sold in the Public Offering. Those holders of Preferred Stock who participated in the Public Offering, subject to a minimum participation requirement as agreed between the underwriters and the Company, and executed the foregoing lock-up agreement received, as a one-time incentive, additional common stock and warrants consistent with the Public Offering, in such number that decreases the effective conversion price on the conversion of Preferred Stock by those holders that execute a lock-up agreement to 80% of the effective price per unit sold in the Public Offering. The lock-up agreements applied to all shares of common stock issued to convert the holder's Preferred Stock, and the additional shares of common stock and warrants, and underlying warrant shares, issued by the Company in exchange for the holder's execution of the lock-up agreement and participation in the offering. As a result, the Company issued an aggregate of 1,846,928 shares of common stock consisting of (i) 723,555 shares upon conversion of the entire class of preferred and (ii) approximately 1,123,367 additional shares, as incentive shares and 923,464 warrants to purchase common stock. The number of warrants awarded to holders of Preferred Stock was calculated consistent with and have identical exercise terms, including exercise price and length of warrant, as those participants in the Public Offering.

(q) To recognize the convertible notes liability conversion agreement which included provisions to convert those notes into common stock in conjunction with the Company's consummation of the Offering and the Allure Transaction. The conversion price of the convertible notes was $7.65. The noteholder who executed a customary lock-up agreement for a period continuing for 90 days after the consummation of the Public Offering were issued, as a one-time incentive, additional common stock and warrants, consistent with the Public Offering, in such number that made the effective conversion price equal to 80% of the effective price per unit sold in the Public Offering. The noteholder who participated in the Public Offering, subject to a minimum participation requirement as agreed between the underwriters and the Company, and executed the foregoing lock-up agreement received, as a one-time incentive, additional common stock and warrants consistent with the Public Offering, in such number that decreases the effective conversion price on the conversion of the notes by those holders that execute a lock-up agreement to 70% of the effective price per unit sold in the Public Offering. The lock-up agreements applied to all shares of common stock issued to convert the holder's notes, and the additional shares of common stock and warrants, and underlying warrant shares, issued by the Company in exchange for the holder's execution of the lock-up agreement and participation in the offering. As a result, the Company issued an aggregate of 2,004,326 shares of common stock consisting of (i) 641,908 shares upon conversion of the entire class of preferred stock and (ii) approximately 1,362,418 additional common shares, as incentive shares and 1,002,163 warrants to purchase common stock. The number of warrants issued to holders of Preferred Stock was calculated consistent with and have identical exercise terms, including exercise price and length of warrant, as those participants in the Public Offering.

(r) To derecognize the interest expense recorded on the additional loan of $1,100 from April 2018. We used proceeds for repayment of our senior secured credit facility down to a maximum balance of $4,000 (gross debt) as articulated in the "Use of Proceeds" section of the Prospectus, which represents a use of approximately $1,283 based on the outstanding balance as of September 30, 2018.