

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

FORM 8-K/A
(Amendment No. 1)

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 6, 2025

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

Minnesota (State or other jurisdiction of incorporation)	001-33169 (Commission File Number)	41-1967918 (IRS Employer Identification No.)
13100 Magisterial Drive, Suite 102, Louisville, KY (Address of principal executive offices)		40223 (Zip Code)
	(502) 791-8800 (Registrant's telephone number, including area code)	

(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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CREX	The Nasdaq Stock Market LLC

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

As previously reported, on October 15, 2025, Creative Realities, Inc. (“Creative Realities” or the “Company”) entered into a Share Purchase Agreement (the “Share Purchase Agreement”) with its wholly owned subsidiary, 1001372953 Ontario Inc., an Ontario corporation (“Buyer”), and Cineplex Entertainment Limited Partnership, a Manitoba limited partnership (“Cineplex”), to acquire DDC Group International, Inc., an Ontario corporation and wholly owned subsidiary of Cineplex (“DDC”). DDC is the parent company of its wholly owned subsidiary, Cineplex Digital Media Inc., an Ontario corporation (“CDM”), and CDM’s wholly owned subsidiary, Cineplex Digital Media U.S. Inc., a Delaware corporation (“CDMUS”). In this report, DDC, CDM and CDMUS are collectively referred to as the “CDM Business,” and such acquisition is referred to as the “CDM Acquisition.” On November 7, 2025, the parties consummated the transactions contemplated by the Share Purchase Agreement. Upon the terms and conditions of the Share Purchase Agreement, at the closing of the CDM Acquisition, the Company (indirectly through 1001372953 Ontario Inc.) acquired ownership of all of the issued and outstanding capital shares of DDC for a total purchase price of approximately CAD\$70,000,000, subject to customary purchase price adjustments. We described the CDM Acquisition in our Current Report on [Form 8-K](#) filed with the Securities and Exchange Commission (the “SEC”) on November 12, 2025 (the “Initial 8-K”). The information set forth in the Initial 8-K is incorporated herein by reference.

In Item 9.01 of the Initial 8-K, we indicated that we intended to file the historical and pro forma financial information relating to the CDM Acquisition required by Item 9.01(a) by amendment to the Initial 8-K no later than 71 calendar days following the due date of the Initial 8-K. This Amendment No. 1 to Current Report on Form 8-K/A amends the Initial 8-K to include such financial information, and includes additional historical and pro forma financial information relating to the CDM Acquisition as of September 30, 2025 and for the nine months then ended.

Item 8.01. Other Events.

The unaudited condensed consolidated interim financial information of DDC as of September 30, 2025 and December 31, 2024 and for the nine months ended September 30, 2025 and 2024 and accompanying notes are attached hereto as Exhibit 99.1 to this Current Report on Form 8-K/A and incorporated herein by reference.

The unaudited pro forma financial information of the Company as of September 30, 2025 and for the nine months then ended, giving effect to the CDM Acquisition, and accompanying notes are filed as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The audited financial statements of DDC, as of December 31, 2023 and December 31, 2024 and for the years then ended, and accompanying notes are attached hereto as Exhibit 99.3 to this Current Report on Form 8-K/A and incorporated herein by reference.

The unaudited condensed consolidated interim financial information of DDC as of June 30, 2025 and December 31, 2024 and for the six months ended June 30, 2025 and 2024 and accompanying notes are attached hereto as Exhibit 99.4 to this Current Report on Form 8-K/A and incorporated herein by reference.

(b) Pro forma financial information.

The unaudited pro forma financial information of the Company as of December 31, 2024 and for the year then ended, and the unaudited pro forma financial information of the Company as of June 30, 2025 and for the six months then ended, giving effect to the CDM Acquisition, and accompanying notes are filed as Exhibit 99.5 to this Current Report on Form 8-K/A and are incorporated by reference herein.

Exhibit No.	Description
23.1	Consent of PricewaterhouseCoopers LLP
99.1	Unaudited condensed consolidated interim financial information of DDC Group International Inc. d/b/a Cineplex Digital Media as of September 30, 2025 and December 31, 2024 and for the nine months ended September 30, 2025 and 2024
99.2	Unaudited pro forma financial statements of the Company and DDC Group International Inc. d/b/a Cineplex Digital Media as of December 31, 2024 and for the year then ended, and the unaudited pro forma financial information of the Company and DDC Group International Inc. d/b/a Cineplex Digital Media as of September 30, 2025 and for the nine months then ended
99.3	Audited consolidated financial statements of DDC Group International Inc. d/b/a Cineplex Digital Media as of and for the years ended December 31, 2024 and 2023
99.4	Unaudited condensed consolidated interim financial information of DDC Group International Inc. d/b/a Cineplex Digital Media as of June 30, 2025 and December 31, 2024 and for the six months ended June 30, 2025 and 2024
99.5	Unaudited pro forma financial statements of Creative Realities, Inc. and DDC Group International Inc. d/b/a Cineplex Digital Media as of December 31, 2024 and for the year then ended, and the unaudited pro forma financial information of Creative Realities, Inc. and DDC Group International Inc. d/b/a Cineplex Digital Media as of June 30, 2025 and for the six months then ended
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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.

Date: December 19, 2025

Creative Realities, Inc

By: /s/ Richard Mills

Richard Mills
Chief Executive Officer and interim Chief
Financial Officer

EXHIBIT INDEX

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104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference into the Registration Statement Nos. 333-282703, 333-272202, 333-265699, 333-262516, 333-239108, and 333-255001 on Form S-3, and Nos. 333-285644 and 333-257288 on Form S-8 of Creative Realities, Inc. of our report dated October 8, 2025 relating to the financial statements of DDC Group International Inc. d/b/a Cineplex Digital Media, which is incorporated by reference in the Amendment No. 1 to Current Report on Form 8-K/A of Creative Realities, Inc. dated December 19, 2025.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada

December 19, 2025

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Balance Sheets

(Unaudited)

(expressed in thousands of Canadian dollars)

	Notes	September 30, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		\$ 7,515	\$ —
Trade and other receivables		6,499	8,184
Income taxes receivable	3	119	239
Inventories		3,402	4,272
Prepaid expenses and other current assets		2,097	463
Due from parent		1,698	6,002
		<u>21,330</u>	<u>19,160</u>
Non-current assets			
Property, equipment and leaseholds		3,708	4,992
Right-of-use assets	2	30,878	37,841
Deferred income taxes	3	10,915	9,585
Intangible assets		969	1,167
Goodwill		44,686	44,686
		<u>\$ 112,486</u>	<u>\$ 117,431</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 THIRD QUARTER REPORTS - CONSOLIDATED BALANCE SHEETS****(1)**

DDC Group International Inc. d/b/a Cineplex Digital MediaCondensed Consolidated Balance Sheets...*continued*

(Unaudited)

(expressed in thousands of Canadian dollars)

	Notes	September 30, 2025	December 31, 2024
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 8,627	\$ 11,115
Deferred revenue and other	5	11,859	5,478
Lease obligations	4	9,946	8,801
		<u>30,432</u>	<u>25,394</u>
Non-current liabilities			
Lease obligations	4	26,979	32,870
Other liabilities		230	226
		<u>27,209</u>	<u>33,096</u>
Total liabilities		<u>57,641</u>	<u>58,490</u>
Shareholders' equity			
Share capital		51,960	51,960
Equity		354	5,096
Contributed surplus		2,287	1,525
Cumulative translation adjustment		244	360
Total shareholders' equity		<u>54,845</u>	<u>58,941</u>
		<u>\$ 112,486</u>	<u>\$ 117,431</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 THIRD QUARTER REPORTS - CONSOLIDATED BALANCE SHEETS

(2)

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Operations

For the nine months ended September 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

		Nine months ended	
	Notes	September 30,	
		2025	2024
Revenues	5		
Project revenues		12,177	11,117
Media and services revenues		25,933	22,718
		<u>38,110</u>	<u>33,835</u>
Expenses			
Depreciation - right-of-use assets		7,455	7,661
Depreciation and amortization - other assets		2,293	2,664
(Gain) loss on disposal of assets	5	—	(194)
Purchased services		6,213	6,372
Other inventories consumed		5,858	5,287
Employee wages, salaries and benefits		14,604	14,071
Other costs	6	5,314	3,872
Interest expense - lease obligations	4	1,771	2,111
Interest expense - other		22	22
Foreign exchange		622	(250)
		<u>44,152</u>	<u>41,616</u>
Loss before income taxes		<u>(6,042)</u>	<u>(7,781)</u>
Income taxes recovery	3		
Current		31	22
Deferred		(1,331)	(1,733)
		<u>(1,300)</u>	<u>(1,711)</u>
Net (loss) income		<u>\$ (4,742)</u>	<u>\$ (6,070)</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 THIRD QUARTER REPORTS - CONSOLIDATED STATEMENTS OF OPERATIONS

(3)

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Comprehensive Income (Loss)

For the nine months ended September 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars)

	Nine months ended	
	September 30,	
	2025	2024
Net (loss) income from continuing operation	\$ (4,742)	\$ (6,070)
Other comprehensive (loss) income		
<i>Items that will be reclassified subsequently to net income:</i>		
Foreign currency translation adjustment	(116)	61
Total comprehensive (loss) income	\$ (4,858)	\$ (6,009)
(Loss) earnings per share - basic	7	\$ (476)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 THIRD QUARTER REPORTS - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(4)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Cumulative translation adjustment	Equity	Total
January 1, 2025	\$ 51,960	\$ 1,525	\$ 360	\$ 5,096	\$ 58,941
Net loss	—	—	—	(4,742)	(4,742)
Other comprehensive income	—	—	(116)	—	(116)
Total comprehensive loss (income)	—	—	(116)	(4,742)	(4,858)
Issuance of shares on exercise of options	—	762	—	—	762
September 30, 2025	<u>\$ 51,960</u>	<u>\$ 2,287</u>	<u>\$ 244</u>	<u>\$ 354</u>	<u>\$ 54,845</u>
January 1, 2024	\$ 51,960	\$ 572	\$ 229	\$ 7,422	\$ 60,183
Net income	—	—	—	(6,070)	(6,070)
Other comprehensive loss	—	—	61	—	61
Total comprehensive loss (income)	—	—	61	(6,070)	(6,009)
Reclassification of cumulative translation adjustment	—	149	(149)	—	—
Issuance of shares on exercise of options	—	585	—	—	585
September 30, 2024	<u>\$ 51,960</u>	<u>\$ 1,306</u>	<u>\$ 141</u>	<u>\$ 1,352</u>	<u>\$ 54,759</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 THIRD QUARTER REPORTS - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(5)

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Cash Flows
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars)

		Nine months ended	
	Notes	September 30,	
		2025	2024
Cash provided by (used in)			
Operating activities			
Net (loss) income from continuing operations		\$ (4,742)	\$ (6,070)
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization - other assets		2,293	2,664
Depreciation - right-of-use assets		7,455	7,661
Other non-cash interest		22	22
(Gain) loss on disposal of assets	5	—	(194)
Deferred income taxes	3	(1,331)	(1,733)
Non-cash share-based compensation		762	585
Changes in operating assets and liabilities	9	9,807	1,199
Net cash provided by operating activities		14,266	4,134
Investing activities			
Purchases of property, equipment and leaseholds	4	(386)	(439)
Intangible assets additions		(427)	(599)
Net cash provided by (used in) investing activities		(813)	(1,038)
Financing activities			
Repayments of lease obligations - principal		(5,236)	(3,848)
Due to/from parent		(670)	695
Net cash used in financing activities		(5,906)	(3,153)
Effect of exchange rate differences on cash		(32)	57
Increase in cash and cash equivalents		7,515	—
Cash and cash equivalents - Beginning of period		—	—
Cash and cash equivalents - End of period		\$ 7,515	\$ —
Supplemental information			
Cash paid for interest - lease obligation		\$ 1,771	\$ 2,111
Cash paid for interest - other		\$ —	\$ —
Cash paid for income taxes, net		\$ (51)	\$ —

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 THIRD QUARTER REPORTS - CONSOLIDATED STATEMENTS OF CASH FLOWS

(6)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

1. General information

DDC Group International Inc. ("DDC") is an Ontario, Canada corporation and a wholly owned subsidiary of Cineplex Entertainment Limited Partnership ("CELP"). DDC serves as the holding company for Cineplex Digital Media Inc. and Cineplex Digital Media US Inc. (collectively "CDM"), which together operate as a leading provider of digital signage and digital place-based media solutions across North America. CDM is headquartered at 137 Northfield Drive West, Waterloo, Ontario, N2L 5A6.

2. Right-of-use-assets

The following tables present right-of-use assets for CDM for the nine months ended September 30, 2025 and 2024:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
At September 30, 2025			
Cost	\$ 2,140	\$ 57,412	\$ 59,552
Accumulated depreciation	(1,270)	(27,404)	(28,674)
Net book value	<u>\$ 870</u>	<u>\$ 30,008</u>	<u>\$ 30,878</u>
Nine months ended September 30, 2025			
Opening net book value	\$ 507	\$ 37,334	\$ 37,841
Additions	492	—	\$ 492
Extensions and modifications	—	—	\$ —
Depreciation for the period	(129)	(7,326)	\$ (7,455)
Closing net book value	<u>\$ 870</u>	<u>\$ 30,008</u>	<u>\$ 30,878</u>
At September 30, 2024			
Cost	\$ 1,649	\$ 14,883	\$ 16,532
Accumulated depreciation	(1,081)	(18,418)	(19,499)
Net book value	<u>\$ 568</u>	<u>\$ (3,535)</u>	<u>\$ (2,967)</u>
Nine months ended September 30, 2024			
Opening net book value	\$ 751	\$ 3,944	\$ 4,695
Additions	—	43,344	43,344
Extensions and modifications	—	—	—
Depreciation for the period	(183)	(7,478)	(7,661)
Closing net book value	<u>\$ 568</u>	<u>\$ 39,810</u>	<u>\$ 40,378</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

3. Deferred income taxes

Based on substantively enacted corporate tax rates, expected timing of reversals and expected taxable income allocation to various tax jurisdictions, deferred income taxes are as follows:

	September 30, 2025	December 31, 2024
Deferred income tax assets		
Property, equipment and leaseholds and deferred tenant inducements - difference between net carrying value and undepreciated capital cost	\$ 227	\$ 111
Accounting provisions not currently deductible	1,684	1,105
Income tax credits available	450	450
Operating losses available for carry-forward	9,821	9,184
Total gross deferred income tax assets	<u>12,182</u>	<u>10,850</u>
Future deferred tax liabilities		
Intangible assets	(1,267)	(1,265)
Total gross deferred income tax liabilities	<u>(1,267)</u>	<u>(1,265)</u>
Net deferred income tax asset recognized	<u>\$ 10,915</u>	<u>\$ 9,585</u>

At December 31, 2020 the recoverability of the net deferred income tax assets was uncertain and accordingly the net deferred tax assets were derecognized. During the second quarter of 2023, Cineplex Digital Media assessed the recoverability of net deferred income tax assets and determined that the expected return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income tax recovery of approximately \$8,923 in the second quarter of 2023.

Cineplex Digital Media's combined statutory income tax rate at September 30, 2025 was 26.5% (2024 - 26.6%).

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 THIRD QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(8)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

4. Lease obligations

The following table presents lease obligations for CDM for the nine months ended September 30, 2025 and 2024:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Nine months ended September 30, 2025			
Opening balance	\$ 523	\$ 41,148	41,671
Additions	492	—	492
Extensions and modifications	—	—	—
Lease payment	(218)	(6,791)	(7,009)
Interest expense	39	1,732	1,771
Closing lease obligations	\$ 836	\$ 36,089	\$ 36,925
Less: current portion	240	9,706	9,946
Non-current portion of lease obligations of continuing operations	<u>\$ 596</u>	<u>\$ 26,383</u>	<u>\$ 26,979</u>
	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Nine months ended September 30, 2024			
Opening balance	\$ 760	\$ 4,773	\$ 5,533
Additions	—	43,344	43,344
Extensions and modifications	—	—	—
Lease payment	(218)	(5,740)	(5,958)
Interest expense	42	2,069	2,111
Closing lease obligations	\$ 584	\$ 44,446	\$ 45,030
Less: current portion	250	7,971	8,221
Non-current portion of lease obligations	<u>\$ 334</u>	<u>\$ 36,475</u>	<u>\$ 36,809</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 THIRD QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

5. Revenue

The following tables disclose the changes in deferred revenue and other for the nine months ended September 30, 2025 and 2024:

	December 31, 2024	Additions	Recognized	Translation	September 30, 2025
Media deposits	\$ 5,478	\$ 14,514	\$ 8,113	\$ 20	\$ 11,859
	<u>\$ 5,478</u>	<u>\$ 14,514</u>	<u>\$ 8,113</u>	<u>\$ 20</u>	<u>\$ 11,859</u>

	December 31, 2023	Additions	Recognized	Translation	September 30, 2024
Media deposits	\$ 4,460	\$ 5,561	\$ 4,992	\$ (21)	\$ 5,050
	<u>\$ 4,460</u>	<u>\$ 5,561</u>	<u>\$ 4,992</u>	<u>\$ (21)</u>	<u>\$ 5,050</u>

The following tables provide the disaggregation of revenue into categories by nature for the nine months ended September 30, 2025 and 2024:

Media revenues	Nine months ended September 30,	
	2025	2024
Project revenues	\$ 12,177	\$ 11,117
Media and services revenues	25,933	22,718
Total media revenues	<u>\$ 38,110</u>	<u>\$ 33,835</u>

Timing of revenue recognition	Nine months ended September 30,	
	2025	2024
Transferred at a point in time	\$ 13,730	\$ 12,560
Transferred over time	24,380	21,275
Total media revenues	<u>\$ 38,110</u>	<u>\$ 33,835</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

6. Other costs

	Nine months ended September 30,	
	2025	2024
Variable rent	\$ 3,004	\$ 1,672
Realty and occupancy taxes and maintenance fees	134	123
Utilities	37	36
Repairs and maintenance	525	460
Advertising and promotion	567	589
Office and operating supplies	73	100
Licenses and franchise fees	8	11
Insurance	120	39
Professional and consulting fees	68	51
Telecommunications and data	169	198
Bad debts	(24)	(38)
Other costs	633	631
	<u>\$ 5,314</u>	<u>\$ 3,872</u>

7. Earnings (loss) per share**Basic**

Basic earnings (loss) per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the period.

	Nine months ended September 30,	
	2025	2024
Net loss	\$ (4,742)	\$ (6,070)
Weighted average number of shares outstanding	12,742	12,742
Loss per share - basic	<u>\$ (372)</u>	<u>\$ (476)</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

8. Related party transactions

CDM earns revenue from the sale of advertising by its parent company, Cineplex Entertainment LP, on CDM's digital signage network. These transactions are conducted in the normal course of operations and are measured at market-based exchange amounts. A portion of CDM's trade and other receivables, relates to amounts due from Cineplex, and revenue for digital out of home as shown below:

Nine months ended as of September 30, 2025

		Cineplex
Trade and other receivables	\$	1,698
Revenue	\$	13,655

Nine months ended as of September 30, 2024

		Cineplex
Trade and other receivables	\$	977
Revenue	\$	9,544

9. Changes in operating assets and liabilities

The following summarizes the changes in operating assets and liabilities:

	Nine months ended September 30,	
	2025	2024
Trade and other receivables	\$ 1,570	\$ (161)
Inventories	860	(1,212)
Prepaid expenses and other current assets	(1,612)	(279)
Accounts payable and accrued liabilities	2,589	2,476
Income taxes receivable	80	30
Deferred revenue	6,338	562
Other liabilities	(18)	(217)
	<u>\$ 9,807</u>	<u>\$ 1,199</u>

Property, equipment and leasehold purchases included in accounts payable and accrued liabilities as at September 30, 2025 are \$326 (2024 - \$364).

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 THIRD QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(12)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2025 and 2024
(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

10. Basis of presentation and accounting standards

Basis of preparation and measurement

CDM prepares its unaudited interim condensed consolidated financial statements in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying CDM’s accounting policies. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of IFRS Accounting Standards for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended December 31, 2024, with the exception of accounting standards issued since December 31, 2024.

11. Subsequent events

On October 16, 2025, CELP announced it had entered into a definitive purchase agreement to sell 100% of the issued and outstanding shares of DDC Group International Inc., which operates the digital place-based media division through CDM. The CDM Sale Transaction is expected to close in the fourth quarter of 2025, subject to regulatory approvals and customary closing conditions, for cash proceeds of \$70.0 million subject to customary post-closing adjustments.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On October 15, 2025, Creative Realities Inc. (the “Company” or “CRI”) entered into a Share Purchase Agreement (the “Share Purchase Agreement” or the “Acquisition”) with its wholly-owned subsidiary, 1001372953 Ontario Inc., an Ontario corporation (“Buyer”) and Cineplex Entertainment Limited Partnership, a Manitoba limited partnership (“Cineplex”) to acquire 100% of the issued and outstanding common shares (12,742 common shares) of DDC Group International, Inc., an Ontario corporation and wholly owned subsidiary of Cineplex (“DDC”). No other equity shares of DDC existed other than the common shares. DDC is the parent company of its wholly owned subsidiary, Cineplex Digital Media Inc., an Ontario corporation (“CDM”), and CDM’s wholly owned subsidiary, Cineplex Digital Media U.S. Inc., a Delaware corporation (“CDMUS”). Herein DDC, CDM and CDMUS are collectively referred to as the “CDM Business,” and such acquisition is referred to as the “CDM Acquisition.” All amounts presented are presented in thousands except for per share data.

The Share Purchase Agreement defines the total purchase price to be paid in exchange for all of the issued and outstanding common shares of DDC as CAD\$70,000, subject to customary purchase price adjustments based on working capital, closing cash, transaction expenses, and CDM Business closing indebtedness and planned capital expenditures (the “Purchase Price”). The Share Purchase Agreement contains customary and negotiated representations, warranties, covenants, and indemnification provisions. The Share Purchase Agreement also contains closing conditions requiring that the Company obtain equity and debt financing sufficient to pay the Purchase Price (see below sections called *Offering and Debt Financing*), that the CDM Acquisition receive regulatory approval pursuant to Canada’s Competition Act, and other customary conditions. Prior to consummation of the transaction, regulatory approval pursuant to Canada’s Competition Act was obtained.

On November 7, 2025, the parties consummated the transactions contemplated by the Share Purchase Agreement. At the closing of the CDM Acquisition, the Company (indirectly through Buyer) acquired ownership of all of the issued and outstanding common shares of DDC in exchange for the Purchase Price (on November 7, 2025, the Canadian Dollar (“CAD”) 70,000 equivalent in United States Dollar (“USD”) was approximately USD \$50,400). After the estimated purchase price adjustments, the net amount paid to Cineplex in exchange for the shares of DDC was approximately USD\$43,302.

Offering

On October 15, 2025, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement” or the “Offering”) with certain accredited investors, the lead investor being North Run Strategic Opportunities Fund I, LP (“North Run”), (collectively, the “Investors”), pursuant to which the Company agreed to sell to the Investors in a private placement, for an aggregate gross purchase price of USD\$30,000, an aggregate of 30,000 shares of a newly established series of preferred stock designated as Series A Convertible Preferred Stock (the “Preferred Shares”). The Preferred Shares have a stated value of USD\$1,000 per share and are initially convertible into 10,000 shares of the Company’s common stock, par value USD\$0.01 per share. Conversion of the Preferred Shares into common stock is subject to certain limitations based on (1) a number not to exceed 19.99% of the issued and outstanding common stock for any particular holder and (2) a total number of shares authorized to be converted. This sale of Preferred Shares is described herein as the “Offering.” The Offering closed on November 6, 2025. The Company used the net proceeds of the Offering to pay a portion of the Purchase Price for the CDM Acquisition, which closed the next day on November 7, 2025.

Debt Financing

On November 6, 2025, the Company and certain of its subsidiaries (collectively, the “Borrowers”), entered into a Credit Agreement (the “Credit Agreement”) with certain lenders (the “Lenders”), and First Merchants Bank, an Indiana bank, as Agent for the Lenders (“Agent”). The Credit Agreement amends and restates in its entirety the existing credit agreement with Agent dated as of May 23, 2024, as amended. The Credit Agreement provides the Borrowers with a USD\$36,000 term loan (the “Term Loan”) and a USD\$22,500 revolving credit facility (the “Revolver”), subject to the terms and conditions set forth in the Credit Agreement. The Company used the proceeds from the Term Loan of USD\$36,000 and a portion of the proceeds from the Revolver (approximately USD\$831) to finance the remaining portion of the purchase price for the CDM Acquisition, pay the Company’s costs related to these transactions (the CDM Acquisition, the Offering and the Debt Financing), and also repay amounts owed under the existing credit agreement. Collectively, the CDM Acquisition, the Offering and the Debt Financing are referred to as the “Transactions”.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses.” Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the Transactions (“Transaction Accounting Adjustments”) and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur (“Management’s Adjustments”).

Transaction Accounting Adjustments have been presented in three separate columns representing the adjustments associated with the Offering, the Debt Financing, and the CDM Acquisition. The Company has elected not to present Management’s Adjustments and will only be presenting Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information does not reflect future events that may occur after the Transactions. The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of a true picture of the financial position and the results of operations of the combined companies following the completion of the Transactions. The pro forma adjustments are subject to material change and are based upon currently available information and certain assumptions that the Company believes are reasonable.

The unaudited pro forma condensed combined statements of income for the year ended December 31, 2024 and for the nine months ended September 30, 2025 are presented as if the Transactions had been completed on January 1, 2024. The unaudited pro forma condensed combined balance sheet as of September 30, 2025 is presented as Transactions had been completed on September 30, 2025.

The unaudited pro forma condensed consolidated financial information has been derived from and should be read together with the following:

- the unaudited condensed consolidated financial statements of CRI included in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025;
 - the unaudited condensed consolidated financial statements of the CDM Business as of and for the nine months ended September 30, 2025 included as Exhibit 99.1 of this Form 8-K/A;
 - the audited consolidated financial statements of CRI included in its Annual Report on Form 10-K for the year ended December 31, 2024;
 - the audited consolidated financial statements of the CDM Business as of and for the year ended December 31, 2024 included as Exhibit 99.3 of this Form 8-K/A;
 - other information relating to CRI and the CDM Business contained in reports filed by CRI, as applicable, with the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.
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The unaudited pro forma condensed combined financial statements reflect the following adjustments, which include the Transaction Accounting Adjustments:

- 1) The historical consolidated financial statements of the CDM Business were prepared in accordance with International Financial Reporting Standards (“IFRS”). For purposes of these unaudited pro forma condensed combined financial statements, the historical IFRS financial information of the CDM Business has been converted to U.S. generally accepted accounting principles (“U.S. GAAP”) to conform to the accounting policies of the Company. The pro forma adjustments include those necessary to reflect the differences between IFRS and U.S. GAAP that are required to be applied in the preparation of the pro forma condensed combined financial statements. Additionally, certain items within the CDM Business’s historical presentation have been reclassified to conform to CRI’s financial statement presentation.
- 2) The historical consolidated financial statements of the CDM Business are presented in CAD. For purposes of these unaudited pro forma condensed combined financial statements, the historical CAD amounts have been translated into USD in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 830, Foreign Currency Matters. Translation was performed using the exchange rates in effect as of the relevant historical balance sheet dates and the average exchange rates for the applicable historical statement of operations periods, unless otherwise indicated. The resulting translation adjustments are included solely for purposes of presenting the pro forma condensed combined financial information in USD.
- 3) The estimated adjustments related to the Offering.
- 4) The estimated adjustments related to the Debt Financing.
- 5) The estimated adjustments related to the CDM Acquisition, using the acquisition method of accounting with CRI as the accounting acquirer.

The estimated adjustments related to the CDM Acquisition have been prepared using the acquisition method of accounting in accordance with U.S. GAAP. CRI has been identified as the acquirer for accounting purposes, due to CRI obtaining control over the CDM Business by paying the Purchase Price in cash and organizing the Offering and Debt Financing in order to fund the CDM Acquisition. Thus, CRI will account for the Merger as a business combination in accordance ASC 805, Business Combinations. The total purchase price will be allocated to the acquired tangible and intangible assets and assumed liabilities based on their respective fair values. The fair values of the acquired assets and assumed liabilities of the CDM Business have been measured based on various preliminary estimates using assumptions that CRI management believes are reasonable and based on currently available information. Accordingly, the pro forma adjustments related to the CDM Acquisition are preliminary and have been made solely for the purpose of preparing the unaudited pro forma condensed combined financial statements. The final purchase accounting could be materially different from the preliminary estimates used to prepare the accompanying unaudited pro forma condensed combined financial statements which could have a material impact on the combined company’s future results of operations and financial position.

The unaudited pro forma condensed combined financial statements have been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in the notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments reflect the Transaction Accounting Adjustments related to the Transactions, which are discussed in further detail below. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not purport to represent the combined company’s consolidated results of operations or consolidated financial position that would actually have occurred had the Transactions been consummated on the dates assumed or to project the combined company’s consolidated results of operations or consolidated financial position for any future date or period.

The accounting policies followed in preparing the unaudited pro forma condensed combined financial statements are those used by CRI as set forth in CRI's audited historical consolidated financial statements. As noted above, CRI has performed a preliminary evaluation of the pro forma impact of converting the CDM Business's historical consolidated financial statements from IFRS to U.S. GAAP, and aligning them with those of the Company. A more comprehensive comparison and assessment will occur, which may result in additional differences identified. Additionally, CRI has reclassified certain items within the CDM Business's historical consolidated financial statements for consistency in the financial statement presentation. These reclassifications have no effect on the previously reported total assets, total liabilities and shareholders' equity, or net loss of CRI or the CDM Business. See Notes to Unaudited Pro Forma Condensed Combined Financial Statements for more information.

The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not reflect the costs of any post close integration activities or synergies that may be achieved because of the Transactions or costs to achieve the synergies.

CRI and the CDM Business have not had any historical material relationship prior to the CDM Acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2025
(In thousands except per share amounts)

	Creative Realities, Inc.	DDC Group International Inc.	Offering Transaction Accounting Adjustments	Notes	Debt Financing Transaction Accounting Adjustments	Notes	CDM Acquisition Transaction Accounting Adjustments	Notes	Pro Forma Combined
	Note A	Note B	Note C		Note D		Note E		
ASSETS									
Current Assets:									
Cash and equivalents	\$ 314	\$ 5,399	\$ 28,320	(a)	\$ 14,668	(b)	\$ (48,701)	(c)	\$ -
Accounts receivable, net	11,084	3,895	-		-		-		14,979
Inventories, net	4,305	2,444	-		-		-		6,749
Prepaid expenses and other current assets	1,290	2,364	(67)	(a)	(20)	(b)	-		3,567
Due from Cineplex Entertainment LP	-	1,220	-		-		-		1,220
Total Current Assets	16,993	15,322	28,253		14,648		(48,701)		26,515
Property and equipment, net	378	2,664	-		-		-		3,042
Goodwill	26,453	32,102	-		-		(9,609)	(c)	48,946
Other intangible assets, net	15,383	696	-		-		22,875	(c)	38,954
Operating lease right-of-use assets	1,686	23,130	-		-		3,319	(c)	28,135
Other non-current assets	373	-	-		(156)	(b)	-		217
Total Assets	\$ 61,266	\$ 73,914	\$ 28,253		\$ 14,492		\$ (32,116)		\$ 145,809
LIABILITIES, TEMPORARY EQUITY, AND SHAREHOLDERS' EQUITY									
Current Liabilities:									
Accounts payable	\$ 8,705	\$ 4,618	\$ 663	(a)	\$ 833	(b)	\$ 448	(c)	\$ 15,267
Accrued expenses and other current liabilities	2,552	1,577	-		-		-		4,129
Deferred revenues	2,470	8,520	-		-		-		10,990
Customer deposits	1,518	-	-		-		-		1,518
Current maturities of operating leases	420	8,764	-		-		-		9,184
Short-term debt	802	-	-		2,798	(b)	-		3,600
Total Current Liabilities	16,467	23,479	663		3,631		448		44,688
Revolving credit facility	18,163	-	-		(17,332)	(b)	-		831
Long-term debt	3,198	-	-		29,202	(b)	-		32,400
Long-term obligations under operating leases	1,384	17,727	-		-		-		19,111
Deferred tax liabilities	-	726	-		-		(299)	(c)	427
Other non-current liabilities	165	165	-		-		-		330
Total Liabilities	39,377	42,097	663		15,501		149		97,787
Series A Redeemable Convertible Preferred stock, \$1,000 stated value, 30 shares authorized, issued and outstanding as of September 30, 2025 (pro forma)	-	-	27,590	(a)	-		-		27,590
Shareholders' Equity									
Common Stock \$0.01 par value, 66,666 shares authorized, 10,519 shares issued and outstanding as of September 30, 2025	105	37,328	-		-		(37,328)	(d)	105
Additional paid-in capital	84,949	1,643	-		-		(1,643)	(d)	84,949
Accumulated other comprehensive income	-	175	-		-		(175)	(d)	-
Accumulated deficit	(63,165)	(7,329)	-		(1,009)	(b)	7,329	(d)	(64,622)
							(448)	(d)	
Total Shareholders' Equity	21,889	31,817	-		(1,009)		(32,265)		20,432
Total Liabilities, Temporary Equity, and Shareholders' Equity	\$ 61,266	\$ 73,914	\$ 28,253		\$ 14,492		\$ (32,116)		\$ 145,809

See notes to the unaudited pro forma condensed combined financial information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025
(In thousands except per share amounts)

	Creative Realities, Inc.	DDC Group International Inc.	Offering Transaction Accounting Adjustments	Notes	Debt Financing Transaction Accounting Adjustments	Notes	CDM Acquisition Transaction Accounting Adjustments	Notes	Pro Forma Combined
	<u>Note A</u>	<u>Note B</u>	<u>Note C</u>		<u>Note D</u>		<u>Note E</u>		
Sales									
Hardware	\$ 14,635	\$ 5,289	\$ -		\$ -		\$ -		\$ 19,924
Services and other	18,676	21,977	-		-		-		40,653
Total sales	<u>33,311</u>	<u>27,266</u>	<u>-</u>		<u>-</u>		<u>-</u>		<u>60,577</u>
Cost of sales									
Hardware	10,519	4,191	-		-		-		14,710
Services and other	8,545	19,160	-		-		121 (d)		27,826
Total cost of sales	<u>19,064</u>	<u>23,351</u>	<u>-</u>		<u>-</u>		<u>121</u>		<u>42,536</u>
Gross profit	<u>14,247</u>	<u>3,915</u>	<u>-</u>		<u>-</u>		<u>(121)</u>		<u>18,041</u>
Operating expenses:									
Sales and marketing expenses	3,775	3,723	-		-		-		7,498
General and administrative fees	14,083	3,743	-		-		1,161 (c), (d)		18,987
Impairment of software asset	5,712	-	-		-		-		5,712
Total operating expenses	<u>23,570</u>	<u>7,466</u>	<u>-</u>		<u>-</u>		<u>1,161</u>		<u>32,197</u>
Operating (loss) income	<u>(9,323)</u>	<u>(3,551)</u>	<u>-</u>		<u>-</u>		<u>(1,282)</u>		<u>(14,156)</u>
Other expenses (income)									
Interest expense	1,364	16	-		671 (b)		-		2,051
Gain on settlement of contingent consideration	(4,775)	-	-		-		-		(4,775)
Other expense	408	445	-		-		-		853
Total other expense (income)	<u>(3,003)</u>	<u>461</u>	<u>-</u>		<u>671</u>		<u>-</u>		<u>(1,871)</u>
Net loss before income taxes	<u>(6,320)</u>	<u>(4,012)</u>	<u>-</u>		<u>(671)</u>		<u>(1,282)</u>		<u>(12,285)</u>
Income tax benefit (provision)	9	(22)	-		-		307 (c)		294
Net loss	<u>\$ (6,311)</u>	<u>\$ (4,034)</u>	<u>\$ -</u>		<u>\$ (671)</u>		<u>\$ (975)</u>		<u>\$ (11,991)</u>
Dividend attributable to Series A Redeemable Convertible Preferred Stock	-	-	(1,178) (a)		-		-		(1,178)
Net Loss Applicable to Common Stockholders	<u>\$ (6,311)</u>	<u>\$ (4,034)</u>	<u>\$ (1,178)</u>		<u>\$ (671)</u>		<u>\$ (975)</u>		<u>\$ (13,169)</u>
Basic (loss) earning per common share									
	<u>\$ (0.60)</u>	<u>\$ (310.31)</u>							<u>\$ (1.26)</u>
Diluted (loss) earning per common share									
	<u>\$ (0.60)</u>	<u>\$ (310.31)</u>							<u>\$ (1.26)</u>
Weighted average shares outstanding									
- basic	<u>10,487</u>	<u>13</u>							<u>10,487</u>
- diluted	<u>10,487</u>	<u>13</u>							<u>10,487</u>

See notes to the unaudited pro forma condensed combined financial information

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands except per share amounts)

	<u>Creative Realities, Inc.</u>	<u>DDC Group International Inc.</u>	<u>Offering Transaction Accounting Adjustments</u>	<u>Notes</u>	<u>Debt Financing Transaction Accounting Adjustments</u>	<u>Notes</u>	<u>CDM Acquisition Transaction Accounting Adjustments</u>	<u>Notes</u>	<u>Pro Forma Combined</u>
	Note A	Note B	Note C		Note D		Note E		
Sales									
Hardware	\$ 18,259	\$ 8,010	\$ -		\$ -		\$ -		\$ 26,269
Services and other	32,595	32,660	-		-		-		65,255
Total sales	50,854	40,670	-		-		-		91,524
Cost of sales									
Hardware	13,521	6,406	-		-		-		19,927
Services and other	13,322	26,688	-		-		169 (c), (e)		40,179
Total cost of sales	26,843	33,094	-		-		169		60,106
Gross profit	24,011	7,576	-		-		(169)		31,418
Operating expenses:									
Sales and marketing expenses	6,015	4,693	-		-		-		10,708
General and administrative fees	17,058	5,260	-		-		1,997 (c), (d), (e)		24,315
Total operating expenses	23,073	9,953	-		-		1,997		35,023
Operating (loss) income	938	(2,377)	-		-		(2,166)		(3,605)
Other expenses (income)									
Interest expense, including amortization of debt discount	1,775	22	-		938 (b)		-		2,735
Loss on change in fair value of contingent considerations	1,608	-	-		-		-		1,608
Loss on debt extinguishment	1,059	-	-		1,009 (b)		-		2,068
Other expense	(102)	(1,115)	-		-		-		(1,217)
Total other expense (income)	4,340	(1,093)	-		1,947		-		5,194
Net loss before income taxes	(3,402)	(1,284)	-		(1,947)		(2,166)		(8,799)
Income tax (provision) benefit	(106)	(26)	-		-		409 (c)		277
Net loss	\$ (3,508)	\$ (1,310)	\$ -		\$ (1,947)		\$ (1,757)		\$ (8,522)
Dividend attributable to Series A Redeemable Convertible Preferred Stock	-	-	(1,575) (a)		-		-		(1,575)
Net Loss Applicable to Common Stockholders	\$ (3,508)	\$ (1,310)	\$ (1,575)		\$ (1,947)		\$ (1,757)		\$ (10,097)
Basic (loss) earning per common share									
	\$ (0.34)	\$ (100.77)							\$ (0.97)
Diluted (loss) earning per common share									
	\$ (0.34)	\$ (100.77)							\$ (0.97)
Weighted average shares outstanding - basic									
	10,440	13							10,440
Weighted average shares outstanding - diluted									
	10,440	13							10,440

See notes to the unaudited pro forma condensed combined financial information

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information set forth herein is based upon the consolidated historical financial statements of CRI and the CDM Business. The unaudited pro forma condensed combined financial information is presented as if the Transactions had been completed on January 1, 2024 with respect to the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2024 and for the nine months ended September 30, 2025 and on September 30, 2025 in respect to the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations had the Transactions occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the completion of the Transactions.

The estimated adjustments related to the CDM Acquisition have been prepared using the acquisition method of accounting in accordance with ASC 805, which requires that one company is designated as the acquirer for accounting purposes. It has been determined that CRI is the accounting acquirer. Accordingly, the assets acquired and liabilities assumed of the CDM Business are recorded based on preliminary estimates of fair value. Any excess of the purchase price over the fair value of identified assets acquired and liabilities assumed is recognized as goodwill.

CRI's historical financial information was prepared in accordance with U.S. GAAP and presented in USD. The CDM Business's historical financial information was prepared in accordance with IFRS and is presented in CAD, but has been converted to U.S. GAAP and translated into USD and include certain reclassifications to align with CRI's historical presentation.

For purposes of preparing the unaudited pro forma condensed combined financial statements and related notes the pro forma adjustments reflected in the unaudited pro forma condensed combined balance sheet are based on items that are factually supportable and directly attributable to the Transactions. Pro forma adjustments reflected in the pro forma condensed combined statements of operations are based on items that are factually supportable, directly attributable to the Transactions and expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the Transactions, including potential synergies that may be generated in future periods.

All amounts presented are presented in thousands except for per share data.

2. Transaction Accounting Adjustments

The following Transaction Accounting Adjustments give effect to the Transactions.

Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2025

Note A Derived from the condensed consolidated balance sheet of CRI as of September 30, 2025, filed with the SEC.

Note B Derived from the condensed consolidated balance sheet of the CDM Business as of September 30, 2025, included as Exhibit 99.1 of this Form 8-K/A. The historical consolidated financial statements of the CDM Business were prepared in accordance with IFRS and were adjusted to conform with U.S. GAAP (see below section called IFRS to U.S. GAAP Conversion Adjustments for further detail). Additionally, certain financial statement line item captions were reclassified to conform to CRI's historical presentation. Lastly, the as adjusted historical consolidated financial statements of the CDM Business were translated from CAD to USD. The table below provides a reconciliation between the historical consolidated financial statements of the CDM Business and the unaudited pro forma condensed combined financial information, showing the financial statement line items impacted.

IFRS to U.S. GAAP Conversion Adjustments:

The Company recorded IFRS to U.S. GAAP adjustments related to the recognition of operating leases and related lease liabilities under ASC 842 – Leases and the adjustment of certain deferred tax assets and liabilities in accordance with ASC 740- Income Taxes.

These adjustments are based on management's preliminary assessment and are subject to change as the conversion analysis is finalized.

The table below illustrates the aforementioned adjustments.

AS OF SEPTEMBER 30, 2025

	DDC Group International Inc.			DDC Group International Inc.	Period End Exchange Rate 0.7184	DDC Group International Inc.
	IFRS CAD	U.S.GAAP Adjustments	Reclassification Adjustments	U.S. GAAP CAD		U.S. GAAP USD
Assets						
Current assets						
Cash and cash equivalents	\$ 7,515	\$ -	\$ -	\$ 7,515		\$ 5,399
Trade and other receivables	6,499	-	(1,077)	5,422		3,895
Income taxes receivable	119	-	(119)	-		-
Inventories	3,402	-	-	3,402		2,444
Prepaid expenses and other current assets	2,097	-	1,196	3,293		2,364
Due from parent	1,698	-	(1,698)	-		-
Due from Cineplex Entertainment LP	-	-	1,698	1,698		1,220
Total Current Assets	21,330	-	-	21,330		15,322
Non-current assets						
Property, equipment and leaseholds	3,708	-	-	3,708		2,664
Right-of-use assets	30,878	(30,878)	-	-		-
Operating lease right-of-use assets	-	32,196	-	32,196		23,130
Deferred income taxes	10,915	(10,915)	-	-		-
Intangible assets	969	-	-	969		696
Goodwill	44,686	-	-	44,686		32,102
Total Assets	\$ 112,486	\$ (9,597)	\$ -	\$ 102,889		\$ 73,914
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	\$ 8,627	\$ -	\$ (2,195)	\$ 6,432		\$ 4,618
Accrued expenses and other current liabilities	-	-	2,195	2,195		1,577
Deferred revenue and other	11,859	-	-	11,859		8,520
Lease obligations	9,946	(9,946)	-	-		-
Current maturities of operating leases	-	12,199	-	12,199		8,764
Total Current Liabilities	30,432	2,253	-	32,685		23,479
Non-current liabilities						
Lease obligations	26,979	(26,979)	-	-		-
Long-term obligations under operating leases	-	24,675	-	24,675		17,727
Deferred tax liabilities	-	1,010	-	1,010		726
Other liabilities	230	-	-	230		165
Total Liabilities	57,641	959	-	58,600		42,097
Shareholders' Equity						
Share capital	51,960	-	(51,960)	-		-
Common stock	-	-	51,960	51,960		37,328
Equity	354	(10,556)	10,202	-		-
Accumulated deficit	-	-	(10,202)	(10,202)		(7,329)
Contributed surplus	2,287	-	(2,287)	-		-
Additional paid-in capital	-	-	2,287	2,287		1,643
Cumulative translation adjustment	244	-	(244)	-		-
Accumulated other comprehensive income	-	-	244	244		175
Total Shareholders' Equity	54,845	(10,556)	-	44,289		31,817
Total Liabilities and Shareholders' Equity	\$ 112,486	\$ (9,597)	\$ -	\$ 102,889		\$ 73,914

Transaction Accounting Adjustments:

Note C – Offering Transaction Accounting Adjustments

- (a) Gives pro forma effect to the closing of the Offering and, accordingly, reflects the issuance of 30 shares of Series A Redeemable Convertible Preferred Stock for gross proceeds of \$30,000. The Series A Redeemable Convertible Preferred Stock have a stated value of \$1,000 per share and are initially convertible into 10,000 shares of CRI common stock. The Series A Redeemable Convertible Preferred Stock is classified as temporary equity in the condensed combined pro forma balance sheet because redemption automatically occurs upon a Fundamental Transaction as defined in the Series A Redeemable Convertible Stock's certificate of designation, and certain transactions are not solely within the control of the Company. However, redemption is not considered probable; therefore, the Series A Redeemable Convertible Preferred Stock is not accreted to face value. The balance sheet classification of the Series A Redeemable Convertible Preferred Stock is preliminary and may change as a result of the Company completing its analysis. Additionally, Offering costs of \$2,410 were netted against the gross carrying value of the Series A Redeemable Convertible Preferred Stock on the condensed combined pro forma balance sheet.

Note D – Debt Financing Transaction Accounting Adjustments

- (b) Gives pro forma effect of the Credit Agreement that amends and restates in its entirety the existing credit agreement with Agent dated as of May 23, 2024, as amended. The Credit Agreement provides the Borrowers with a \$36,000 term loan and a \$22,500 revolving credit facility. The Company used the proceeds from the Term Loan of \$36,000 and a portion of the proceeds from the Revolver (approximately \$831) to finance a portion of the purchase price for the CDM Acquisition, pay the Company's costs related to the Transactions and also repay amounts owed under the existing credit agreement. The amendment of the credit agreement was accounted for as a debt extinguishment and as a result, the Company recognized a loss on debt extinguishment of \$1,009, which is comprised of various debt issuance costs. The accounting conclusion of the debt extinguishment related to the Credit Agreement is preliminary and may change as a result of the Company completing its analysis of the transaction.
-

Note E – CDM Acquisition Transaction Accounting Adjustments

- (c) The CDM Acquisition is considered as a business combination and is accounted for using the acquisition method in accordance with ASC 805- Business Combinations as CRI was determined to be the accounting acquirer and the CDM Business met the definition of a business. CRI paid \$43,302 (net of cash acquired of \$5,399) for 100% of the outstanding equity interests of the CDM Business.

The below table illustrates the pro forma effect of CRI applying the acquisition method of accounting to the CDM Acquisition, whereby the total consideration is allocated to the CDM Business's assets and liabilities based upon their estimated fair values as of the date of acquisition. Based upon the estimated purchase price and a preliminary valuation, the preliminary purchase price allocation is as follows:

	Preliminary Purchase Price Allocation
Purchase Consideration:	
Cash (net of cash acquired)	\$ 43,302
Total Purchase Consideration	\$ 43,302
Less:	
Customer relationships (1)	15,631
Developed technology (1)	7,901
Property and equipment	2,664
Non-compete agreements (1)	39
Unfavorable leases	(42)
Right of use assets	26,491
Long-term lease obligations	(17,727)
Other liabilities	(165)
Deferred tax liability (2)	(427)
Net working capital deficit	(13,556)
Fair Value of Identified Net Assets	\$ 20,809
Remaining Unidentified Goodwill Value	\$ 22,493

- (1) The customer relationships, developed technology, and non-compete agreements are currently presumed to have an estimated useful life of twenty, ten and five years, respectively and their fair values will be amortized on a straight-line basis over their expected useful lives. The preliminary fair values of the acquired intangibles were estimated using the multi period excess earnings model for the customer relationships, the relief from royalty method for the developed technology, and the with and without method for the non-compete agreements.
- (2) Represents the net deferred tax effect difference between the accounting and income tax bases of the various identified assets and liabilities, using an assumed statutory income tax rate of approximately 26.5%.

The components of net working capital deficit are as follows:

	Preliminary Purchase Price Allocation
Current assets:	
Accounts receivable	\$ 3,895
Inventory	2,444
Due from Cineplex Entertainment LP	1,220
Prepaid and other current assets	<u>2,364</u>
Total current assets	<u>\$ 9,923</u>
Less current liabilities:	
Accounts payable	\$ 4,618
Accrued expenses and other current liabilities	1,577
Deferred revenue and other	8,520
Current maturities of lease obligations	<u>8,764</u>
Total current liabilities	<u>\$ 23,479</u>
Net working capital deficit	<u>\$ (13,556)</u>

The final determination of the purchase price allocation will be completed as soon as practicable and will be based on the fair values of the assets acquired and liabilities assumed. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.

(d) Reflects adjustments to equity related to:

- a. The elimination of the CDM Business's historical equity balances.
- b. Represents the recognition of \$448 direct and incremental transaction costs incurred after September 30, 2025, in connection with the closing of the CDM Acquisition, which are non-recurring.

Unaudited Pro Forma Condensed Combined Statements of Operations For The Nine Months Ended September 30, 2025

Note A Derived from the condensed consolidated statements of operations of CRI for the nine months ended September 30, 2025, filed with the SEC.

Note B Derived from the condensed consolidated statements of operations of the CDM Business for the nine months ended September 30, 2025, included as Exhibit 99.1 of this Form 8-K/A. The historical financial statements of the CDM Business were prepared in accordance with IFRS and were adjusted to conform with U.S. GAAP. The tables below provide a reconciliation between the historical financial statements and the unaudited pro forma condensed combined financial information and presents a reconciliation between the impacted line items within the historical financial statements and the unaudited pro forma condensed combined financial information. Additionally, certain financial statement line item captions were reclassified to conform to CRI's historical presentation. Lastly, the as adjusted historical financial statements of the CDM Business were translated from CAD to USD.

IFRS to U.S. GAAP Conversion Adjustments:

The Company recorded IFRS to U.S. GAAP adjustments related to the recognition of operating leases and related lease liabilities under ASC 842 – Leases and the adjustment of certain deferred tax assets and liabilities in accordance with ASC 740- Income Taxes.

These adjustments are based on management's preliminary assessment and are subject to change as the conversion analysis is finalized.

The table below illustrates the aforementioned adjustments.

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

	DDC Group International Inc.	U.S.GAAP	Reclassification	DDC Group International Inc.	Average Exchange Rate	DDC Group International Inc.
	IFRS	Adjustments	Adjustments	U.S. GAAP	0.7154	U.S. GAAP
	CAD			CAD		USD
Revenues						
Project revenues	12,177	-	(12,177)	-		-
Media and service revenues	25,933	-	(25,933)	-		-
Hardware	-	-	7,392	7,392		5,289
Services and other	-	-	30,718	30,718		21,977
Total revenues	38,110	-	-	38,110		27,266
Cost of sales						
Hardware	-	-	5,858	5,858		4,191
Services and other	-	8,577	18,203	26,780		19,160
Total cost of sales	-	8,577	24,061	32,638		23,351
Gross profit	38,110	(8,577)	(24,061)	5,472		3,915
Expenses						
Depreciation - right-of-use assets	7,455	(7,455)	-	-		-
Depreciation and amortization - other assets	2,293	-	(2,293)	-		-
Purchased services	6,213	-	(6,213)	-		-
Other inventories consumed	5,858	-	(5,858)	-		-
Employee wages, salaries and benefits	14,604	-	(14,604)	-		-
Other costs	5,314	-	(5,314)	-		-
Interest expense - lease obligations	1,771	(1,771)	-	-		-
Interest expense - other	22	-	-	22		16
Foreign exchange	622	-	-	622		445
Sales and marketing expenses	-	-	5,204	5,204		3,723
General and administrative fees	-	214	5,017	5,231		3,743
Total expenses	44,152	(9,012)	(24,061)	11,079		7,927
Loss before income taxes	(6,042)	435	-	(5,607)		(4,012)
Income taxes						
Current	31	-	(31)	-		-
Deferred	(1,331)	1,331	-	-		-
(Benefit) provision for income taxes	-	-	31	31		22
	(1,300)	1,331	-	31		22
Net Loss	(4,742)	(896)	-	(5,638)		(4,034)

Transaction Accounting Adjustments:

Note C – Offering Transaction Accounting Adjustments

- (a) Gives pro forma effect to the dividend accrual attributable to the Series A Redeemable Convertible Preferred Stock. The Series A Redeemable Convertible Preferred Stock accrues dividends at an annual rate of 5.25% of the stated value of \$1,000. The pro forma adjustment of \$1,178 increases the net loss applicable to common stockholders on the pro forma condensed combined statement of operations for the nine months ended September 30, 2025.

Note D – Debt Financing Transaction Accounting Adjustments

- (b) Gives pro forma effect to the interest expense associated with the Term Loan and the Revolving Credit Facility. The Term Loan and Revolving Credit Facility accrue interest at floating rates equal to the 1-month Term SOFR, plus 0.11%, plus a floating margin ranging from 2.75% to 3.25% for the Term Loan and 3.00% to 3.50% for the Revolving Credit Facility that adjusts quarterly, depending upon CRI's senior funded debt to Adjusted EBITDA Ratio as defined in the Credit Agreement. The pro forma adjustment \$2,035 increases interest expense on the pro forma condensed combined statement of operations for the nine months ended September 30, 2025. For pro forma purposes, the Company has used an interest rate of 7.37%. A 1/8th percentage point change in the interest rate would change interest expense by \$35. This adjustment also eliminates the historical interest expense of CRI as a result of the Debt Financing.

Note E – CDM Acquisition Transaction Accounting Adjustments

- (c) To give pro forma effect to the \$1,158 of incremental amortization of the acquired intangible assets and unfavorable leases on the pro forma condensed combined statement of operations for the nine months ended September 30, 2025. This adjustments is included within general and administrative expenses. Additionally, to give pro forma effect related to the income tax benefit of \$307 related to the amortization of the acquired intangible assets.
 - (d) To give pro forma effect to of incremental operating lease expense related to the acquired leases of CDM on the pro forma condensed combined statement of operations for the nine months ended September 30, 2025.
-

Unaudited Pro Forma Condensed Combined Statements of Operations For The Year Ended December 31, 2024

Note A Derived from the consolidated statements of operations of CRI for the year ended December 31, 2024, filed with the SEC.

Note B Derived from the consolidated statements of operations of the CDM Business for the year ended December 31, 2024, included as Exhibit 99.3 of this Form 8-K/A. The historical consolidated financial statements of the CDM Business were prepared in accordance with IFRS and were adjusted to conform with U.S. GAAP. The tables below provide a reconciliation between the historical consolidated financial statements and the unaudited pro forma condensed combined financial information and presents a reconciliation between the impacted line items within the historical financial statements and the unaudited pro forma condensed combined financial information. Additionally, certain financial statement line item captions were reclassified to conform to CRI's historical presentation. Lastly, the as adjusted historical financial statements of the CDM Business were translated from CAD to USD.

IFRS to U.S. GAAP Conversion Adjustments

The Company recorded IFRS to U.S. GAAP adjustments related to the recognition of operating leases and related lease liabilities under ASC 842 – Leases and the adjustment of certain deferred tax assets and liabilities in accordance with ASC 740- Income Taxes.

These adjustments are based on management's preliminary assessment and are subject to change as the conversion analysis is finalized.

The table below illustrates the aforementioned adjustments.

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>DDC Group International Inc.</u>			<u>DDC Group International Inc.</u>	<u>Average Exchange Rate</u>	<u>DDC Group International Inc.</u>
	<u>IFRS</u>	<u>U.S.GAAP</u>	<u>Reclassification</u>	<u>U.S. GAAP</u>	<u>0.7304</u>	<u>U.S. GAAP</u>
	<u>CAD</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>CAD</u>		<u>USD</u>
Revenues						
Project revenues	18,328	-	(18,328)	-		\$ -
Media and service revenues	37,354	-	(37,354)	-		-
Hardware	-	-	10,966	10,966		8,010
Services and other	-	-	44,716	44,716		32,660
Total revenues	55,682	-	-	55,682		40,670
Cost of sales						
Hardware	-	-	8,771	8,771		6,406
Services and other	-	11,903	24,636	36,539		26,688
Total cost of sales	-	11,903	33,407	45,310		33,094
Gross profit	55,682	(11,903)	(33,407)	10,372		7,576
Expenses						
Depreciation - right-of-use assets	10,198	(10,198)	-	-		-
Depreciation and amortization - other assets	3,446	-	(3,446)	-		-
(Gain) loss disposal of assets	(194)	-	194	-		-
Purchased services	8,589	-	(8,589)	-		-
Other inventories consumed	8,798	-	(8,798)	-		-
Employee wages, salaries and benefits	18,766	-	(18,766)	-		-
Other costs	7,148	-	(7,148)	-		-
Interest expense - lease obligations	2,757	(2,757)	-	-		-
Interest expense - other	30	-	-	30		22
Foreign exchange	(1,332)	-	-	(1,332)		(973)
Sales and marketing expenses	-	-	6,425	6,425		4,693
General and administrative fees	-	286	6,915	7,201		5,260
Other expense	-	-	(194)	(194)		(142)
Total expenses	58,206	(12,669)	(33,407)	12,130		8,860
Loss before income taxes	(2,524)	766	-	(1,758)		(1,284)
Income taxes						
Current	35	-	(35)	-		-
Deferred	(233)	233	-	-		-
(Benefit) provision for income taxes	-	-	35	35		26
	(198)	233	-	35		26
Net Loss	(2,326)	533	-	(1,793)		(1,310)

Transaction Accounting Adjustments:

Note C – Offering Transaction Accounting Adjustments

- (a) Gives pro forma effect to the dividend accrual attributable to the Series A Redeemable Convertible Preferred Stock. The Series A Redeemable Convertible Preferred Stock accrues dividends at an annual rate of 5.25% of the stated value of \$1,000. The pro forma adjustment of \$1,575 increases the net loss applicable to common stockholders on the pro forma condensed combined statement of operations for the year ended December 31, 2024.

Note D – Debt Financing Transaction Accounting Adjustments

- (b) Gives pro forma effect to the interest expense associated with the Term Loan and the Revolving Credit Facility. The Term Loan and Revolving Credit Facility accrue interest at floating rates equal to the 1-month Term SOFR, plus 0.11%, plus a floating margin ranging from 2.75% to 3.25% for the Term Loan and 3.00% to 3.50% for the Revolving Credit Facility that adjusts quarterly, depending upon CRI's senior funded debt to Adjusted EBITDA Ratio as defined in the Credit Agreement. The pro forma adjustment \$2,713 increases interest expense on the pro forma condensed combined statement of operations for the year ended December 31, 2024. For pro forma purposes, the Company has used an interest rate of 7.37%. A 1/8th percentage point change in the interest rate would change interest expense by \$46. This adjustment also eliminates the historical interest expense of CRI as a result of the Debt Financing.
- (b) To record loss on extinguishment of \$1,009 related to the Debt Financing.

Note E – CDM Acquisition Transaction Accounting Adjustments

- (c) To give pro forma effect to the \$1,993 of incremental amortization of the acquired intangible assets and unfavorable leases on the pro forma condensed combined statement of operations for the year ended December 31, 2024. This adjustments is included within general and administrative expenses. Additionally, to give pro forma effect related to the income tax benefit of \$409 related to the amortization of the acquired intangible assets.
- (d) To give pro forma effect for incremental transactions costs of \$448.
- (e) To give pro forma effect to of incremental operating lease expense related to the acquired leases of CDM on the pro forma condensed combined statement of operations for the year ended December 31, 2024.

Report of Independent Auditors

To the Board of Directors of DDC Group International Inc.

Opinion

We have audited the accompanying consolidated financial statements of DDC Group International Inc. d/b/a Cineplex Digital Media (the “Company”), which comprise the consolidated balance sheets of the Company as of December 31, 2024 and the related consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of changes in equity, consolidated statements of cash flows, and the notes to the consolidated financial statements for the years then ended (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
October 8, 2025

DDC Group International Inc. d/b/a Cineplex Digital Media

Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	Notes	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	2	\$ —	\$ —
Trade and other receivables	3	8,184	7,360
Income taxes receivable	7	239	190
Inventories	4	4,272	2,374
Prepaid expenses and other current assets		463	380
Due from parent		6,002	468
		<u>19,160</u>	<u>10,772</u>
Non-current assets			
Property, equipment and leaseholds	5	4,992	7,100
Right-of-use assets	6	37,841	4,695
Deferred income taxes	7	9,585	9,352
Intangible assets	8	1,167	1,432
Goodwill		44,686	44,686
		<u>\$ 117,431</u>	<u>\$ 78,037</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2024 ANNUAL FINANCIAL STATEMENTS REPORTS - CONSOLIDATED BALANCE SHEETS****(1)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Consolidated Balance Sheets...continued

(expressed in thousands of Canadian dollars)

	Notes	December 31, 2024	December 31, 2023
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 11,115	\$ 7,440
Deferred revenue and other	12	5,478	4,460
Lease obligations	10	8,801	2,012
		<u>25,394</u>	<u>13,912</u>
Non-current liabilities			
Lease obligations	10	32,870	3,521
Other liabilities	11	226	421
		<u>33,096</u>	<u>3,942</u>
Total liabilities		<u>58,490</u>	<u>17,854</u>
Shareholders' equity			
Share capital		51,960	51,960
Equity		5,096	7,422
Contributed surplus		1,525	572
Cumulative translation adjustment		360	229
Total shareholders' equity		<u>58,941</u>	<u>60,183</u>
		<u>\$ 117,431</u>	<u>\$ 78,037</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2024 ANNUAL FINANCIAL STATEMENTS REPORTS - CONSOLIDATED BALANCE SHEETS**

(2)

DDC Group International Inc. d/b/a Cineplex Digital Media

Consolidated Statements of Operations

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

	Notes	Year ended December 31,	
		2024	2023
Revenues	12		
Project revenues		18,328	11,774
Media and services revenues		37,354	26,824
		55,682	38,598
Expenses			
Depreciation - right-of-use assets		10,198	2,091
Depreciation and amortization - other assets		3,446	4,983
(Gain) loss on disposal of assets	5	(194)	(15)
Purchased services		8,589	7,330
Other inventories consumed		8,798	4,103
Employee wages, salaries and benefits		18,766	16,508
Other costs	13	7,148	5,278
Interest expense - lease obligations	10	2,757	429
Interest expense - other		30	30
Foreign exchange		(1,332)	341
		58,206	41,078
Loss before income taxes		(2,524)	(2,480)
Income taxes recovery	7		
Current		35	178
Deferred		(233)	(9,352)
		(198)	(9,174)
Net (loss) income		\$ (2,326)	\$ 6,694

The accompanying notes are an integral part of these consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS REPORTS - CONSOLIDATED STATEMENTS OF OPERATIONS

(3)

DDC Group International Inc. d/b/a Cineplex Digital Media

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars)

	Year ended December 31,	
	2024	2023
Net (loss) income from continuing operation	\$ (2,326)	\$ 6,694
Other comprehensive (loss) income		
<i>Items that will be reclassified subsequently to net income:</i>		
Foreign currency translation adjustment	131	(70)
Total comprehensive (loss) income	\$ (2,195)	\$ 6,624
(Loss) earnings per share - basic	14	\$ (183)
		\$ 525

The accompanying notes are an integral part of these consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2024 ANNUAL FINANCIAL STATEMENTS REPORTS - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(4)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Cumulative translation adjustment	Equity	Total
January 1, 2024	\$ 51,960	\$ 572	\$ 229	\$ 7,422	\$ 60,183
Net loss	—	—	—	(2,326)	(2,326)
Other comprehensive income	—	149	131	—	280
Total comprehensive loss (income)	—	149	131	(2,326)	(2,046)
Issuance of shares on exercise of options	—	804	—	—	804
December 31, 2024	<u>\$ 51,960</u>	<u>\$ 1,525</u>	<u>\$ 360</u>	<u>\$ 5,096</u>	<u>\$ 58,941</u>
January 1, 2023	\$ 51,960	\$ —	\$ 299	\$ 728	\$ 52,987
Net income	—	—	—	6,694	6,694
Other comprehensive loss	—	—	(70)	—	(70)
Total comprehensive loss (income)	—	—	(70)	6,694	6,624
Issuance of shares on exercise of options	—	572	—	—	572
December 31, 2023	<u>\$ 51,960</u>	<u>\$ 572</u>	<u>\$ 229</u>	<u>\$ 7,422</u>	<u>\$ 60,183</u>

The accompanying notes are an integral part of these consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS REPORTS - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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DDC Group International Inc. d/b/a Cineplex Digital Media

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars)

		Year ended December 31,	
	Notes	2024	2023
Cash provided by (used in)			
Operating activities			
Net (loss) income from continuing operations		\$ (2,326)	\$ 6,694
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization - other assets		3,446	4,983
Depreciation - right-of-use assets		10,198	2,091
Other non-cash interest		30	130
(Gain) loss on disposal of assets	5	(194)	(15)
Deferred income taxes	7	(233)	(9,352)
Non-cash share-based compensation		804	572
Changes in operating assets and liabilities	15	(1,846)	335
Net cash provided by operating activities		9,879	5,438
Investing activities			
Purchases of property, equipment and leaseholds	4	(457)	(769)
Intangible assets additions		(712)	(922)
Net cash provided by (used in) investing activities		(1,169)	(1,691)
Financing activities			
Repayments of lease obligations - principal		(7,060)	(4,093)
Due to/from parent		(1,883)	359
Net cash used in financing activities		(8,943)	(3,734)
Effect of exchange rate differences on cash		233	(13)
Increase in cash and cash equivalents		—	—
Cash and cash equivalents - Beginning of period		—	—
Cash and cash equivalents - End of period		\$ —	\$ —
Supplemental information			
Cash paid for interest - lease obligation		\$ 2,757	\$ 429
Cash paid for interest - other		\$ 30	\$ 30
Cash paid for income taxes, net		\$ (8)	\$ (33)

The accompanying notes are an integral part of these consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2024 ANNUAL FINANCIAL STATEMENTS REPORTS - CONSOLIDATED STATEMENTS OF CASH FLOWS****(6)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

1. General information

DDC Group International Inc. ("DDC") is an Ontario, Canada corporation and a wholly owned subsidiary of Cineplex Entertainment Limited Partnership. DDC serves as the holding company for Cineplex Digital Media Inc. and Cineplex Digital Media US Inc. (collectively "CDM"), which together operate as a leading provider of digital signage and digital place-based media solutions across North America. CDM is headquartered at 137 Northfield Drive West, Waterloo, Ontario, N2L 5A6.

2. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2024	2023
Cash at bank and on hand, net of outstanding cheques	\$ —	\$ —

3. Trade and other receivables

Trade and other receivables comprise the following:

	2024	2023
Trade receivables	\$ 7,664	\$ 7,081
Other receivables	520	279
	<u>\$ 8,184</u>	<u>\$ 7,360</u>

4. Inventories

Inventories comprise the following:

	2024	2023
Hardware and work-in-progress inventory	\$ 4,272	\$ 2,374

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

5. Property, Equipment, and Leaseholds

Property, equipment and leaseholds consist of:

	Buildings and leasehold improvements	Equipment	Construction- in-progress	Total
At January 1, 2024				
Cost	\$ 789	\$ 29,035	\$ 376	\$ 30,200
Accumulated depreciation	(666)	(22,434)	—	(23,100)
Net book value	<u>\$ 123</u>	<u>\$ 6,601</u>	<u>\$ 376</u>	<u>\$ 7,100</u>
Year ended December 31, 2024				
Opening net book value	\$ 123	\$ 6,601	\$ 376	\$ 7,100
Additions, net of transfers	—	401	(10)	391
Disposals	—	(30)	—	(30)
Depreciation for the year	(24)	(2,445)	—	(2,469)
Closing net book value	<u>\$ 99</u>	<u>\$ 4,527</u>	<u>\$ 366</u>	<u>\$ 4,992</u>
At December 31, 2024				
Cost	\$ 789	\$ 27,264	\$ 366	\$ 28,419
Accumulated depreciation	(690)	(22,737)	—	(23,427)
Net book value	<u>\$ 99</u>	<u>\$ 4,527</u>	<u>\$ 366</u>	<u>\$ 4,992</u>
At January 1, 2023				
Cost	\$ 781	\$ 28,317	\$ 42	\$ 29,140
Accumulated depreciation	(571)	(19,053)	—	(19,624)
Net book value	<u>\$ 210</u>	<u>\$ 9,264</u>	<u>\$ 42</u>	<u>\$ 9,516</u>
Year ended December 31, 2023				
Opening net book value	\$ 210	\$ 9,264	\$ 42	\$ 9,516
Additions, net of transfers	6	730	335	1,071
Reclass on CIP	1	—	(1)	—
Disposals	—	—	—	—
Depreciation for the year	(94)	(3,393)	—	(3,487)
Closing net book value	<u>\$ 123</u>	<u>\$ 6,601</u>	<u>\$ 376</u>	<u>\$ 7,100</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

6. Right-of-use-assets

The following tables present right-of-use assets for CDM for the year ended December 31, 2024 and 2023:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
At December 31, 2024			
Cost	\$ 1,649	\$ 58,227	\$ 59,876
Accumulated depreciation	(1,141)	(20,894)	(22,035)
Net book value	<u>\$ 508</u>	<u>\$ 37,333</u>	<u>\$ 37,841</u>
Year ended December 31, 2024			
Opening net book value	\$ 751	\$ 3,944	\$ 4,695
Additions	—	43,344	\$ 43,344
Extensions and modifications	—	—	\$ —
Depreciation for the period	(243)	(9,955)	(10,198)
Closing net book value	<u>\$ 508</u>	<u>\$ 37,333</u>	<u>\$ 37,841</u>
At December 31, 2023			
Cost	\$ 1,345	\$ 15,868	\$ 17,213
Accumulated depreciation	(1,103)	(9,697)	(10,800)
Net book value	<u>\$ 242</u>	<u>\$ 6,171</u>	<u>\$ 6,413</u>
Year ended December 31, 2023			
Opening net book value	\$ 242	\$ 6,171	\$ 6,413
Additions	—	—	—
Extensions and modifications	724	(170)	554
Disposals	—	(181)	(181)
Depreciation for the period	(215)	(1,876)	(2,091)
Closing net book value	<u>\$ 751</u>	<u>\$ 3,944</u>	<u>\$ 4,695</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

7. Deferred income taxes

Based on substantively enacted corporate tax rates, expected timing of reversals and expected taxable income allocation to various tax jurisdictions, deferred income taxes are as follows:

	2024	2023
Deferred income tax assets		
Property, equipment and leaseholds and deferred tenant inducements - difference between net carrying value and undepreciated capital cost	\$ 111	\$ (404)
Accounting provisions not currently deductible	1,105	389
Income tax credits available	450	450
Operating losses available for carry-forward and carry-back	9,184	10,121
Total gross deferred income tax assets	<u>10,850</u>	<u>10,556</u>
Deferred tax liabilities		
Intangible assets	(1,265)	(1,204)
Total gross deferred income tax liabilities	<u>(1,265)</u>	<u>(1,204)</u>
Net deferred income tax	<u>\$ 9,585</u>	<u>\$ 9,352</u>

At December 31, 2020 the recoverability of the net deferred income tax assets was uncertain and accordingly the net deferred tax assets were derecognized. During the second quarter of 2023, CDM assessed the recoverability of net deferred income tax assets and determined that the expected return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income tax recovery of approximately \$8,923 in the second quarter of 2023.

CDM's combined statutory income tax rate at December 31, 2024 was 26.6% (2023 - 26.6%).

The provision for income taxes included in the consolidated statement of operations differs from the statutory income tax rate for the years ended December 31, 2024 and 2023 as follows:

	2024	2023
Loss before income taxes from continuing operations	\$ (2,524)	\$ (2,480)
Combined statutory income tax rates for the current year	26.63%	26.60%
Income taxes (receivable) payable at statutory rate	(672)	(660)
Recognition of deferred income tax assets	—	(8,923)
Other permanent differences	474	409
Provision for income taxes from continuing operations	<u>\$ (198)</u>	<u>\$ (9,174)</u>

DDC Group International Inc. d/b/a Cineplex Digital Media**2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(10)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

8. Intangible assets

Intangible assets consist of the following:

	Software and other
At January 1, 2024	
Cost	\$ 25,514
Accumulated amortization	(24,082)
Net book value	<u>\$ 1,432</u>
Year ended December 31, 2024	
Opening net book value	\$ 1,432
Additions	712
Amortization for the year	(977)
Closing net book value	<u>\$ 1,167</u>
At December 31, 2024	
Cost (i)	\$ 8,396
Accumulated amortization (i)	(7,229)
Net book value	<u>\$ 1,167</u>
At January 1, 2023	
Cost	\$ 6,777
Accumulated amortization	(4,773)
Net book value	<u>\$ 2,004</u>
Year ended December 31, 2023	
Opening net book value	\$ 2,004
Additions	924
Foreign exchange rate changes	—
Amortization for the year	(1,496)
Closing net book value	<u>\$ 1,432</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

	2024	2023
Accounts payable - trade	\$ 8,869	\$ 5,258
Accrued salaries and benefits	1,985	2,122
Sales taxes payable	(16)	(287)
Other payables and accrued liabilities	277	347
	<u>\$ 11,115</u>	<u>\$ 7,440</u>

10. Lease obligations

The following table presents lease obligations for CDM for the year ended December 31, 2024 and 2023:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Year ended December 31, 2024			
Opening balance	\$ 760	\$ 4,773	\$ 5,533
Additions	—	43,344	43,344
Extensions and modifications	—	—	—
Lease payment	(291)	(9,672)	(9,963)
Interest expense	54	2,703	2,757
Disposals	—	—	—
Closing lease obligations	\$ 523	\$ 41,148	\$ 41,671
Less: current portion	255	8,546	8,801
Non-current portion of lease obligations of continuing operations	<u>\$ 268</u>	<u>\$ 32,602</u>	<u>\$ 32,870</u>

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Year ended December 31, 2023			
Opening balance	\$ 401	\$ 8,749	\$ 9,150
Additions	—	—	—
Extensions and modifications	724	(170)	554
Lease payment	(421)	(3,983)	(4,404)
Interest expense	56	373	429
Disposals	—	(196)	(196)
Closing lease obligations	\$ 760	\$ 4,773	\$ 5,533
Less: current portion	235	1,777	2,012
Non-current portion of lease obligations	<u>\$ 525</u>	<u>\$ 2,996</u>	<u>\$ 3,521</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

The following table discloses the undiscounted cash flow for lease obligations as of December 31:

	2024	2023
Less than one year	\$ 4,395	\$ 4,395
One to five years	45,419	5,919
More than five years	11,500	—
Total undiscounted lease obligations	<u>\$ 61,314</u>	<u>\$ 10,314</u>

The following table provides the lease amounts recognized in the statement of operations for the periods ended December 31:

	2024	2023
Depreciation expense on right-of-use assets	\$ 10,198	\$ 2,091
Interest expense on lease obligations	\$ 2,757	\$ 429
Expense relating to variable lease payments not included in the measurement of the lease obligations (i)	\$ 2,468	\$ 2,607

(i) Variable lease payments include realty taxes and insurance.

CDM leases certain digital media advertising assets under agreements that may include fixed fees and guaranteed minimums. These leases typically provide CDM with the right to use identified digital displays for specified periods of time to display advertising in exchange for the greater of a percentage of advertising sales and the minimum annual guarantee. Lease terms for digital media assets generally range from one to five years.

Any payments in excess of the minimum annual guarantee are recognized as variable rent expense. Variable payments related to these leases for the period ended December 31, 2024 were \$4,055.

11. Other liabilities

Other liabilities consist of the following:

	2024	2023
Asset retirement obligations	\$ 226	\$ 421
	<u>\$ 226</u>	<u>\$ 421</u>

12. Revenue

The following tables disclose the changes in deferred revenue and other for the year ended December 31, 2024 and 2023:

	December 31, 2023		Additions		Recognized		Translation	December 31, 2024
Media deposits	\$ 4,460	\$	8,216	\$	7,291	\$	(93)	\$ 5,478
	<u>\$ 4,460</u>	<u>\$</u>	<u>8,216</u>	<u>\$</u>	<u>7,291</u>	<u>\$</u>	<u>(93)</u>	<u>\$ 5,478</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

	December 31, 2022		Additions		Recognized		Translation		December 31, 2023	
Media deposits	\$	2,960	\$	5,593	\$	4,055	\$	38	\$	4,460
	\$	2,960	\$	5,593	\$	4,055	\$	38	\$	4,460

The following tables provide the disaggregation of revenue into categories by nature for the year ended December 31, 2024 and 2023:

Media revenues	Year ended December 31,	
	2024	2023
Project revenues	\$ 18,328	\$ 11,774
Media and services revenues	37,354	26,824
Total media revenues	\$ 55,682	\$ 38,598

Timing of revenue recognition	Year ended December 31,	
	2024	2023
Transferred at a point in time	\$ 18,753	\$ 12,517
Transferred over time	36,929	26,081
Total media revenues	\$ 55,682	\$ 38,598

13. Other costs

	Year ended December 31,	
	2024	2023
Variable rent	\$ 4,055	\$ 2,683
Realty and occupancy taxes and maintenance fees	163	170
Utilities	47	56
Repairs and maintenance	618	488
Advertising and promotion	726	788
Office and operating supplies	132	79
Licenses and franchise fees	16	14
Insurance	68	61
Professional and consulting fees	110	102
Telecommunications and data	262	234
Bad debts	(38)	(67)
Other costs	989	670
	\$ 7,148	\$ 5,278

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

14. Earnings (loss) per share**Basic**

Basic earnings (loss) per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the period.

	Year ended December 31,	
	2024	2023
Net (loss) income	\$ (2,326)	\$ 6,694
Weighted average number of shares outstanding	12,742	12,742
(Loss) earnings per share - basic	\$ (183)	\$ 525

15. Changes in operating assets and liabilities

The following summarizes the changes in operating assets and liabilities:

	Year ended December 31,	
	2024	2023
Trade and other receivables	\$ (654)	\$ (1,161)
Inventories	(1,838)	420
Prepaid expenses and other current assets	(59)	(140)
Accounts payable and accrued liabilities	(73)	(511)
Income taxes receivable	43	199
Deferred revenue	952	1,526
Other liabilities	(217)	2
	<u>\$ (1,846)</u>	<u>\$ 335</u>

Property, equipment and leasehold purchases included in accounts payable and accrued liabilities as at December 31, 2024, are \$330 (2023 - \$397).

DDC Group International Inc. d/b/a Cineplex Digital Media**2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(15)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

16. Related party transactions

CDM earns revenue from the sale of advertising by its parent company, Cineplex Entertainment LP, on CDM's digital signage network. These transactions are conducted in the normal course of operations and are measured at market-based exchange amounts. A portion of CDM's trade and other receivables, relates to amounts due from Cineplex, and revenue for digital out of home as shown below:

Year ended December 31, 2024

		Cineplex
Trade and other receivables	\$	6,002
Revenue	\$	20,858

Year ended December 31, 2023

		Cineplex
Trade and other receivables	\$	468
Revenue	\$	11,264

17. Material accounting policies, judgments and estimation uncertainty

Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of preparation and measurement

CDM prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying CDM's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated financial statements are disclosed later in this note.

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Consolidation

Subsidiaries are all entities over which CDM has control. CDM controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to CDM. They are deconsolidated from the date that control ceases.

CDM applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by CDM. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. CDM recognizes any non-controlling interest in the acquiree at fair value of the recognized amounts of the acquiree's identifiable net assets.

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

Inter-company transactions, balances and unrealized gains and losses on transactions between CDM entities are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with CDM's accounting policies.

Foreign currency translation

Functional and presentation currency

CDM determines its subsidiaries' functional currency by reviewing the currency of the primary economic environment in which each entity operates (the "functional currency"). The functional currency of all entities of the CDM group is the Canadian dollar.

The consolidated financial statements are presented in Canadian dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at fiscal year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statements of operations.

Subsidiaries

The results and balance sheet of the subsidiaries that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill recognized on the acquisition of a subsidiary are treated as assets and liabilities of the subsidiary and translated at the closing rate.

Impairment of financial assets

At each reporting date, CDM assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, CDM recognizes an impairment loss. IFRS 9 uses forward-looking Expected Credit Loss ("ECL"), CDM applies the impairment model to financial asset measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, expected credit losses will be measured on either of the following bases:

- i. 12-month ECLs which are ECLs that result from possible default events within 12 months after the reporting date; and

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

- ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

CDM applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss for all trade receivables. Impairment losses on financial assets carried at amortized cost or FVOCI are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Inventories

Inventories include consumable supplies and work-in-progress being assembled for sale or installation by CDM.

Impairment of non-financial assets

Property, equipment and leaseholds and intangible assets subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Long-lived assets that are not amortized are subject to an annual impairment test. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows relating to the relevant intangible asset ("cash-generating units" or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss, if estimated, is recognized for the amount by which the CGU's carrying value exceeds its recoverable amount. Management makes assumptions and estimates in determining the recoverable amount of its long lived assets and groups of CGUs' goodwill, including significant key assumptions relating to revenue growth rates and discount rates. Further, other assumptions are required pertaining to variable and fixed cash flows, and operating margins.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

Goodwill acquired through a business combination is allocated to each CGU or group of CGUs that is expected to benefit from the related business combination.

Property, equipment and leaseholds

Property, equipment and leaseholds are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CDM and the cost can be measured reliably. The carrying value of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of operations during the year in which they are incurred.

The major categories of property, equipment and leaseholds are depreciated on a straight-line basis as follows:

Equipment (in years)	3 - 10
Leasehold improvements	term of lease but not in excess of the useful lives

CDM allocates the amount initially recognized in respect of an item of property, equipment and leaseholds to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed at least annually or whenever events or circumstances suggest a change that may otherwise indicate an impairment exists and adjusted if appropriate.

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

Gains and losses on disposals of property, equipment and leaseholds are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gain or loss on the sale of assets in the consolidated statements of operations.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of CDM's share of the net identifiable assets of the acquired business at the date of acquisition.

Identifiable intangible assets

Intangible assets include software acquired by CDM. Management tests indefinite-lived intangible assets for impairment at least annually, and considers at least annually or whenever events or circumstances indicate that the life of an indefinite-lived intangible asset may be finite. The advertising contracts have limited lives and are amortized over their useful lives, estimated to be between five to nine years. The estimated fair value of lease contract assets is amortized on a straight-line basis over the remaining term of the lease into amortization expense.

The major category of intangible assets are amortized on a straight-line basis as follows:

Internally generated software (in years)	3 - 5
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Leases

In assessing whether a contract is, or contains a lease, CDM applies the definition of a lease and related guidance set out in IFRS 16 for all lease contracts entered into or modified. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under the provisions of IFRS 16, substantially all of CDM's leases are recorded as lease obligations and right-of-use assets.

Lease payments included in the measurement of the lease obligation are comprised of the following:

- i. Fixed lease payments, including in-substance fixed payments;
- ii. Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- iii. Amounts expected to be payable under a residual value guarantee;
- iv. The exercise price of purchase options that CDM is reasonably certain to exercise, lease payments in an option renewal period if CDM is reasonably certain to exercise the extension option, and penalties for early termination of the lease unless CDM is reasonably certain not to terminate early; and
- v. Less any lease incentives receivable.

Variable payments for leases that do not depend on an index or rate are not included in the measurement of the lease liability. The variable payments are recognized as an expense in the period in which they are incurred and are included in the consolidated statement of operations.

CDM accounts for any lease and associated non-lease components separately, as opposed to a single arrangement, which is permitted under IFRS 16. CDM records non-lease components such as common area maintenance as an expense in the period in which they are incurred and are included in the consolidated statement of operations.

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

Interest on the lease obligations is calculated using the effective interest method with rent payments reducing the liability. The lease obligation is remeasured whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

The right-of-use assets are depreciated on a straight-line basis from the date of commencement to the earlier of the end of the useful life of the asset or the end of the lease term.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*.

Income taxes

Income taxes comprise current and deferred income taxes. Income taxes are recognized in the consolidated statements of operations, except to the extent that they relate to items recognized directly in equity or in OCI, in which case, the income taxes are also recognized directly in equity or in OCI.

Current income taxes are the expected taxes payable on the taxable income for the year, using income tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to income taxes payable in respect of previous years.

In general, deferred income taxes are recognized in respect of temporary differences arising between the income tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income taxes are determined on a non-discounted basis using income tax rates and laws that have been enacted or substantively enacted at the consolidated balance sheet dates and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income taxes are provided on temporary differences arising on investments in subsidiaries and joint ventures, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by CDM and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Revenue

The media segment principally generates revenue from providing advertising services, sales of digital hardware for digital signage networks, installation of hardware, digital software services subscriptions, software maintenance and support services, creative services, and warranties. Products and services may be sold separately or in bundled packages. For bundled packages, CDM determines whether individual products and services are distinct (if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it). The consideration is allocated between separate products and service in a bundle based on their relative stand-alone selling prices.

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(20)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

Advertising Media

Media revenues consist primarily of advertising revenues generated from customers who advertise their products and services through CDM's media offerings which include digital out-of-home platforms in shopping malls and office towers, quick service restaurants, and retailers. CDM earns a percentage of all advertising sales made by its customers across its media offerings. Advertising revenue is recognized over time as services are delivered. The transaction price allocated to these services is recognized as the media runs from the start to the end dates specified in the contracts with the customer and is allocated based on the stand-alone selling prices of the distinct services to be provided.

Installation and Digital Hardware for digital signage network

CDM sells hardware, installation and other professional services for digital signage networks. The installation and other professional services that CDM provides are not a significant integration service, does not customize or modify the hardware and can be performed by another party. The installation and other professional services are therefore accounted for as separate performance obligations and the transaction price is allocated to each performance obligation based on the stand-alone selling prices. Revenue for installation and other professional services are recognized upon completion of the installation of the digital hardware at the individual site being installed for the customer. If contracts include the purchase of hardware, revenue for the hardware is recognized at the point in time when hardware is delivered to the customer. Delivery occurs when the hardware has been shipped to the customer's specific location, the control of the hardware has passed to the customer and the customer has accepted the hardware.

Digital software services subscription and support

CDM sells software service subscriptions to customers which provides the functionality for the digital signage network, the customer portal, the content management tool and media player software at the customer's location. CDM also sells maintenance and support services for the digital signage networks. Software service subscription and maintenance and support services are considered to represent a single performance obligation and revenue is recognized over time over the life of the contract. For software service subscriptions, customers have payment options of either monthly, quarterly or annual payments over the term of the contract or a single lump sum payment at the inception of the contract. Amounts collected as advanced payments are recorded as deferred revenue and recognized over the term of the contract unless the contract contains a renewal option with an embedded material right which provides the customer a material right (such as a free or discounted good or service) and gives rise to a separate performance obligation. If an embedded material right exists, revenue is recognized on a straight-line basis over the term of the contract including the renewal period. Contracts are evaluated to determine whether renewal options provide the customer with an embedded material right and whether a significant financing arrangement exists. For maintenance and support services, the transaction price is paid monthly, quarterly, or annually over the term of the contract as service is provided.

Creative Services

CDM provides creative services in the way of producing and managing content to be run on customer's digital display networks. For creative services, revenue is recognized at a point in time when the project is completed and the customer has accepted the final product. Creative service projects are based on an hourly rate and the transaction price recognized as revenue is the amount to which CDM has a right to invoice based on the amount of hours required to complete the project. Payment of the transaction price is due at commencement, phases, or upon completion of the project.

DDC Group International Inc. d/b/a Cineplex Digital Media

2024 ANNUAL FINANCIAL STATEMENTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(21)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(expressed in thousands of Canadian dollars, except per share amounts)

Significant accounting judgments and estimation uncertainties

Critical accounting estimates and judgments

CDM makes estimates and assumptions concerning the future that may not equal actual results. The following are the estimates and judgments applied by management that most significantly impact CDM's consolidated financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year.

- a) Goodwill and recoverable amount of long lived assets
Recoverable amount

CDM tests at least annually whether goodwill suffered any impairment. Assessment of impairment for long-lived assets, including property, equipment, leaseholds, right-of-use assets, intangible assets and goodwill is performed more frequently as specific events or circumstances dictate triggering events and changes in circumstances indicate that the carrying amount of the asset group may not be fully recoverable. Management makes key assumptions and estimates in determining the recoverable amount of its long lived assets and groups of CGUs' goodwill, including revenue growth rates, variable and fixed cash flows, operating margins and discount rates.

- b) Income taxes

The timing of reversal of timing differences and the expected income allocation to various tax jurisdictions within Canada affect the effective income tax rate used to compute the deferred income tax asset. During the second quarter of 2023, CDM assessed the recoverability of net deferred income tax assets and determined that the expected return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income tax recovery of approximately \$8,923 in the second quarter of 2023. Management estimates the reversals and income allocation based on historical and budgeted operating results and income tax laws existing at the consolidated balance sheet dates. In addition, management occasionally estimates the current or future deductibility of certain expenditures, affecting current or deferred income tax balances and expenses.

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Balance Sheets

(Unaudited)

(expressed in thousands of Canadian dollars)

	Notes	June 30, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		\$ 10,060	\$ —
Trade and other receivables		6,251	8,184
Income taxes receivable	3	132	239
Inventories		2,567	4,272
Prepaid expenses and other current assets		767	463
Due from parent		934	6,002
		<u>20,711</u>	<u>19,160</u>
Non-current assets			
Property, equipment and leaseholds		3,941	4,992
Right-of-use assets	2	33,348	37,841
Deferred income taxes	3	10,833	9,585
Intangible assets		1,069	1,167
Goodwill		44,686	44,686
		<u>\$ 114,588</u>	<u>\$ 117,431</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 SECOND QUARTER REPORTS - CONSOLIDATED BALANCE SHEETS****(1)**

DDC Group International Inc. d/b/a Cineplex Digital MediaCondensed Consolidated Balance Sheets...*continued*

(Unaudited)

(expressed in thousands of Canadian dollars)

	Notes	June 30, 2025	December 31, 2024
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 9,590	\$ 11,115
Deferred revenue and other	5	10,719	5,478
Lease obligations	4	9,596	8,801
		<u>29,905</u>	<u>25,394</u>
Non-current liabilities			
Lease obligations	4	29,533	32,870
Other liabilities		223	226
		<u>29,756</u>	<u>33,096</u>
Total liabilities		<u>59,661</u>	<u>58,490</u>
Shareholders' equity			
Share capital		51,960	51,960
Equity		796	5,096
Contributed surplus		1,999	1,525
Cumulative translation adjustment		172	360
Total shareholders' equity		<u>54,927</u>	<u>58,941</u>
		<u>\$ 114,588</u>	<u>\$ 117,431</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 SECOND QUARTER REPORTS - CONSOLIDATED BALANCE SHEETS**

(2)

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Operations

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars)

		Six months ended June 30,	
	Notes	2025	2024
Revenues	5		
Project revenues		8,028	6,442
Media and services revenues		17,011	14,073
		<u>25,039</u>	<u>20,515</u>
Expenses			
Depreciation - right-of-use assets		4,984	5,124
Depreciation and amortization - other assets		1,589	1,802
Purchased services		3,993	3,982
Other inventories consumed		4,151	2,206
Employee wages, salaries and benefits		9,783	9,477
Other costs	6	3,906	2,294
Interest expense - lease obligations	4	1,206	1,429
Interest expense - other		15	15
Foreign exchange		946	(486)
		<u>30,573</u>	<u>25,843</u>
Loss before income taxes		<u>(5,534)</u>	<u>(5,328)</u>
Income taxes recovery	3		
Current		15	4
Deferred		(1,249)	(1,283)
		<u>(1,234)</u>	<u>(1,279)</u>
Net (loss) income		<u>\$ (4,300)</u>	<u>\$ (4,049)</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 SECOND QUARTER REPORTS - CONSOLIDATED STATEMENTS OF OPERATIONS****(3)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Comprehensive Income (Loss)

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars)

	<u>Six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Net (loss) income from continuing operation	\$ (4,300)	\$ (4,049)
Other comprehensive (loss) income		
<i>Items that will be reclassified subsequently to net income:</i>		
Foreign currency translation adjustment	(188)	(41)
Total comprehensive (loss) income	\$ (4,488)	\$ (4,090)
(Loss) earnings per share - basic	7	\$ (337)
		\$ (318)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 SECOND QUARTER REPORTS - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(4)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Changes in Equity

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Cumulative translation adjustment	Equity	Total
January 1, 2025	\$ 51,960	\$ 1,525	\$ 360	\$ 5,096	\$ 58,941
Net loss	—	—	—	(4,300)	(4,300)
Other comprehensive income	—	—	(188)	—	(188)
Total comprehensive loss (income)	—	—	(188)	(4,300)	(4,488)
Issuance of shares on exercise of options	—	474	—	—	474
June 30, 2025	<u>\$ 51,960</u>	<u>\$ 1,999</u>	<u>\$ 172</u>	<u>\$ 796</u>	<u>\$ 54,927</u>
January 1, 2024	\$ 51,960	\$ 572	\$ 229	\$ 7,422	\$ 60,183
Net income	—	—	—	(4,049)	(4,049)
Other comprehensive loss	—	149	(41)	—	108
Total comprehensive loss (income)	—	149	(41)	(4,049)	(3,941)
Issuance of shares on exercise of options	—	398	—	—	398
June 30, 2024	<u>\$ 51,960</u>	<u>\$ 1,119</u>	<u>\$ 188</u>	<u>\$ 3,373</u>	<u>\$ 56,640</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(5)

DDC Group International Inc. d/b/a Cineplex Digital Media

Condensed Consolidated Statements of Cash Flows

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars)

		Six months ended	
		June 30,	
	Notes	2025	2024
Cash provided by (used in)			
Operating activities			
Net (loss) income from continuing operations		\$ (4,300)	\$ (4,049)
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation and amortization - other assets		1,589	1,802
Depreciation - right-of-use assets		4,984	5,124
Other non-cash interest		15	15
(Gain) loss on disposal of assets	5	—	—
Deferred income taxes	3	(1,249)	(1,283)
Non-cash share-based compensation		474	398
Changes in operating assets and liabilities	9	12,903	3,598
Net cash provided by operating activities		14,416	5,605
Investing activities			
Purchases of property, equipment and leaseholds	4	(109)	(357)
Intangible assets additions		(330)	(449)
Net cash provided by (used in) investing activities		(439)	(806)
Financing activities			
Repayments of lease obligations - principal		(3,032)	(2,271)
Due to/from parent		(670)	(2,553)
Net cash used in financing activities		(3,702)	(4,824)
Effect of exchange rate differences on cash		(215)	94
Increase in cash and cash equivalents		10,060	69
Cash and cash equivalents - Beginning of period		—	—
Cash and cash equivalents - End of period		\$ 10,060	\$ 69
Supplemental information			
Cash paid for interest - lease obligation		\$ 1,206	\$ 1,429
Cash paid for interest - other		\$ 15	\$ 15
Cash paid for income taxes, net		\$ (33)	\$ —

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - CONSOLIDATED STATEMENTS OF CASH FLOWS

(6)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

1. General information

DDC Group International Inc. ("DDC") is an Ontario, Canada corporation and a wholly owned subsidiary of Cineplex Entertainment Limited Partnership. DDC serves as the holding company for Cineplex Digital Media Inc. and Cineplex Digital Media US Inc. (collectively "CDM"), which together operate as a leading provider of digital signage and digital place-based media solutions across North America. CDM is headquartered at 137 Northfield Drive West, Waterloo, Ontario, N2L 5A6.

2. Right-of-use-assets

The following tables present right-of-use assets for CDM for the six months ended June 30, 2025 and 2024:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
At June 30, 2025			
Cost	\$ 2,141	\$ 57,412	\$ 59,553
Accumulated depreciation	(1,242)	(24,963)	(26,205)
Net book value	<u>\$ 899</u>	<u>\$ 32,449</u>	<u>\$ 33,348</u>

Six months ended June 30, 2025

Opening net book value	\$ 507	\$ 37,333	\$ 37,840
Additions	492	—	\$ 492
Extensions and modifications	—	—	\$ —
Depreciation for the period	(100)	(4,884)	\$ (4,984)
Closing net book value	<u>\$ 899</u>	<u>\$ 32,449</u>	<u>\$ 33,348</u>

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
At June 30, 2024			
Cost	\$ 1,649	\$ 14,883	\$ 16,532
Accumulated depreciation	(898)	(10,939)	(11,837)
Net book value	<u>\$ 751</u>	<u>\$ 3,944</u>	<u>\$ 4,695</u>

Six months ended June 30, 2024

Opening net book value	\$ 751	\$ 3,944	\$ 4,695
Additions	—	43,344	43,344
Extensions and modifications	—	—	—
Depreciation for the period	(122)	(5,002)	(5,124)
Closing net book value	<u>\$ 629</u>	<u>\$ 42,286</u>	<u>\$ 42,915</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

3. Deferred income taxes

Based on substantively enacted corporate tax rates, expected timing of reversals and expected taxable income allocation to various tax jurisdictions, deferred income taxes are as follows:

	June 30, 2025	December 31, 2024
Deferred income tax assets		
Property, equipment and leaseholds and deferred tenant inducements - difference between net carrying value and undepreciated capital cost	\$ 211	\$ 111
Accounting provisions not currently deductible	1,613	1,105
Income tax credits available	450	450
Operating losses available for carry-forward	9,855	9,184
Total gross deferred income tax assets	12,129	10,850
Future deferred tax liabilities		
Intangible assets	(1,296)	(1,265)
Total gross deferred income tax liabilities	(1,296)	(1,265)
Net deferred income tax asset recognized	\$ 10,833	\$ 9,585

At December 31, 2020 the recoverability of the net deferred income tax assets was uncertain and accordingly the net deferred tax assets were derecognized. During the second quarter of 2023, Cineplex Digital Media assessed the recoverability of net deferred income tax assets and determined that the expected return to profitability provided a reasonable expectation that previously derecognized net deferred income tax assets will be utilized to offset future periods of taxable income, resulting in income tax recovery of approximately \$8,923 in the second quarter of 2023.

Cineplex Digital Media's combined statutory income tax rate at June 30, 2025 was 26.5% (2024 - 26.6%).

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(8)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

4. Lease obligations

The following table presents lease obligations for CDM for the six months ended June 30, 2025 and 2024:

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Six months ended June 30, 2025			
Opening balance	\$ 523	\$ 41,148	41,671
Additions	492	—	492
Extensions and modifications	—	—	—
Lease payment	(147)	(4,093)	(4,240)
Interest expense	24	1,182	1,206
Closing lease obligations	\$ 892	\$ 38,237	\$ 39,129
Less: current portion	236	9,360	9,596
Non-current portion of lease obligations of continuing operations	<u>\$ 656</u>	<u>\$ 28,877</u>	<u>\$ 29,533</u>

	<u>Property</u>	<u>Equipment</u>	<u>Total</u>
Six months ended June 30, 2024			
Opening balance	\$ 760	\$ 4,773	\$ 5,533
Additions	—	43,344	43,344
Extensions and modifications	—	—	—
Lease payment	(145)	(3,554)	(3,699)
Interest expense	29	1,400	1,429
Closing lease obligations	\$ 644	\$ 45,963	\$ 46,607
Less: current portion	245	7,553	7,798
Non-current portion of lease obligations	<u>\$ 399</u>	<u>\$ 38,410</u>	<u>\$ 38,809</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

5. Revenue

The following tables disclose the changes in deferred revenue and other for the six months ended June 30, 2025 and 2024:

	December 31, 2024	Additions	Recognized	Translation	June 30, 2025
Media deposits	\$ 5,478	\$ 10,112	\$ 4,840	\$ 31	\$ 10,719
	<u>\$ 5,478</u>	<u>\$ 10,112</u>	<u>\$ 4,840</u>	<u>\$ 31</u>	<u>\$ 10,719</u>

	December 31, 2023	Additions	Recognized	Translation	June 30, 2024
Media deposits	\$ 4,460	\$ 4,843	\$ 2,952	\$ (37)	\$ 6,388
	<u>\$ 4,460</u>	<u>\$ 4,843</u>	<u>\$ 2,952</u>	<u>\$ (37)</u>	<u>\$ 6,388</u>

The following tables provide the disaggregation of revenue into categories by nature for the six months ended June 30, 2025 and 2024:

Media revenues	Six months ended June 30,	
	2025	2024
Project revenues	\$ 8,028	\$ 6,442
Media and services revenues	17,011	14,073
Total media revenues	<u>\$ 25,039</u>	<u>\$ 20,515</u>

Timing of revenue recognition	Six months ended June 30,	
	2025	2024
Transferred at a point in time	\$ 8,984	\$ 7,310
Transferred over time	16,055	13,205
Total media revenues	<u>\$ 25,039</u>	<u>\$ 20,515</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(10)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

6. Other costs

	Six months ended June 30,	
	2025	2024
Variable rent	\$ 2,294	\$ 767
Realty and occupancy taxes and maintenance fees	90	81
Utilities	25	25
Repairs and maintenance	372	294
Advertising and promotion	382	456
Office and operating supplies	50	75
Licenses and franchise fees	8	10
Insurance	79	27
Professional and consulting fees	53	34
Telecommunications and data	116	130
Bad debts	(24)	(55)
Other costs	461	450
	<u>\$ 3,906</u>	<u>\$ 2,294</u>

7. Earnings (loss) per share**Basic**

Basic earnings (loss) per share is calculated by dividing the net loss by the weighted average number of shares outstanding during the period.

	Six months ended June 30,	
	2025	2024
Net loss	\$ (4,300)	\$ (4,049)
Weighted average number of shares outstanding	12,742	12,742
Loss per share - basic	<u>\$ (337)</u>	<u>\$ (318)</u>

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(11)

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

8. Related party transactions

CDM earns revenue from the sale of advertising by its parent company, Cineplex Entertainment LP, on CDM's digital signage network. These transactions are conducted in the normal course of operations and are measured at market-based exchange amounts. A portion of CDM's trade and other receivables, relates to amounts due from Cineplex, and revenue for digital out of home as shown below:

Six months ended as of June 30, 2025

		Cineplex
Trade and other receivables	\$	934
Revenue	\$	8,790

Six months ended as of June 30, 2024

		Cineplex
Trade and other receivables	\$	966
Revenue	\$	5,962

9. Changes in operating assets and liabilities

The following summarizes the changes in operating assets and liabilities:

	Six months ended June 30,	
	2025	2024
Trade and other receivables	\$ 1,779	\$ 2,273
Inventories	1,682	(960)
Prepaid expenses and other current assets	(308)	(1,671)
Accounts payable and accrued liabilities	4,352	2,053
Income taxes receivable	46	4
Deferred revenue	5,370	1,892
Other liabilities	(18)	7
	<u>\$ 12,903</u>	<u>\$ 3,598</u>

Property, equipment and leasehold purchases included in accounts payable and accrued liabilities as at June 30, 2025, are \$328 (2024 - \$364).

DDC Group International Inc. d/b/a Cineplex Digital Media**2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(12)**

DDC Group International Inc. d/b/a Cineplex Digital Media

Notes to Condensed Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

10. Basis of presentation and accounting standards

Basis of preparation and measurement

CDM prepares its unaudited interim condensed consolidated financial statements in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise judgment in applying CDM’s accounting policies. The disclosures contained in these unaudited interim condensed consolidated financial statements do not contain all requirements of IFRS Accounting Standards for annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024. These unaudited interim condensed consolidated financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended December 31, 2024, with the exception of accounting standards issued since December 31, 2024.

DDC Group International Inc. d/b/a Cineplex Digital Media

2025 SECOND QUARTER REPORTS - NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(13)

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On October 15, 2025, Creative Realities Inc. (the “Company” or “CRI”) entered into a Share Purchase Agreement (the “Share Purchase Agreement” or the “Acquisition”) with its wholly-owned subsidiary, 1001372953 Ontario Inc., an Ontario corporation (“Buyer”) and Cineplex Entertainment Limited Partnership, a Manitoba limited partnership (“Cineplex”) to acquire 100% of the issued and outstanding common shares (12,742 common shares) of DDC Group International, Inc., an Ontario corporation and wholly owned subsidiary of Cineplex (“DDC”). No other equity shares of DDC existed other than the common shares. DDC is the parent company of its wholly owned subsidiary, Cineplex Digital Media Inc., an Ontario corporation (“CDM”), and CDM’s wholly owned subsidiary, Cineplex Digital Media U.S. Inc., a Delaware corporation (“CDMUS”). Herein DDC, CDM and CDMUS are collectively referred to as the “CDM Business,” and such acquisition is referred to as the “CDM Acquisition.” All amounts presented are presented in thousands except for per share data.

The Share Purchase Agreement defines the total purchase price to be paid in exchange for all of the issued and outstanding common shares of DDC as CAD\$70,000, subject to customary purchase price adjustments based on working capital, closing cash, transaction expenses, and CDM Business closing indebtedness and planned capital expenditures (the “Purchase Price”). The Share Purchase Agreement contains customary and negotiated representations, warranties, covenants, and indemnification provisions. The Share Purchase Agreement also contains closing conditions requiring that the Company obtain equity and debt financing sufficient to pay the Purchase Price (see below sections called *Offering and Debt Financing*), that the CDM Acquisition receive regulatory approval pursuant to Canada’s Competition Act, and other customary conditions. Prior to consummation of the transaction, regulatory approval pursuant to Canada’s Competition Act was obtained.

On November 7, 2025, the parties consummated the transactions contemplated by the Share Purchase Agreement. At the closing of the CDM Acquisition, the Company (indirectly through Buyer) acquired ownership of all of the issued and outstanding common shares of DDC in exchange for the Purchase Price (on November 7, 2025, the Canadian Dollar (“CAD”) 70,000 equivalent in United States Dollar (“USD”) was approximately USD \$50,400). After the estimated purchase price adjustments, the net amount paid to Cineplex in exchange for the shares of DDC was approximately USD\$43,302.

Offering

On October 15, 2025, the Company entered into a Securities Purchase Agreement (the “Securities Purchase Agreement” or the “Offering”) with certain accredited investors, the lead investor being North Run Strategic Opportunities Fund I, LP (“North Run”), (collectively, the “Investors”), pursuant to which the Company agreed to sell to the Investors in a private placement, for an aggregate gross purchase price of USD\$30,000, an aggregate of 30,000 shares of a newly established series of preferred stock designated as Series A Convertible Preferred Stock (the “Preferred Shares”). The Preferred Shares have a stated value of USD\$1,000 per share and are initially convertible into 10,000 shares of the Company’s common stock, par value USD\$0.01 per share. Conversion of the Preferred Shares into common stock is subject to certain limitations based on (1) a number not to exceed 19.99% of the issued and outstanding common stock for any particular holder and (2) a total number of shares authorized to be converted. This sale of Preferred Shares is described herein as the “Offering.” The Offering closed on November 6, 2025. The Company used the net proceeds of the Offering to pay a portion of the Purchase Price for the CDM Acquisition, which closed the next day on November 7, 2025.

Debt Financing

On November 6, 2025, the Company and certain of its subsidiaries (collectively, the “Borrowers”), entered into a Credit Agreement (the “Credit Agreement”) with certain lenders (the “Lenders”), and First Merchants Bank, an Indiana bank, as Agent for the Lenders (“Agent”). The Credit Agreement amends and restates in its entirety the existing credit agreement with Agent dated as of May 23, 2024, as amended. The Credit Agreement provides the Borrowers with a USD\$36,000 term loan (the “Term Loan”) and a USD\$22,500 revolving credit facility (the “Revolver”), subject to the terms and conditions set forth in the Credit Agreement. The Company used the proceeds from the Term Loan of USD\$36,000 and a portion of the proceeds from the Revolver (approximately USD\$831) to finance the remaining portion of the purchase price for the CDM Acquisition, pay the Company’s costs related to these transactions (the CDM Acquisition, the Offering and the Debt Financing), and also repay amounts owed under the existing credit agreement. Collectively, the CDM Acquisition, the Offering and the Debt Financing are referred to as the “Transactions”.

The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses.” Release No. 33-10786 replaces the existing pro forma adjustment criteria with simplified requirements to depict the accounting for the Transactions (“Transaction Accounting Adjustments”) and present the reasonably estimable synergies and other transaction effects that have occurred or are reasonably expected to occur (“Management’s Adjustments”).

Transaction Accounting Adjustments have been presented in three separate columns representing the adjustments associated with the Offering, the Debt Financing, and the CDM Acquisition. The Company has elected not to present Management’s Adjustments and will only be presenting Transaction Accounting Adjustments in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information does not reflect future events that may occur after the Transactions. The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of a true picture of the financial position and the results of operations of the combined companies following the completion of the Transactions. The pro forma adjustments are subject to material change and are based upon currently available information and certain assumptions that the Company believes are reasonable.

The unaudited pro forma condensed combined statements of income for the year ended December 31, 2024 and for the six months ended June 30, 2025 are presented as if the Transactions had been completed on January 1, 2024. The unaudited pro forma condensed combined balance sheet as of June 30, 2025 is presented as Transactions had been completed on June 30, 2025.

The unaudited pro forma condensed consolidated financial information has been derived from and should be read together with the following:

- the unaudited condensed consolidated financial statements of CRI included in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025;
 - the unaudited condensed consolidated financial statements of the CDM Business as of and for the six months ended June 30, 2025 included as Exhibit 99.4 of this Form 8-K/A;
 - the audited consolidated financial statements of CRI included in its Annual Report on Form 10-K for the year ended December 31, 2024;
 - the audited consolidated financial statements of the CDM Business as of and for the year ended December 31, 2024 included as Exhibit 99.3 of this Form 8-K/A;
 - other information relating to CRI and the CDM Business contained in reports filed by CRI, as applicable, with the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.
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The unaudited pro forma condensed combined financial statements reflect the following adjustments, which include the Transaction Accounting Adjustments:

- 1) The historical consolidated financial statements of the CDM Business were prepared in accordance with International Financial Reporting Standards (“IFRS”). For purposes of these unaudited pro forma condensed combined financial statements, the historical IFRS financial information of the CDM Business has been converted to U.S. generally accepted accounting principles (“U.S. GAAP”) to conform to the accounting policies of the Company. The pro forma adjustments include those necessary to reflect the differences between IFRS and U.S. GAAP that are required to be applied in the preparation of the pro forma condensed combined financial statements. Additionally, certain items within the CDM Business’s historical presentation have been reclassified to conform to CRI’s financial statement presentation.
- 2) The historical consolidated financial statements of the CDM Business are presented in CAD. For purposes of these unaudited pro forma condensed combined financial statements, the historical CAD amounts have been translated into USD in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 830, Foreign Currency Matters. Translation was performed using the exchange rates in effect as of the relevant historical balance sheet dates and the average exchange rates for the applicable historical statement of operations periods, unless otherwise indicated. The resulting translation adjustments are included solely for purposes of presenting the pro forma condensed combined financial information in USD.
- 3) The estimated adjustments related to the Offering.
- 4) The estimated adjustments related to the Debt Financing.
- 5) The estimated adjustments related to the CDM Acquisition, using the acquisition method of accounting with CRI as the accounting acquirer.

The estimated adjustments related to the CDM Acquisition have been prepared using the acquisition method of accounting in accordance with U.S. GAAP. CRI has been identified as the acquirer for accounting purposes, due to CRI obtaining control over the CDM Business by paying the Purchase Price in cash and organizing the Offering and Debt Financing in order to fund the CDM Acquisition. Thus, CRI will account for the Merger as a business combination in accordance ASC 805, Business Combinations. The total purchase price will be allocated to the acquired tangible and intangible assets and assumed liabilities based on their respective fair values. The fair values of the acquired assets and assumed liabilities of the CDM Business have been measured based on various preliminary estimates using assumptions that CRI management believes are reasonable and based on currently available information. Accordingly, the pro forma adjustments related to the CDM Acquisition are preliminary and have been made solely for the purpose of preparing the unaudited pro forma condensed combined financial statements. The final purchase accounting could be materially different from the preliminary estimates used to prepare the accompanying unaudited pro forma condensed combined financial statements which could have a material impact on the combined company’s future results of operations and financial position.

The unaudited pro forma condensed combined financial statements have been prepared based on the aforementioned historical financial statements and the assumptions and adjustments as described in the notes to the unaudited pro forma condensed combined financial statements. The pro forma adjustments reflect the Transaction Accounting Adjustments related to the Transactions, which are discussed in further detail below. The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not purport to represent the combined company’s consolidated results of operations or consolidated financial position that would actually have occurred had the Transactions been consummated on the dates assumed or to project the combined company’s consolidated results of operations or consolidated financial position for any future date or period.

The accounting policies followed in preparing the unaudited pro forma condensed combined financial statements are those used by CRI as set forth in CRI's audited historical consolidated financial statements. As noted above, CRI has performed a preliminary evaluation of the pro forma impact of converting the CDM Business's historical consolidated financial statements from IFRS to U.S. GAAP, and aligning them with those of the Company. A more comprehensive comparison and assessment will occur, which may result in additional differences identified. Additionally, CRI has reclassified certain items within the CDM Business's historical consolidated financial statements for consistency in the financial statement presentation. These reclassifications have no effect on the previously reported total assets, total liabilities and shareholders' equity, or net loss of CRI or the CDM Business. See Notes to Unaudited Pro Forma Condensed Combined Financial Statements for more information.

The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not reflect the costs of any post close integration activities or synergies that may be achieved because of the Transactions or costs to achieve the synergies.

CRI and the CDM Business have not had any historical material relationship prior to the CDM Acquisition. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 30, 2025
(In thousands except per share amounts)

	Creative Realities, Inc.	DDC Group International Inc.	Offering Transaction Accounting Adjustments	Notes	Debt Financing Transaction Accounting Adjustments	Notes	CDM Acquisition Transaction Accounting Adjustments	Notes	Pro Forma Combined
	Note A	Note B	Note C		Note D		Note E		
ASSETS									
Current Assets:									
Cash and equivalents	\$ 569	\$ 7,392	\$ 27,590	(a)	\$ 15,729	(b)	\$ (51,027)	(c)	\$ 253
Accounts receivable, net	10,569	4,138	-		-		-		14,707
Inventories, net	1,055	1,886	-		-		-		2,941
Prepaid expenses and other current assets	921	1,114	-		-		-		2,035
Due from Cineplex Entertainment LP	-	686	-		-		-		686
Total Current Assets	13,114	15,216	27,590		15,729		(51,027)		20,622
Property and equipment, net	352	2,896	-		-		-		3,248
Goodwill	26,453	32,835	-		-		(9,676)	(c)	49,612
Other intangible assets, net	21,692	786	-		-		23,323	(c)	45,801
Operating lease right-of-use assets	1,791	25,426	-		-		3,225	(c)	30,442
Other non-current assets	251	-	-		-		-		251
Total Assets	\$ 63,653	\$ 77,159	\$ 27,590		\$ 15,729		\$ (34,155)		\$ 149,976
LIABILITIES, TEMPORARY EQUITY, AND SHAREHOLDERS' EQUITY									
Current Liabilities:									
Accounts payable	\$ 6,169	\$ 5,957	\$ -		\$ -		\$ -		\$ 12,126
Accrued expenses and other current liabilities	2,368	1,090	-		-		-		3,458
Deferred revenues	1,856	7,876	-		-		-		9,732
Customer deposits	1,626	-	-		-		-		1,626
Current maturities of operating leases	420	8,743	-		-		-		9,163
Short-term debt	591	-	-		3,009	(b)	-		3,600
Total Current Liabilities	13,030	23,666	-		3,009		-		39,705
Revolving credit facility	16,093	-	-		(15,262)	(b)	-		831
Long-term debt	3,409	-	-		28,991	(b)	-		32,400
Long-term obligations under operating leases	1,491	19,951	-		-		-		21,442
Deferred tax liabilities	-	742	-		-		(305)	(c)	437
Other non-current liabilities	187	164	-		-		-		351
Total Liabilities	34,210	44,523	-		16,738		(305)		95,166
Series A Redeemable Convertible Preferred stock, \$1,000 stated value, 30 shares authorized, issued and outstanding as of June 30, 2025 (pro forma)									
	-	-	27,590	(a)	-		-		27,590
Shareholders' Equity									
Common Stock \$0.01 par value, 66,666 shares authorized, 10,519 shares issued and outstanding as of June 30, 2025									
	105	38,180	-		-		(38,180)	(d)	105
Additional paid-in capital	84,641	1,469	-		-		(1,469)	(d)	84,641
Accumulated other comprehensive income	-	126	-		-		(126)	(d)	-
Accumulated deficit	(55,303)	(7,139)	-		(1,009)	(b)	7,139	(d)	(57,526)
							(1,214)	(d)	
Total Shareholders' Equity	29,443	32,636	-		(1,009)		(33,850)		27,220
Total Liabilities, Temporary Equity, and Shareholders' Equity	\$ 63,653	\$ 77,159	\$ 27,590		\$ 15,729		\$ (34,155)		\$ 149,976

See notes to the unaudited pro forma condensed combined financial information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In thousands except per share amounts)

	Creative Realities, Inc.	DDC Group International Inc.	Offering Transaction Accounting Adjustments	Notes	Debt Financing Transaction Accounting Adjustments	Notes	CDM Acquisition Transaction Accounting Adjustments	Notes	Pro Forma Combined
	Note A	Note B	Note C		Note D		Note E		
Sales									
Hardware	\$ 10,467	\$ 3,706	\$ -		\$ -		\$ -		\$ 14,173
Services and other	12,297	14,070	-		-		-		26,367
Total sales	<u>22,764</u>	<u>17,776</u>	<u>-</u>		<u>-</u>		<u>-</u>		<u>40,540</u>
Cost of sales									
Hardware	7,602	2,947	-		-		-		10,549
Services and other	5,692	12,591	-		-		80	(d)	18,363
Total cost of sales	<u>13,294</u>	<u>15,538</u>	<u>-</u>		<u>-</u>		<u>80</u>		<u>28,912</u>
Gross profit	9,470	2,238	-		-		(80)		11,628
Operating expenses:									
Sales and marketing expenses	2,403	2,390	-		-		-		4,793
General and administrative fees	9,120	2,838	-		-		791	(c), (d)	12,749
Total operating expenses	<u>11,523</u>	<u>5,228</u>	<u>-</u>		<u>-</u>		<u>791</u>		<u>17,542</u>
Operating loss	(2,053)	(2,990)	-		-		(871)		(5,914)
Other expenses (income)									
Interest expense, including amortization of debt discount	834	11	-		522	(b)	-		1,367
Gain on settlement of contingent consideration	(4,775)	-	-		-		-		(4,775)
Other expense	264	672	-		-		-		936
Total other expense (income)	<u>(3,677)</u>	<u>683</u>	<u>-</u>		<u>522</u>		<u>-</u>		<u>(2,472)</u>
Net loss before income taxes	1,624	(3,673)	-		(522)		(871)		(3,442)
Income tax benefit (provision)	(73)	(11)	-		-		209	(c)	125
Net income (loss)	<u>\$ 1,551</u>	<u>\$ (3,684)</u>	<u>\$ -</u>		<u>\$ (522)</u>		<u>\$ (662)</u>		<u>\$ (3,317)</u>
Dividend attributable to Series A Redeemable Convertible Preferred Stock									
	-	-	(781)	(a)	-		-		(781)
Net Income (Loss) Applicable to Common Stockholders	<u>\$ 1,551</u>	<u>\$ (3,684)</u>	<u>\$ (781)</u>		<u>\$ (522)</u>		<u>\$ (662)</u>		<u>\$ (4,098)</u>
Basic (loss) earning per common share									
	<u>\$ 0.15</u>	<u>\$ (283.38)</u>							<u>\$ (0.39)</u>
Diluted (loss) earning per common share									
	<u>\$ 0.15</u>	<u>\$ (283.38)</u>							<u>\$ (0.39)</u>
Weighted average shares outstanding - basic									
	<u>10,471</u>	<u>13</u>							<u>10,471</u>
Weighted average shares outstanding - diluted									
	<u>10,568</u>	<u>13</u>							<u>10,568</u>

See notes to the unaudited pro forma condensed combined financial information

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In thousands except per share amounts)

	Creative Realities, Inc.	DDC Group International Inc.	Offering Transaction Accounting Adjustments	Notes	Debt Financing Transaction Accounting Adjustments	Notes	CDM Acquisition Transaction Accounting Adjustments	Notes	Pro Forma Combined
	Note A	Note B	Note C		Note D		Note E		
Sales									
Hardware	\$ 18,259	\$ 8,010	\$ -		\$ -		\$ -		\$ 26,269
Services and other	32,595	32,660	-		-		-		65,255
Total sales	<u>50,854</u>	<u>40,670</u>	-		-		-		<u>91,524</u>
Cost of sales									
Hardware	13,521	6,406	-		-		-		19,927
Services and other	13,322	26,688	-		-		169	(c), (e)	40,179
Total cost of sales	<u>26,843</u>	<u>33,094</u>	-		-		169		<u>60,106</u>
Gross profit	<u>24,011</u>	<u>7,576</u>	-		-		(169)		<u>31,418</u>
Operating expenses:									
Sales and marketing expenses	6,015	4,693	-		-		-		10,708
General and administrative fees	17,058	5,260	-		-		2,797	(c), (d), (e)	25,115
Total operating expenses	<u>23,073</u>	<u>9,953</u>	-		-		2,797		<u>35,823</u>
Operating (loss) income	938	(2,377)	-		-		(2,966)		(4,405)
Other expenses (income)									
Interest expense, including amortization of debt discount	1,775	22	-		938	(b)	-		2,735
Loss on change in fair value of contingent considerations	1,608	-	-		-		-		1,608
Loss on debt extinguishment	1,059	-	-		1,009	(b)	-		2,068
Other income	(102)	(1,115)	-		-		-		(1,217)
Total other expense (income)	<u>4,340</u>	<u>(1,093)</u>	-		1,947		-		<u>5,194</u>
Net loss before income taxes	(3,402)	(1,284)	-		(1,947)		(2,966)		(9,599)
Income tax benefit (provision)	(106)	(26)	-		-		418	(c)	286
Net loss	<u>\$ (3,508)</u>	<u>\$ (1,310)</u>	<u>\$ -</u>		<u>\$ (1,947)</u>		<u>\$ (2,548)</u>		<u>\$ (9,313)</u>
Dividend attributable to Series A Redeemable Convertible Preferred Stock	-	-	(1,575)	(a)	-		-		(1,575)
Net Loss Applicable to Common Stockholders	<u>\$ (3,508)</u>	<u>\$ (1,310)</u>	<u>\$ (1,575)</u>		<u>\$ (1,947)</u>		<u>\$ (2,548)</u>		<u>\$ (10,888)</u>
Basic (loss) earning per common share									
Basic (loss) earning per common share	<u>\$ (0.34)</u>	<u>\$ (100.77)</u>							<u>\$ (1.04)</u>
Diluted (loss) earning per common share									
Diluted (loss) earning per common share	<u>\$ (0.34)</u>	<u>\$ (100.77)</u>							<u>\$ (1.04)</u>
Weighted average shares outstanding - basic									
Weighted average shares outstanding - basic	<u>10,440</u>	<u>13</u>							<u>10,440</u>
Weighted average shares outstanding - diluted									
Weighted average shares outstanding - diluted	<u>10,440</u>	<u>13</u>							<u>10,440</u>

See notes to the unaudited pro forma condensed combined financial information

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information set forth herein is based upon the consolidated historical financial statements of CRI and the CDM Business. The unaudited pro forma condensed combined financial information is presented as if the Transactions had been completed on January 1, 2024 with respect to the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2024 and for the six months ended June 30, 2025 and on June 30, 2025 in respect to the unaudited pro forma condensed combined balance sheet.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations had the Transactions occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the combined company will experience after the completion of the Transactions.

The estimated adjustments related to the CDM Acquisition have been prepared using the acquisition method of accounting in accordance with ASC 805, which requires that one company is designated as the acquirer for accounting purposes. It has been determined that CRI is the accounting acquirer. Accordingly, the assets acquired and liabilities assumed of the CDM Business are recorded based on preliminary estimates of fair value. Any excess of the purchase price over the fair value of identified assets acquired and liabilities assumed is recognized as goodwill.

CRI's historical financial information was prepared in accordance with U.S. GAAP and presented in USD. The CDM Business's historical financial information was prepared in accordance with IFRS and is presented in CAD, but has been converted to U.S. GAAP and translated into USD and include certain reclassifications to align with CRI's historical presentation.

For purposes of preparing the unaudited pro forma condensed combined financial statements and related notes the pro forma adjustments reflected in the unaudited pro forma condensed combined balance sheet are based on items that are factually supportable and directly attributable to the Transactions. Pro forma adjustments reflected in the pro forma condensed combined statements of operations are based on items that are factually supportable, directly attributable to the Transactions and expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information does not reflect the cost of any integration activities or benefits from the Transactions, including potential synergies that may be generated in future periods.

All amounts presented are presented in thousands except for per share data.

2. Transaction Accounting Adjustments

The following Transaction Accounting Adjustments give effect to the Transactions.

Unaudited Pro Forma Condensed Combined Balance Sheet as of June 30, 2025

Note A Derived from the condensed consolidated balance sheet of CRI as of June 30, 2025, filed with the SEC.

Note B Derived from the condensed consolidated balance sheet of the CDM Business as of June 30, 2025, included as Exhibit 99.4 of this Form 8-K/A. The historical consolidated financial statements of the CDM Business were prepared in accordance with IFRS and were adjusted to conform with U.S. GAAP (see below section called IFRS to U.S. GAAP Conversion Adjustments for further detail). Additionally, certain financial statement line item captions were reclassified to conform to CRI's historical presentation. Lastly, the as adjusted historical consolidated financial statements of the CDM Business were translated from CAD to USD. The table below provides a reconciliation between the historical consolidated financial statements of the CDM Business and the unaudited pro forma condensed combined financial information, showing the financial statement line items impacted.

IFRS to U.S. GAAP Conversion Adjustments:

The Company recorded IFRS to U.S. GAAP adjustments related to the recognition of operating leases and related lease liabilities under ASC 842 – Leases and the adjustment of certain deferred tax assets and liabilities in accordance with ASC 740- Income Taxes.

These adjustments are based on management's preliminary assessment and are subject to change as the conversion analysis is finalized.

The table below illustrates the aforementioned adjustments.

AS OF JUNE 30, 2025

	DDC Group International Inc.			DDC Group International Inc.	Period End Exchange Rate 0.7348	DDC Group International Inc.
	IFRS CAD	U.S.GAAP Adjustments	Reclassification Adjustments	U.S. GAAP CAD		U.S. GAAP USD
Assets						
Current assets						
Cash and cash equivalents	\$ 10,060	\$ -	\$ -	\$ 10,060		\$ 7,392
Trade and other receivables	6,251	-	(620)	5,631		4,138
Income taxes receivable	132	-	(132)	-		-
Inventories	2,567	-	-	2,567		1,886
Prepaid expenses and other current assets	767	-	752	1,519		1,114
Due from parent	934	-	(934)	-		-
Due from Cineplex Entertainment LP	-	-	934	934		686
Total Current Assets	20,711	-	-	20,711		15,216
Non-current assets						
Property, equipment and leaseholds	3,941	-	-	3,941		2,896
Right-of-use assets	33,348	(33,348)	-	-		-
Operating lease right-of-use assets	-	34,602	-	34,602		25,426
Deferred income taxes	10,833	(10,833)	-	-		-
Intangible assets	1,069	-	-	1,069		786
Goodwill	44,686	-	-	44,686		32,835
Total Assets	\$ 114,588	\$ (9,579)	\$ -	\$ 105,009		\$ 77,159
Liabilities						
Current liabilities						
Accounts payable and accrued liabilities	\$ 9,590	\$ -	\$ (1,484)	\$ 8,106		\$ 5,957
Accrued expenses and other current liabilities	-	-	1,484	1,484		1,090
Deferred revenue and other	10,719	-	-	10,719		7,876
Lease obligations	9,596	(9,596)	-	-		-
Current maturities of operating leases	-	11,899	-	11,899		8,743
Total Current Liabilities	29,905	2,303	-	32,208		23,666
Non-current liabilities						
Lease obligations	29,533	(29,533)	-	-		-
Long-term obligations under operating leases	-	27,152	-	27,152		19,951
Deferred tax liabilities	-	1,010	-	1,010		742
Other liabilities	223	-	-	223		164
Total Liabilities	59,661	932	-	60,593		44,523
Shareholders' Equity						
Share capital	51,960	-	(51,960)	-		-
Common stock	-	-	51,960	51,960		38,180
Equity	796	(10,511)	9,715	-		-
Accumulated deficit	-	-	(9,715)	(9,715)		(7,139)
Contributed surplus	1,999	-	(1,999)	-		-
Additional paid-in capital	-	-	1,999	1,999		1,469
Cumulative translation adjustment	172	-	(172)	-		-
Accumulated other comprehensive income	-	-	172	172		126
Total Shareholders' Equity	54,927	(10,511)	-	44,416		32,636
Total Liabilities and Shareholders' Equity	\$ 114,588	\$ (9,579)	\$ -	\$ 105,009		\$ 77,159

Transaction Accounting Adjustments:

Note C – Offering Transaction Accounting Adjustments

- (a) Gives pro forma effect to the closing of the Offering and, accordingly, reflects the issuance of 30 shares of Series A Redeemable Convertible Preferred Stock for gross proceeds of \$30,000. The Series A Redeemable Convertible Preferred Stock have a stated value of \$1,000 per share and are initially convertible into 10,000 shares of CRI common stock. The Series A Redeemable Convertible Preferred Stock is classified as temporary equity in the condensed combined pro forma balance sheet because redemption automatically occurs upon a Fundamental Transaction as defined in the Series A Redeemable Convertible Stock's certificate of designation, and certain transactions are not solely within the control of the Company. However, redemption is not considered probable; therefore, the Series A Redeemable Convertible Preferred Stock is not accreted to face value. The balance sheet classification of the Series A Redeemable Convertible Preferred Stock is preliminary and may change as a result of the Company completing its analysis. Additionally, Offering costs of \$2,410 were netted against the gross carrying value of the Series A Redeemable Convertible Preferred Stock on the condensed combined pro forma balance sheet.

Note D – Debt Financing Transaction Accounting Adjustments

Gives pro forma effect of the Credit Agreement that amends and restates in its entirety the existing credit agreement with Agent dated as of May 23, 2024, as amended. The Credit Agreement provides the Borrowers with a \$36,000 term loan and a \$22,500 revolving credit facility. The Company used the proceeds from the Term Loan of \$36,000 and a portion of the proceeds from the Revolver (approximately \$831) to finance a portion of the purchase price for the CDM Acquisition, pay the Company's costs related to the Transactions and also repay amounts owed under the existing credit agreement. The amendment of the credit agreement was accounted for as a debt extinguishment and as a result, the Company recognized a loss on debt extinguishment of \$1,009, which is comprised of various debt issuance costs. The accounting conclusion of the debt extinguishment related to the Credit Agreement is preliminary and may change as a result of the Company completing its analysis of the transaction.

Note E – CDM Acquisition Transaction Accounting Adjustments

- (b) The CDM Acquisition is considered as a business combination and is accounted for using the acquisition method in accordance with ASC 805- Business Combinations as CRI was determined to be the accounting acquirer and the CDM Business met the definition of a business. For pro forma purposes, CRI paid \$42,421 (net of cash acquired of \$7,392) for 100% of the outstanding equity interests of the CDM Business.
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The below table illustrates the pro forma effect of CRI applying the acquisition method of accounting to the CDM Acquisition, whereby the total consideration is allocated to the CDM Business's assets and liabilities based upon their estimated fair values as of the date of acquisition. Based upon the estimated purchase price and a preliminary valuation, the preliminary purchase price allocation is as follows:

	Preliminary Purchase Price Allocation
Purchase Consideration:	
Cash (net of cash acquired)	\$ 42,421
Total Purchase Consideration	\$ 42,421
Less:	
Customer relationships (1)	15,988
Developed technology (1)	8,081
Property and equipment	2,896
Non-compete agreements (1)	40
Unfavorable leases	(43)
Right of use assets	28,694
Long-term lease obligations	(19,951)
Other liabilities	(164)
Deferred tax liability (2)	(437)
Net working capital deficit	(15,842)
Fair Value of Identified Net Assets	\$ 19,262
Remaining Unidentified Goodwill Value	\$ 23,159

- (1) The customer relationships, developed technology, and non-compete agreements are currently presumed to have an estimated useful life of twenty, ten and five years, respectively and their fair values will be amortized on a straight-line basis over their expected useful lives. The preliminary fair values of the acquired intangibles were estimated using the multi period excess earnings model for the customer relationships, the relief from royalty method for the developed technology, and the with and without method for the non-compete agreements.
- (2) Represents the net deferred tax effect difference between the accounting and income tax bases of the various identified assets and liabilities, using an assumed statutory income tax rate of approximately 26.5%.

The components of net working capital deficit are as follows:

	Preliminary Purchase Price Allocation
Current assets:	
Accounts receivable	\$ 4,138
Inventory	1,886
Due from Cineplex Entertainment LP	686
Prepaid and other current assets	<u>1,114</u>
Total current assets	<u>\$ 7,824</u>
Less current liabilities:	
Accounts payable	\$ 5,957
Accrued expenses and other current liabilities	1,090
Deferred revenue and other	7,876
Current maturities of lease obligations	<u>8,743</u>
Total current liabilities	<u>\$ 23,666</u>
Net working capital deficit	<u>\$ (15,842)</u>

The final determination of the purchase price allocation will be completed as soon as practicable and will be based on the fair values of the assets acquired and liabilities assumed. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.

- (c) Reflects adjustments to equity related to:
- a. The elimination of the CDM Business's historical equity balances.
 - b. Represents the recognition of \$1,214 direct and incremental transaction costs incurred after June 30, 2025, in connection with the closing of the CDM Acquisition, which are non-recurring.

Unaudited Pro Forma Condensed Combined Statements of Operations For The Six Months Ended June 30, 2025

Note A Derived from the condensed consolidated statements of operations of CRI for the six months ended June 30, 2025, filed with the SEC.

Note B Derived from the condensed consolidated statements of operations of the CDM Business for the six months ended June 30, 2025, included as Exhibit 99.4 to this Form 8-K/A. The historical financial statements of the CDM Business were prepared in accordance with IFRS and were adjusted to conform with U.S. GAAP. The tables below provide a reconciliation between the historical financial statements and the unaudited pro forma condensed combined financial information and presents a reconciliation between the impacted line items within the historical financial statements and the unaudited pro forma condensed combined financial information. Additionally, certain financial statement line item captions were reclassified to conform to CRI's historical presentation. Lastly, the as adjusted historical financial statements of the CDM Business were translated from CAD to USD.

IFRS to U.S. GAAP Conversion Adjustments:

The Company recorded IFRS to U.S. GAAP adjustments related to the recognition of operating leases and related lease liabilities under ASC 842 – Leases and the adjustment of certain deferred tax assets and liabilities in accordance with ASC 740- Income Taxes.

These adjustments are based on management's preliminary assessment and are subject to change as the conversion analysis is finalized.

The table below illustrates the aforementioned adjustments.

FOR THE SIX MONTHS ENDED JUNE 30, 2025

	DDC Group International Inc.			DDC Group International Inc.	Average Exchange Rate 0.7099	DDC Group International Inc.
	IFRS CAD	U.S.GAAP Adjustments	Reclassification Adjustments	U.S. GAAP CAD		U.S. GAAP USD
Revenues						
Project revenues	8,028	-	(8,028)	-		-
Media and service revenues	17,011	-	(17,011)	-		-
Hardware	-	-	-	5,220		3,706
Services and other	-	-	19,819	19,819		14,070
Total revenues	25,039	-	-	25,039		17,776
Cost of sales						
Hardware	-	-	4,151	4,151		2,947
Services and other	-	5,686	12,049	17,735		12,591
Total cost of sales	-	5,686	16,200	21,886		15,538
Gross profit	25,039	(5,686)	(16,200)	3,153		2,238
Expenses						
Depreciation - right-of-use assets	4,984	(4,984)	-	-		-
Depreciation and amortization - other assets	1,589	-	(1,589)	-		-
Purchased services	3,993	-	(3,993)	-		-
Other inventories consumed	4,151	-	(4,151)	-		-
Employee wages, salaries and benefits	9,783	-	(9,783)	-		-
Other costs	3,906	-	(3,906)	-		-
Interest expense - lease obligations	1,206	(1,206)	-	-		-
Interest expense - other	15	-	-	15		11
Foreign exchange	946	-	-	946		672
Sales and marketing expenses	-	-	3,367	3,367		2,390
General and administrative fees	-	142	3,855	3,997		2,838
Total expenses	30,573	(6,048)	(16,200)	8,325		5,911
Loss before income taxes	(5,534)	362	-	(5,172)		(3,673)
Income taxes						
Current	15	-	(15)	-		-
Deferred	(1,249)	1,249	-	-		-
(Benefit) provision for income taxes	-	-	15	15		11
	(1,234)	1,249	-	15		11
Net Loss	(4,300)	(887)	-	(5,187)		(3,684)

Transaction Accounting Adjustments:

Note C – Offering Transaction Accounting Adjustments

- (a) Gives pro forma effect to the dividend accrual attributable to the Series A Redeemable Convertible Preferred Stock. The Series A Redeemable Convertible Preferred Stock accrues dividends at an annual rate of 5.25% of the stated value of \$1,000. The pro forma adjustment of \$781 increases the net loss applicable to common stockholders on the pro forma condensed combined statement of operations for the six months ended June 30, 2025.

Note D – Debt Financing Transaction Accounting Adjustments

- (b) Gives pro forma effect to the interest expense associated with the Term Loan and the Revolving Credit Facility. The Term Loan and Revolving Credit Facility accrue interest at floating rates equal to the 1-month Term SOFR, plus 0.11%, plus a floating margin ranging from 2.75% to 3.25% for the Term Loan and 3.00% to 3.50% for the Revolving Credit Facility that adjusts quarterly, depending upon CRI's senior funded debt to Adjusted EBITDA Ratio as defined in the Credit Agreement. The pro forma adjustment \$1,356 increases interest expense on the pro forma condensed combined statement of operations for the six months ended June 30, 2025. For pro forma purposes, the Company has used an interest rate of 7.37%. A 1/8th percentage point change in the interest rate would change interest expense by \$23. This adjustment also eliminates the historical interest expense of CRI as a result of the Debt Financing.

Note E – CDM Acquisition Transaction Accounting Adjustments

- (c) To give pro forma effect to the \$790 of incremental amortization of the acquired intangible assets and unfavorable leases on the pro forma condensed combined statement of operations for the six months ended June 30, 2025. This adjustments is included within general and administrative expenses. Additionally, to give pro forma effect related to the income tax benefit of \$209 related to the amortization of the acquired intangible assets.
 - (d) To give pro forma effect to of incremental operating lease expense related to the acquired leases of CDM on the pro forma condensed combined statement of operations for the six months ended June 30, 2025.
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Unaudited Pro Forma Condensed Combined Statements of Operations For The Year Ended December 31, 2024

Note A Derived from the consolidated statements of operations of CRI for the year ended December 31, 2024, filed with the SEC.

Note B Derived from the consolidated statements of operations of the CDM Business for the year ended December 31, 2024, included as Exhibit 99.3 to this Form 8-K/A. The historical consolidated financial statements of the CDM Business were prepared in accordance with IFRS and were adjusted to conform with U.S. GAAP. The tables below provide a reconciliation between the historical consolidated financial statements and the unaudited pro forma condensed combined financial information and presents a reconciliation between the impacted line items within the historical financial statements and the unaudited pro forma condensed combined financial information. Additionally, certain financial statement line item captions were reclassified to conform to CRI's historical presentation. Lastly, the as adjusted historical financial statements of the CDM Business were translated from CAD to USD.

IFRS to U.S. GAAP Conversion Adjustments

The Company recorded IFRS to U.S. GAAP adjustments related to the recognition of operating leases and related lease liabilities under ASC 842 – Leases and the adjustment of certain deferred tax assets and liabilities in accordance with ASC 740- Income Taxes.

These adjustments are based on management's preliminary assessment and are subject to change as the conversion analysis is finalized.

The table below illustrates the aforementioned adjustments.

FOR THE YEAR ENDED DECEMBER 31, 2024

	DDC Group International Inc.			DDC Group International Inc.	Average Exchange Rate 0.7304	DDC Group International Inc.
	IFRS CAD	U.S.GAAP Adjustments	Reclassification Adjustments	U.S. GAAP CAD		U.S. GAAP USD
Revenues						
Project revenues	18,328	-	(18,328)	-		-
Media and service revenues	37,354	-	(37,354)	-		-
Hardware	-	-	10,966	10,966		8,010
Services and other	-	-	44,716	44,716		32,660
Total revenues	55,682	-	-	55,682		40,670
Cost of sales						
Hardware	-	-	8,771	8,771		6,406
Services and other	-	11,903	24,636	36,539		26,688
Total cost of sales	-	11,903	33,407	45,310		33,094
Gross profit	55,682	(11,903)	(33,407)	10,372		7,576
Expenses						
Depreciation - right-of-use assets	10,198	(10,198)	-	-		-
Depreciation and amortization - other assets	3,446	-	(3,446)	-		-
(Gain) loss disposal of assets	(194)	-	194	-		-
Purchased services	8,589	-	(8,589)	-		-
Other inventories consumed	8,798	-	(8,798)	-		-
Employee wages, salaries and benefits	18,766	-	(18,766)	-		-
Other costs	7,148	-	(7,148)	-		-
Interest expense - lease obligations	2,757	(2,757)	-	-		-
Interest expense - other	30	-	-	30		22
Foreign exchange	(1,332)	-	-	(1,332)		(973)
Sales and marketing expenses	-	-	6,425	6,425		4,693
General and administrative fees	-	286	6,915	7,201		5,260
Other expense	-	-	(194)	(194)		(142)
Total expenses	58,206	(12,669)	(33,407)	12,130		8,860
Loss before income taxes	(2,524)	766	-	(1,758)		(1,284)
Income taxes						
Current	35	-	(35)	-		-
Deferred	(233)	233	-	-		-
(Benefit) provision for income taxes	-	-	35	35		26
	(198)	233	-	35		26
Net Loss	(2,326)	533	-	(1,793)		(1,310)

Transaction Accounting Adjustments:

Note C – Offering Transaction Accounting Adjustments

- (a) Gives pro forma effect to the dividend accrual attributable to the Series A Redeemable Convertible Preferred Stock. The Series A Redeemable Convertible Preferred Stock accrues dividends at an annual rate of 5.25% of the stated value of \$1,000. The pro forma adjustment of \$1,575 increases the net loss applicable to common stockholders on the pro forma condensed combined statement of operations for the year ended December 31, 2024.

Note D – Debt Financing Transaction Accounting Adjustments

- (b) Gives pro forma effect to the interest expense associated with the Term Loan and the Revolving Credit Facility. The Term Loan and Revolving Credit Facility accrue interest at floating rates equal to the 1-month Term SOFR, plus 0.11%, plus a floating margin ranging from 2.75% to 3.25% for the Term Loan and 3.00% to 3.50% for the Revolving Credit Facility that adjusts quarterly, depending upon CRI's senior funded debt to Adjusted EBITDA Ratio as defined in the Credit Agreement. The pro forma adjustment \$2,713 increases interest expense on the pro forma condensed combined statement of operations for the year ended December 31, 2024. For pro forma purposes, the Company has used an interest rate of 7.37%. A 1/8th percentage point change in the interest rate would change interest expense by \$46. This adjustment also eliminates the historical interest expense of CRI as a result of the Debt Financing.
- (b) To record loss on extinguishment of \$1,009 related to the Debt Financing.

Note E – CDM Acquisition Transaction Accounting Adjustments

- (c) To give pro forma effect to the \$1,993 of incremental amortization of the acquired intangible assets and unfavorable leases on the pro forma condensed combined statement of operations for the year ended December 31, 2024. This adjustments is included within general and administrative expenses. Additionally, to give pro forma effect related to the income tax benefit of \$418 related to the amortization of the acquired intangible assets.
- (d) To give pro forma effect for incremental transactions costs of \$1,214.
- (e) To give pro forma effect to of incremental operating lease expense related to the acquired leases of CDM on the pro forma condensed combined statement of operations for the year ended December 31, 2024.