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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___________ to ___________

Commission File Number 001-33169

Creative Realities, Inc.
(Exact Name of Registrant as Specified in its Charter)

Minnesota	**41-1967918**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
13100 Magisterial Drive, Suite 102, Louisville KY	**40223**
Address of Principal Executive Offices	Zip Code

(502) 791-8800
Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 11, 2025, the registrant had 10,518,932 shares of common stock outstanding.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

CREATIVE REALITIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	September 30, 2025	December 31, 2024
	(unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 314	$ 1,037
Accounts receivable, net	11,084	10,605
Inventories, net	4,305	1,995
Prepaid expenses and other current assets	1,290	859
Total Current Assets	$ 16,993	$ 14,496
Property and equipment, net	378	321
Goodwill	26,453	26,453
Other intangible assets, net	15,383	22,841
Operating lease right-of-use assets	1,686	787
Other non-current assets	373	312
Total Assets	$ 61,266	$ 65,210
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 8,705	$ 6,354
Accrued expenses and other current liabilities	2,552	3,210
Deferred revenues	2,470	1,137
Customer deposits	1,518	2,181
Current maturities of operating leases	420	466
Short-term debt	802	-
Short-term contingent consideration, at fair value	-	12,815
Total Current Liabilities	16,467	26,163
Revolving credit facility	18,163	13,044
Long-term debt	3,198	-
Long-term obligations under operating leases	1,384	342
Other non-current liabilities	165	201
Total Liabilities	39,377	39,750
Shareholders' Equity		
Common stock, $0.01 par value, 66,666 shares authorized; 10,519 and 10,447 shares issued and outstanding, respectively	105	104
Additional paid-in capital	84,949	82,210
Accumulated deficit	(63,165)	(56,854)
Total Shareholders' Equity	21,889	25,460
Total Liabilities and Shareholders' Equity	$ 61,266	$ 65,210

See accompanying notes to condensed consolidated financial statements

CREATIVE REALITIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Sales				
Hardware	$ 4,168	$ 5,241	$ 14,635	$ 14,409
Services and other	6,379	9,201	18,676	25,433
Total sales	10,547	14,442	33,311	39,842
Cost of sales				
Hardware	2,917	3,979	10,519	10,682
Services and other	2,853	3,874	8,545	10,019
Total cost of sales	5,770	7,853	19,064	20,701
Gross profit	4,777	6,589	14,247	19,141
Operating expenses:				
Sales and marketing expenses	1,372	1,525	3,775	4,655
General and administrative expenses	4,963	3,928	14,083	12,834
Impairment of software asset	5,712	-	5,712	-
Total operating expenses	12,047	5,453	23,570	17,489
Operating (loss) income	(7,270)	1,136	(9,323)	1,652
Other expenses (income):				
Interest expense	530	303	1,364	1,479
Gain on settlement of contingent consideration	-	-	(4,775)	-
Loss (gain) on change in fair value of contingent consideration	-	598	-	(414)
Loss on debt extinguishment	-	-	-	1,059
Other expense (income)	144	(11)	408	(28)
Total other expenses (income)	674	890	(3,003)	2,096
Net (loss) income before income taxes	(7,944)	246	(6,320)	(444)
Benefit (provision) for income taxes	82	(192)	9	(226)
Net (loss) income	$ (7,862)	$ 54	$ (6,311)	$ (670)
Basic (loss) earning per common share	$ (0.75)	$ 0.01	$ (0.60)	$ (0.06)
Diluted (loss) earning per common share	$ (0.75)	$ 0.01	$ (0.60)	$ (0.06)
Weighted average shares outstanding - basic	10,519	10,447	10,487	10,438
Weighted average shares outstanding - diluted	10,519	10,634	10,487	10,438

See accompanying notes to condensed consolidated financial statements.

CREATIVE REALITIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2025	**2024**
Operating Activities:		
Net loss	$ (6,311)	$ (670)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	3,629	2,901
Amortization of debt discount	-	569
Amortization of stock-based compensation	1,679	9
Amortization of deferred financing costs	77	37
Bad debt expense	201	186
Provision for inventory reserves	9	(65)
Deferred income taxes	(1)	157
Gain on settlement of contingent consideration	(4,775)	-
Impairment of software asset	5,712	-
Loss on extinguishment of debt	-	1,059
Gain on change in fair value of contingent consideration	-	(414)
Changes to operating assets and liabilities:		
Accounts receivable	(680)	982
Inventories	(2,319)	(422)
Prepaid expenses and other current assets	(331)	(78)
Accounts payable	2,384	(1,360)
Accrued expenses and other current liabilities	(602)	8
Deferred revenue	1,333	1,637
Customer deposits	(663)	165
Other, net	(176)	49
Net cash (used in) provided by operating activities	(834)	4,750
Investing activities		
Purchases of property and equipment	(210)	(9)
Capitalization of labor for software development	(1,763)	(2,293)
Net cash used in investing activities	(1,973)	(2,302)
Financing activities		
Proceeds from borrowings under revolving credit facility	28,215	21,854
Repayment of borrowings under revolving credit facility	(23,096)	(10,875)
Settlement of contingent consideration	(3,000)	-
Repayment of term debt	-	(15,147)
Payment of deferred financing costs	-	(289)
Principal payments on finance leases	(35)	(33)
Net cash provided by (used in) financing activities	2,084	(4,490)
Decrease in cash and cash equivalents	(723)	(2,042)
Cash and cash equivalents, beginning of period	1,037	2,910
Cash and cash equivalents, end of period	$ 314	$ 868

See accompanying notes to condensed consolidated financial statements.

CREATIVE REALITIES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except shares)
(Unaudited)

	Common Stock		Additional paid in capital	Accumulated Deficit	Total
	Shares	Amount			
Three Months Ended September 30, 2025					
Balance as of June 30, 2025	10,518,932	$ 105	$ 84,641	$ (55,303)	$ 29,443
Stock-based compensation	-	-	308	-	308
Net loss	-	-	-	(7,862)	(7,862)
Balance as of September 30, 2025	10,518,932	$ 105	$ 84,949	$ (63,165)	$ 21,889

	Common Stock		Additional paid in capital	Accumulated Deficit	Total
	Shares	Amount			
Nine Months Ended September 30, 2025					
Balance as of December 31, 2024	10,446,659	$ 104	$ 82,210	$ (56,854)	$ 25,460
Stock-based compensation	-	-	1,559	-	1,559
Shares issued to directors as compensation	72,273	1	140	-	141
Issuance of warrants	-	-	1,040	-	1,040
Net loss	-	-	-	(6,311)	(6,311)
Balance as of September 30, 2025	10,518,932	$ 105	$ 84,949	$ (63,165)	$ 21,889

	Common Stock		Additional paid in capital	Accumulated Deficit	Total
	Shares	Amount			
Three Months Ended September 30, 2024					
Balance as of June 30, 2024	10,446,659	$ 104	$ 82,203	$ (54,070)	$ 28,237
Stock-based compensation	-	-	3	-	3
Net income	-	-	-	54	54
Balance as of September 30, 2024	10,446,659	$ 104	$ 82,206	$ (54,016)	$ 28,294

	Common Stock		Additional paid in capital	Accumulated Deficit	Total
	Shares	Amount			
Nine Months Ended September 30, 2024					
Balance as of December 31, 2023	10,409,027	$ 104	$ 82,073	$ (53,346)	$ 28,831
Stock-based compensation	-	-	9	-	9
Shares issued to employees pursuant to the Retention Bonus Plan	37,632	-	124	-	124
Net loss	-	-	-	(670)	(670)
Balance as of September 30, 2024	10,446,659	$ 104	$ 82,206	$ (54,016)	$ 28,294

See accompanying notes to condensed consolidated financial statements.

NOTE 1: NATURE OF ORGANIZATION AND OPERATIONS

Unless the context otherwise indicates, references in these Notes to the accompanying Condensed Consolidated Financial Statements to "we," "us," "our," and "the Company" refer to Creative Realities, Inc. and its subsidiaries.

Nature of the Company's Business

Creative Realities, Inc. is a Minnesota corporation that provides innovative digital marketing technology and solutions to retail companies, individual retail brands, enterprises and organizations throughout the United States and in certain international markets. The Company has expertise in a broad range of existing and emerging digital marketing technologies, as well as the related media management and distribution software platforms and networks, device management, product management, customized software service layers, systems, experiences, workflows, and integrated solutions. Our technology and solutions include digital merchandising systems and omni-channel customer engagement systems, interactive digital shopping assistants, advisors and kiosks, and other interactive marketing technologies such as mobile, social media, point-of-sale transactions, beaconing and web-based media that enable our customers to transform how they engage with consumers. We have expertise in a broad range of existing and emerging digital marketing technologies, as well as the following related aspects of our business: content, network management, and connected device software and firmware platforms; customized software service layers; hardware platforms; digital media workflows; and proprietary processes and automation tools.

Our main operations are conducted directly through Creative Realities, Inc., and under our wholly owned subsidiaries Allure Global Solutions, Inc., a Georgia corporation ("Allure"), Creative Realities Canada, Inc., a Canadian corporation ("CRI Canada"), and Reflect Systems, Inc., a Delaware corporation ("Reflect").

Liquidity and Financial Condition; Going Concern

In accordance with Accounting Standards Update ("ASU") No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern (Subtopic 205-40) ("ASU 205-40")*, the Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the Condensed Consolidated Financial Statements are issued.

As of September 30, 2025, the Company had an accumulated deficit of $63,165 and positive working capital of $526. For the three months ended September 30, 2025, the Company generated an operating loss of $7,270. Net cash used by operating activities for the nine months ended September 30, 2025 was $834. On March 14, 2025, the Company successfully resolved its contingent consideration obligations related to the Reflect merger, reducing the short-term liability burden and eliminating a material uncertainty that had existed in prior periods. The Company remained reliant on improved cash flow generation, revenue growth, or access to external financing to fund operations and meet upcoming debt service obligations, including required amortization under the Promissory Note beginning October 2025 and its debt service obligations under its current Credit Agreement.

As part of ongoing liquidity management, the Company has pursued several strategic alternatives including debt refinancing and capital market transactions. While management had substantially advanced these initiatives as of September 30, 2025, they were not completed until after the period. Based on conditions existing at September 30, 2025, management concluded that substantial doubt existed about the Company's ability to continue as a going concern within one year after the date of issuance of the Condensed Consolidated Financial Statements.

On November 6, 2025, the Company completed a refinancing of its senior debt facilities, and on November 7, 2025, the Company completed the acquisition of DDC Group International, Inc. and related financing arrangements. Management believes these actions are likely to significantly improve the Company’s liquidity, scale, and overall financial condition. Our ability to generate positive net income and cash flows from operations is reliant on the successful integration and operation of this newly acquired business and therefore the financial impacts of this acquisition were not fully known at the time of the Company's going-concern assessment. Management believes the completion of these transactions and the planned integration and operating plan for the newly acquired business present the opportunity to mitigate the conditions giving rise to substantial doubt regarding the Company’s ability to continue as a going concern in future periods. However, there can be no assurance that these efforts will be successful.

The Condensed Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying Condensed Consolidated Financial Statements follows:

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and include all of the information and disclosures required by generally accepted accounting principles in the United States of America (“GAAP”) for interim financial reporting. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of the Company and related footnotes for the year ended December 31, 2024, included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2025.

The Condensed Consolidated Financial Statements include the accounts of Creative Realities, Inc. and our wholly owned subsidiaries Allure, CRI Canada, and Reflect. All intercompany balances and transactions have been eliminated in consolidation, as applicable. Certain amounts have been reclassified to conform to current period presentation.

The results of operations for the interim periods are not necessarily indicative of results of operations for a full year. Management believes the accompanying unaudited Condensed Consolidated Financial Statements reflect all adjustments, including normal recurring items, considered necessary for a fair statement of results for the interim periods presented.

2. Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2023-09.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Disaggregation of Income Statement Expenses (Subtopic 220-40)*, which requires public entities to disclose, on an annual and interim basis, disaggregated information about certain income statement expense captions. In January 2025, the FASB issued ASU 2025-01 to clarify the effective date guidance in ASU 2024-03. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2024-03.

3. Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit in financial institutions, in both the United States and Canada. The Company does not hold any investments that qualify as cash equivalents as of September 30, 2025. As of September 30, 2025, the Company had approximately $184 in cash that was held in a Canadian financial institution. The Company does not believe the balance presents a material concentration of credit risk, as the cash is held with a reputable financial institution.

4. Revenue Recognition

We recognize revenue in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*, applying the five-step model.

If an arrangement involves multiple performance obligations, the obligations are analyzed to determine the separate units of accounting, whether the obligations have value on a standalone basis and whether there is objective and reliable evidence of their standalone selling price. The total contract transaction price is allocated to the identified performance obligations based upon the relative standalone selling prices of the performance obligations. The standalone selling price is based on an observable price for services sold to other comparable customers, when available, or an estimated selling price using a cost plus margin approach.

The Company estimates the amount of total contract consideration it expects to receive for variable arrangements by determining the most likely amount it expects to earn from the arrangement based on the expected quantities of services it expects to provide and the contractual pricing based on those quantities. The Company only includes some or a portion of variable consideration in the transaction price when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Company considers the sensitivity of the estimate, its relationship and experience with the customer and variable services being performed, the range of possible revenue amounts and the magnitude of the variable consideration to the overall arrangement. The Company receives variable consideration in very few instances.

Revenue is recognized when a customer obtains control of promised goods or services under the terms of a contract and is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company has very few contracts with material extended payment terms as payment is typically due at or shortly after the time of the sale, typically ranging between thirty and ninety days. In those instances where the Company has material extended payment terms (most commonly in multi-year arrangements where the Company acts as an agent to a transaction on behalf of its customers), the Company evaluates and applies constraints to arrive at the revenue recognized in the period in which a contract is entered. Observable prices are used to determine the standalone selling price of separate performance obligations or a cost plus margin approach when one is not available. Sales, value-added and other taxes collected concurrently with revenue producing activities are excluded from revenue.

The Company recognizes contract assets or unbilled receivables related to revenue recognized for services completed but not yet invoiced to the customers. A contract liability is recognized as deferred revenue when the Company invoices customers in advance of performing the related services under the terms of a contract. Deferred revenue is recognized as revenue when the Company has satisfied the related performance obligation.

The Company uses the practical expedient for recording an immediate expense for incremental costs of obtaining contracts, including certain design/engineering services, commissions, incentives and payroll taxes, as these incremental and recoverable costs have terms that do not exceed one year.

5. Allowance for Credit Losses

The allowance for credit losses is the Company's best estimate of the amount of expected lifetime credit losses in the Company's accounts receivable. The Company regularly reviews the adequacy of its allowance for credit losses. The Company estimates losses over the contractual life using assumptions to capture the risk of loss, even if remote, based principally on how long a receivable has been outstanding. Account balances are charged off against the allowance for credit losses after all reasonable means of collection have been exhausted and the potential for recovery is considered remote. Other factors considered include historical write-off experience, current economic conditions, customer credit, and past transaction history with the customer. The allowance for credit losses is included in accounts receivable, net in the accompanying Condensed Consolidated Balance Sheets.

The Company had the following activity for its allowance for credit losses for the nine months ended September 30, 2025 and 2024:

	September 30, 2025	September 30, 2024
Balance as of beginning of period	$ 708	$ 701
Amounts accrued	201	186
Write-offs charged against the allowance	(200)	(1)
Balance as of end of period	$ 709	$ 886

6. Inventories

Inventories are stated at the lower of cost or net realizable value, determined by the first-in, first-out (FIFO) method, and consist of the following:

	September 30, 2025	December 31, 2024
Raw materials	$ 3,905	$ 1,465
Work-in-process	400	530
Total inventories	$ 4,305	$ 1,995

7. Impairment of Long-Lived Assets

We review the carrying value of all long-lived assets, including property and equipment, for impairment in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Under ASC 360, impairment losses are recorded whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable.

If the impairment tests indicate that the carrying value of the asset is greater than the expected undiscounted cash flows to be generated by such asset, an impairment loss would be recognized. The impairment loss is determined as the amount by which the carrying value of such asset exceeds its fair value. We generally measure fair value by considering sale prices for similar assets or by discounting estimated future cash flows from such assets using an appropriate discount rate. Assets to be disposed of are carried at the lower of their carrying value or fair value less costs to sell. Considerable management judgment is necessary to estimate the fair value of assets, and accordingly, actual results could vary significantly from such estimates.

8. Basic and Diluted Earning (Loss) per Common Share

Basic and diluted earning (loss) per common share for all periods presented is computed using the weighted average number of common shares outstanding. Basic weighted average shares outstanding includes only outstanding common shares. Diluted weighted average shares outstanding includes outstanding common shares and potential dilutive common shares outstanding in accordance with the treasury stock method.

Shares reserved for outstanding stock options totaling 1,891,013 and warrants totaling 5,364,802 at September 30, 2025, were excluded from the computation of loss per share for the three and nine months ended September 30, 2025, as the exercise prices on those instruments were higher than the Company's average market price during the period and therefore anti-dilutive. In addition, 560,000 outstanding stock options were excluded from the computation of loss per share for the three and nine months ended September 30, 2025, as the company was in a net loss position, and their inclusion would have been anti-dilutive.

Shares reserved for outstanding stock options totaling 1,632,242 and warrants totaling 4,587,002 at September 30, 2024, were excluded from the computation of loss per share for the nine months ended September 30, 2024, as the exercise prices on those instruments were higher than the Company's average market price during the period and therefore anti-dilutive. Shares reserved for outstanding stock options totaling 1,632,242 and warrants totaling 1,731,499 at September 30, 2024, were excluded from the computation of earning per share for the three months ended September 30, 2024, as the exercise prices on those instruments were higher than the Company's average market price during the period and therefore anti-dilutive.

9. Income Taxes

Deferred income taxes are recognized in the financial statements for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Temporary differences arise from a number of matters including, but not limited to, net operating losses, differences in basis of intangibles, stock-based compensation, reserves for uncollectible accounts receivable and inventory, differences in depreciation methods, and accrued expenses. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company accounts for uncertain tax positions utilizing an established recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We had no uncertain tax positions as of September 30, 2025 and December 31, 2024.

10. Goodwill and Intangible Assets

We follow the provisions of ASC 350, *Goodwill and Other Intangible Assets*. Pursuant to ASC 350, goodwill acquired in a business combination is not amortized, but instead tested for impairment at least annually. The Company uses an annual measurement date of September 30 to assess impairment of goodwill and indefinite-lived intangible assets, or as indicators are identified.

Definite-lived intangible assets are amortized straight-line in accordance with their identified useful lives.

11. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Our significant estimates include: allowance for credit losses, valuation allowances related to deferred taxes, and assumptions and estimates used to evaluate the recoverability of goodwill and other intangible assets and the related amortization methods and periods. Actual results could differ from those estimates.

NOTE 3: FAIR VALUE MEASUREMENT

We measure certain financial assets, including cash equivalents, at fair value on a recurring basis. In accordance with ASC 820-10-30, fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, ASC 820-10-35 establishes a three-level hierarchy that prioritizes the inputs used in measuring fair value. The three hierarchy levels are defined as follows:

Level 1 — Valuations based on unadjusted quoted prices in active markets for identical assets.

Level 2 — Valuations based on observable inputs (other than Level 1 prices), such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and involve management judgment and the reporting entity's own assumptions about market participants and pricing.

The calculation of the fair value of separately identifiable intangible assets rely on a discounted cash flow model which utilizes inputs including the calculation of the weighted average cost of capital and management's forecast of future financial performance which are unobservable and involve management judgment and are considered Level 3 estimates.

The calculation of the weighted average cost of capital and management's forecast of future financial performance utilized within our discounted cash flow model for the impairment of goodwill contains inputs which are unobservable and involve management judgment and are considered Level 3 estimates.

NOTE 4: REVENUE RECOGNITION

The Company applies ASC 606 for revenue recognition. The following table disaggregates the Company's revenue by major source for the three and nine months ended September 30, 2025 and 2024:

(in thousands)	Three Months Ended September 30, 2025	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2025	Nine Months Ended September 30, 2024
Hardware	$ 4,168	$ 5,241	$ 14,635	$ 14,409
Services:				
Managed Services	4,456	4,885	13,187	14,506
Installation Services	1,109	2,911	3,943	7,109
Other Services	814	1,405	1,546	3,818
Total Services	6,379	9,201	18,676	25,433
Total Hardware and Services	$ 10,547	$ 14,442	$ 33,311	$ 39,842

Hardware

System hardware revenue is recognized generally upon shipment of the product or customer acceptance depending upon contractual arrangements with the customer in instances in which the sale of hardware is the sole performance obligation. Shipping charges billed to customers are included in hardware sales and the related shipping costs are included in hardware cost of sales. The cost of freight and shipping to the customer is recognized in cost of sales at the time of transfer of control to the customer.

Managed Services

Software as a service ("SaaS") license sales

Software as a service includes revenue from software licensing and delivery in which software is licensed on a subscription basis and is centrally hosted by the Company. These services often include software updates which provide customers with rights to unspecified software product upgrades and maintenance releases and patches released during the term of the support period. Contracts for these services are generally 12-36 months in length and typically have perpetual autorenewal terms. We account for revenue from these services in accordance with ASC 985-20-15-5 and recognize revenue ratably over the performance period.

Maintenance and support services

The Company sells support services that include access to technical support personnel for software and hardware troubleshooting. The Company offers a hosting service through our network operations center, or NOC, allowing the ability to monitor and support our customers' networks 7 days a week, 24 hours a day. These contracts are generally 12-36 months in length and typically have autorenewal terms. Revenue is recognized over the term of the agreement in proportion to the costs incurred in fulfilling performance obligations under the contract.

Maintenance and support fees are based on the level of service provided to end customers, which can range from monitoring the health of a customer's network, supporting a sophisticated web-portal, or managing the end-to-end hardware and software of a digital marketing system. These agreements are renewable by the customer. Rates for maintenance and support, including subsequent renewal rates, are typically established based upon a fee per location, per device, or a specified percentage of net software license fees as set forth in the arrangement. These contracts are generally 12-36 months in length. Revenue is recognized ratably and evenly over the service period.

The Company also performs time and materials-based maintenance and repair work for customers. Revenue is recognized at a point in time when the performance obligation has been fully satisfied.

Installation Services

The Company performs installation services associated with system hardware sales to customers and recognizes revenue upon completion of the installations. Installation services also include engineering and configuration services required to be performed to design and deploy a digital signage system that subsequently becomes an installation project.

When system hardware sales include installation services to be performed by the Company, the goods and services in the contract are, in certain instances, not distinct as the customer contract contemplates an installed solution, inclusive of system hardware. In those instances, the arrangement is accounted for as a single performance obligation. Our customers may control the work-in-process and can make changes to the design specifications over the contract term. In these circumstances, revenues are recognized over time as the installation services are completed based on the relative portion of labor hours completed as a percentage of the budgeted hours for the installation. Typically, in large scale deployments that include installation services, the contract terms segregate performance obligations related to hardware sales and installation services by providing for different legal transfer of title and risk of loss. In those circumstances, installation services are deemed to be a separate performance obligation. In each instance, installation services are recognized at the time of completion.

Other Services

Software design and development services

Software design and custom development sales represent fixed fee orders for work on a time and materials basis and are recognized as revenue when the application, feature, or custom software code has been received and delivery has occurred to the customer. Revenue is recognized generally upon customer acceptance (point-in-time) of the software product and verification that it meets the required specifications. Software is delivered to customers electronically.

Media sales

Media revenues are derived from selling (i) promotion and sponsorship packages to monetize customer infrastructure assets, including mobile takeover or physical presence, or (ii) digital advertising inventory to advertisers on digital displays or other outdoor structures, owned or controlled by our customers, each within physical venues. We sell advertising or sponsorship opportunities on behalf of our media network owner customers to brands and advertisers. We generally do not own the devices that display the sold digital advertising. The Company has concluded that it acts as an agent and reports media revenues on a net basis, with the Company recording its commission, which typically is between thirty percent (30%) and forty percent (40%) of the total media sales contract, as revenue in the consolidated financial statements.

The media sales contracts we facilitate on behalf of our customers range from a single day to eight years. The Company invoices advertisers on behalf of our customers and remits the net cash to our customer after the advertiser has paid the Company the fees owed for such advertising. Media revenue services are recognized when the Company has completed its performance obligations under the contract with our customers, which typically has concluded upon facilitating execution of contracts between our customer and a brand/advertiser. The Company applies time-based constraints in accordance with ASC 606 to evaluate the earned portion of the contract to record at execution.

For revenues generated through the use of a subcontracted advertising agency, commissions are calculated based on a stated percentage of gross advertising revenue and reported in the Consolidated Statements of Operations within Sales and Marketing Expenses.

NOTE 5: BUSINESS COMBINATIONS

Merger-related Contingent Consideration Settlement

On November 12, 2021, the Company entered into an Agreement and Plan of Merger with Reflect and RSI Exit Corporation, as representative of the former stockholders of Reflect (the "Stockholders' Representative"), which was amended on February 8, 2022, February 11, 2023, February 17, 2025, and February 23, 2025 (as amended, the "Merger Agreement"). Pursuant to the Merger Agreement, the Company's direct, wholly owned subsidiary, CRI Acquisition Corporation, merged with and into Reflect, with Reflect continuing as the surviving entity and becoming a wholly owned subsidiary of the Company (the "Merger"). The Merger was closed on February 17, 2022. The Merger Agreement required the Company to pay to the former Reflect stockholders on or after February 17, 2025 (the "Guaranteed Date") additional contingent supplemental cash payments (the "Guaranteed Consideration") if the average closing price of the Company's common stock in the fifteen (15) trading day period prior to the Guaranteed Date was below $6.40 per share (such applicable amount, the "Guaranteed Price").

On March 14, 2025, the Company and Reflect entered into a Settlement Agreement and Fifth Amendment to Merger Agreement with the Stockholder's Representative (the "Settlement Agreement"), pursuant to which the Company settled and resolved a dispute regarding the amount and enforceability of the Guaranteed Consideration. Pursuant to the Settlement Agreement, the Company's obligation to pay the Guaranteed Consideration to the former Reflect stockholders was terminated and released. In consideration for such termination and release, (i) the Company deposited an aggregate of $3,000 in cash with an exchange agent for the ratable benefit of, and for distribution to, the former Reflect stockholders, (ii) the Company and Reflect (as co-obligors) delivered a subordinated promissory note in the principal amount of $4,000 payable to the order of the Stockholders' Representative, as nominee for, and for the ratable benefit of, the former Reflect stockholders (the "Promissory Note"), and (iii) the Company agreed to issue to the former Reflect stockholders warrants to purchase their pro rata share of an aggregate of 777,800 shares of the Company's common stock (the "Settlement Warrants").

As a result of the Settlement Agreement, the Company derecognized the previously recorded contingent consideration liability related to the Merger of $12,815 and recorded the fair value of the settlement consideration of $8,040, which included $3,000 in cash, the $4,000 Promissory Note, and Settlement Warrants with a fair value of $1,040. The Company recognized a gain on settlement of $4,775 during the nine months ended September 30, 2025 in the Condensed Consolidated Statement of Operations.

In conjunction with entering into the Settlement Agreement and related documents, the Company entered into a Consent Agreement dated March 14, 2025 with First Merchants Bank, among others (the "Consent Agreement"), pursuant to which (among other things) First Merchants Bank, the senior secured lender under the Company's credit facility, agreed to waive certain negative covenants under the Company's credit facility that may have otherwise been implicated by the transactions contemplated by the Settlement Agreement.

See Note 8 Debt and Note 11 Warrants for additional accounting considerations as a result of the issuance of the Promissory Note and Settlement Warrants.

NOTE 6: SUPPLEMENTAL CASH FLOW STATEMENT INFORMATION

	Nine Months Ended September 30,	
	2025	2024
Supplemental non-cash investing and financing activities		
Capitalized software in accounts payable	$ 30	$ 114
Property and equipment in accounts payable	$ 4	$ -
Right-of-use assets obtained in exchange for new finance lease liabilities	$ -	$ 13
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 1,509	$ -
Tenant allowance receivable recognized under lease incentive	$ 100	$ -
Capitalized deferred financing costs in accounts payable	$ -	$ 17
Issuance of term note as partial settlement of contingent consideration	$ 4,000	$ -
Issuance of warrants as partial settlement of contingent consideration	$ 1,040	$ -
Supplemental disclosure information for cash flow		
Cash paid during the period for:		
Interest	$ 1,249	$ 933
Operating leases	$ 414	$ 442
Income taxes, net	$ 56	$ 46

NOTE 7: INTANGIBLE ASSETS, INCLUDING GOODWILL

Intangible Assets

Intangible assets consisted of the following at September 30, 2025 and December 31, 2024:

	September 30, 2025		December 31, 2024	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Technology platform	$ 7,140	$ 3,676	$ 7,140	$ 3,041
Purchased and developed software	8,430	5,364	13,780	5,006
Customer relationships	13,910	5,321	13,910	4,350
Trademarks and trade names	1,260	996	1,260	852
	30,740	15,357	36,090	13,249
Accumulated amortization	15,357		13,249	
Net book value of amortizable intangible assets	$ 15,383		$ 22,841	

For the three months ended September 30, 2025 and 2024, amortization of intangible assets charged to operations was $1,171 and $1,081, respectively. For the nine months ended September 30, 2025 and 2024, amortization of intangible assets charged to operations was $3,472 and $2,749, respectively.

During the three months ended September 30, 2025, the Company recognized an impairment charge of $5,712 related to a proprietary software platform capitalized as an intangible asset under ASC 350-40. The impairment was recorded after management determined that expected future cash flows associated with the platform were not sufficient to recover its carrying amount, primarily due to uncertainty regarding the renewal of an existing software license agreement. The uncertainty arose in September 2025 when the customer communicated that it was unable to renew its license agreement with the Company due to budget constraints, representing a triggering event under ASC 350-40. The impairment charge was measured as the excess of the asset's carrying amount over its estimated fair value, which was determined using an income approach based on expected discounted cash flows and Level 3 inputs in accordance with ASC 820. The impairment charge is presented within operating expenses in the Condensed Consolidated Statements of Operations.

Goodwill

Goodwill represents the excess of the purchase price paid by the Company over the fair value of net assets acquired by the Company. Goodwill is subject to an impairment review at the reporting unit level, evaluated on an annual basis at September 30 of each fiscal year, or more frequently if events occur or circumstances change that indicate potential impairment. The assessment may be performed quantitatively or qualitatively. The Company has only one reporting unit, and therefore the entire goodwill balance is allocated to that reporting unit. The Company assesses the carrying value of goodwill at the reporting unit level based on an estimate of the fair value of its reporting unit.

The Company performed its annual goodwill impairment assessment as of September 30, 2025, using a qualitative evaluation to determine whether it was more likely than not that the fair value of the reporting unit was below its carrying amount. In performing the qualitative assessment, management considered relevant factors such as macroeconomic conditions, industry and market trends, overall financial performance, and changes in the Company's operations or strategy. Based on this assessment, management concluded that it was not more likely than not that the fair value of the reporting unit was less than its carrying amount, and therefore no goodwill impairment was recognized as of September 30, 2025.

The Company recognizes that any changes in its projected results could potentially have a material impact on the assessment of goodwill impairment. The Company will continue to monitor the actual performance of its operations against expectations and assess indicators of possible impairment. The valuation of goodwill and intangible assets is subject to a high degree of judgment, uncertainty, and complexity. Should any indicators of impairment occur in subsequent periods, the Company will be required to perform an analysis to determine whether goodwill is impaired.

NOTE 8: DEBT

Debt for the Company consists of the following:

Debt Instrument	Issuance Date	Maturity Date	September 30, 2025	December 31, 2024	Interest Rate Information
Revolving Credit Facility	5/23/2024	5/23/2027	$ 18,163	$ 13,044	See below
Promissory Note	3/14/2025	9/14/2027	4,000	-	14%
Total debt, gross			22,163	13,044	
Less: Deferred financing costs			166	243	
Total debt, net			21,997	12,801	
Less: Current portion			802	-	
Total long-term debt, net			$ 21,195	$ 12,801	

Credit Facilities

On May 23, 2024, the Company entered into a Credit Agreement (the “Credit Agreement”) with First Merchants Bank (the “Bank”). The Credit Agreement provides the Company with a $22,100 secured revolving credit facility, with an uncommitted accordion feature that provides for additional borrowing capacity of up to $5,000, subject to the Bank’s approval and other customary terms and conditions set forth in the Credit Agreement. The revolving credit facility matures on May 23, 2027, subject to any earlier default under the Credit Agreement. The Credit Agreement requires the Company to pay the entire unpaid principal balance of the revolving credit facility on the maturity date, subject to any earlier default under the Credit Agreement. The Credit Agreement includes, among other things, the occurrence of any event which could reasonably be anticipated to cause or result in a “Material Adverse Effect” (as defined in the Credit Agreement) as an event of default under which the outstanding balance could become due and payable to the Bank. The Company has determined that the risk of such event is not probable and therefore has classified the outstanding balance in long-term liabilities in the Condensed Consolidated Balance Sheets based on the maturity date.

Effective March 31, 2025, the Company entered into an amendment to the Credit Agreement, modifying the financial covenant related to the Senior Funded to EBITDA ratio. Pursuant to the amendment, the Company is required to maintain a Senior Funded Debt to EBITDA ratio of less than 4 to 1 through June 30, 2025, and less than 3.75 to 1 beginning with the quarter ending September 30, 2025 and thereafter.

Effective June 30, 2025, the Company entered into a second amendment to the Credit Agreement, amending the borrowing base used to determine the availability of the Company’s revolving line of credit under the Credit Agreement. The borrowing base is equal to a percentage, or “Borrowing Base Margin,” of the sum of (a) the net orderly liquidation value of certain contracts of the Company eligible for inclusion, less (b) reserves required by the Bank, in each case as determined in accordance with the Credit Agreement. The amendment provides that the Borrowing Base Margin means (i) 95% from June 30, 2025 through September 29, 2025, (ii) 90% from September 30, 2025 through October 30, 2025, and (iii) 85% on and after October 31, 2025.

The revolving credit facility accrues interest at a floating rate equal to the 1-month SOFR, plus 0.11%, plus a floating margin ranging from 2.00% to 3.50% that adjusts quarterly, depending upon the Company’s Senior Funded Debt to EBITDA Ratio. The floating margin is determined as follows:

Senior Funded Debt to EBITDA Ratio	**Floating Margin**
< 1.00 to 1	2.00%
≥ 1.00 to 1.00 but < 2.00 to 1.00	2.50%
≥ 2.00 to 1.00 but < 3.00 to 1.00	3.00%
≥ 3.00 to 1.00	3.50%

The effective interest rate at September 30, 2025 was 7.74%. The Company pays accrued interest monthly on the first day of each successive calendar month.

The Company incurred $306 of deferred financing costs that were capitalized and recorded as other non-current assets within the Condensed Consolidated Balance Sheets. Deferred financing costs are being amortized as interest expense over the respective debt instrument period, 36 months.

The Company had $18,163 in outstanding borrowings under the revolving credit facility as of September 30, 2025. Total availability under the revolving facility was $3,937.

On November 6, 2025 (the “Refinancing Date”), the Company and certain of its subsidiaries (collectively, the “Borrowers”), entered into a new Credit Agreement (the “New Credit Agreement”) with the other loan parties signatory thereto (the “Loan Parties”), the financial institutions or other entities from time to time parties thereto (the “Lenders”) and First Merchants Bank, an Indiana bank, as Agent for the Lenders (“Agent”). The New Credit Agreement amends and restates in its entirety the existing Credit Agreement dated as of May 23, 2024, as amended. The New Credit Agreement provides the Borrowers with a $36,000 term loan (the “Term Loan”) and a $22,500 revolving credit facility (the “Revolver”), subject to the terms and conditions set forth in the New Credit Agreement. The Term Loan and Revolver are further subject to the terms of the Term Loan Promissory Notes and Revolving Credit Promissory Notes executed in favor of the Lenders on the Refinancing Date.

Due to the timing of the refinancing, there was no covenant reporting requirement applicable for September 30, 2025. Future financial covenant reporting will commence as of December 31, 2025.

Promissory Note

The Promissory Note was issued on March 14, 2025 as part of the Settlement Agreement to resolve the contingent consideration liability. It is an unsecured obligation of the Company. The Promissory Note bears interest at a fixed annual rate of 14.0%. In the event of a default (as defined in the Promissory Note), or during any period of non-payment caused by restrictions under the Subordination Agreement (as defined below), the interest rate increases to 17.0% per annum (the "Interest Rate"). The Promissory Note requires monthly payments of interest only commencing April 14, 2025 and continuing through September 14, 2025. Commencing October 14, 2025, the Company is required to pay principal and interest in accordance with an amortization schedule that requires equal monthly payments of $109 on the 14th day of each calendar month through maturity on September 14, 2027. On the maturity date, the Company is required to make a final balloon payment of $2,277, representing the remaining principal and accrued but unpaid interest outstanding at maturity.

The principal balance of the Promissory Note (together with accrued but unpaid interest on such amounts) may be prepaid in whole or in part at any time prior to maturity, subject to the Company's payment of a make-whole payment with such prepayment. The make-whole payment is equal to the aggregate monthly payments of interest on the prepayment amount that would be due after the prepayment date and through the maturity date, using the percentage, if any, by which the Interest Rate exceeds a prescribed "yield maintenance treasury rate."

The Stockholders' Representative's rights under the Promissory Note are subject to a Subordination Agreement dated of March 14, 2025 by and among the Company, Reflect, First Merchants Bank and the Stockholders' Representative (the "Subordination Agreement"). Under the terms of the Subordination Agreement, during any period in which an event of default exists under the senior debt facilities, the Company is prohibited from making any payments on the Promissory Note unless First Merchants Bank provides prior written consent, and the Stockholders' Representative is prohibited from accepting or enforcing any payments during the subordination period. The Promissory Note includes a default interest provision that increases the stated interest rate to 17% in the event of nonpayment or other specified defaults. The effective interest rate at September 30, 2025 was 14%.

NOTE 9: COMMITMENTS AND CONTINGENCIES

The Company is not party to any material legal proceedings, other than ordinary routine litigation incidental to the business, and there were no other such proceedings pending during the period covered by this Report.

NOTE 10: INCOME TAXES

Our deferred tax assets are primarily related to net federal and state operating loss carryforwards ("NOLs"). We have substantial NOLs that are limited in usage by IRC Section 382. IRC Section 382 generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone significant changes in stock ownership within a statutory testing period. We have performed a preliminary analysis of the annual NOL carryforwards and limitations that are available to be used against taxable income. Based on the history of losses of the Company, there continues to be a full valuation allowance against the net deferred tax assets of the Company with a definite life.

For the three and nine months ended September 30, 2025 the Company recorded an income tax benefit of $82 and $9, respectively. For the three and nine months ended September 30, 2024, the Company recorded income tax expense of $192 and $226, respectively. At September 30, 2025, the Company had net deferred tax liabilities of $132 after consideration of the valuation allowance, compared to net tax liabilities of $133 at December 31, 2024.

NOTE 11: WARRANTS

The Company had outstanding warrants accounted for as equity instruments in the Company's Condensed Consolidated Financial Statements totaling 5,364,802 and 4,587,002 at September 30, 2025 and December 31, 2024, respectively. The weighted average exercise price of the outstanding warrants was $4.66 and $4.90 at September 30, 2025 and December 31, 2024, respectively. The weighted average remaining contractual life of the outstanding warrants was 2.81 and 3.11 years at September 30, 2025 and December 31, 2024, respectively.

On March 14, 2025, as part of the contingent consideration settlement described in Note 5, the Company issued to the former Reflect stockholders, in their capacities as selling stockholders and not as outside investors, the Settlement Warrants to purchase their pro rata share of an aggregate of 777,800 shares of the Company's common stock at an exercise price equal to $3.25 per share, subject to adjustment for stock dividends, distributions, subdivisions, combinations, or reclassifications. The Settlement Warrants are exercisable immediately and expire six years from the date of issuance. They may be exercised for cash or, at the holder's election, on a cashless (net settlement) basis. The Company evaluated the Settlement Warrants under ASC 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity*, and concluded that the Settlement Warrants meet the criteria for equity classification. As such, the Settlement Warrants are not subject to remeasurement. Accordingly, the fair value of the Settlement Warrants at issuance was recorded as a component of additional paid-in capital within shareholders' equity. The fair value of the Settlement Warrants was estimated at $1.34 per share as of the issuance date, using the Black-Scholes option pricing model. Key assumptions included: expected volatility of 94%, expected term of 6 years (matching the exercise term), risk-free interest rate of 4.15%, dividend yield of 0%, and the Company's stock price of $1.88 as of the valuation date.

NOTE 12: STOCK-BASED COMPENSATION

A summary of outstanding options is included below:

Time Vesting Options

Range of Exercise Prices between	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Options Exercisable	Weighted Average Exercise Price
< $4.00	953,000	9.58	$	2.39	-	
$4.00 - $8.00	480,005	4.92		7.39	480,005	7.39
$8.01+	44,674	1.19		19.84	44,674	19.84
	1,477,679	7.81	$	4.54	524,679	

Performance Vesting Options

Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Options Exercisable	Weighted Average Exercise Price	
240,000	4.67	$	7.59	240,000	$	7.59

Market Vesting Options

Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price		Options Exercisable	Weighted Average Exercise Price	
733,334	6.71	$	3.00	733,334	$	3.00

Date/Activity	***Market Vesting Options***			***Time Vesting Options***			***Performance Vesting Options***		
	Options Outstanding	Weighted Average Exercise Price		Options Outstanding	Weighted Average Exercise Price		Options Outstanding	Weighted Average Exercise Price	
Balance, December 31, 2024	733,334	$	3.00	591,897	$	9.57	240,000	$	7.59
Granted	-		-	960,500		2.39	-		-
Forfeited or expired	-		-	(74,718)		16.71	-		-
Balance, September 30, 2025	733,334	$	3.00	1,477,679	$	4.54	240,000	$	7.59

The weighted average remaining contractual life for options exercisable is 5.65 years as of September 30, 2025.

Employee Awards

On April 1, 2025, the Company granted stock options to purchase an aggregate of 567,500 shares of common stock to employees pursuant to the Company's 2023 Stock Incentive Plan (the "Plan"), which was previously approved by shareholders. The options have an exercise price of $1.95 per share, equal to the closing market price of the Company's common stock on the grant date. The options vest in equal annual installments over a three-year period, subject to continued service through each vesting date, and expire ten years from the date of grant. The Company determined the grant-date fair value using the Black-Scholes option pricing model with key assumptions including expected volatility of 96%, expected term of 6.5 years, risk-free interest rate of 4.00%, dividend yield of 0%, and the Company's stock price of $1.95 as of the valuation date. The awards will be recognized as stock-based compensation expense over the requisite service period in accordance with ASC 718 *Compensation - Stock Compensation*, based on the grant-date fair value of the options.

On June 2, 2025, the Company granted stock options to purchase an aggregate of 378,000 shares of common stock to employees under the Plan. The options have an exercise price of $3.05 per share, equal to the closing market price of the Company's common stock on the grant date. The options vest in equal annual installments over a three-year period, subject to continued service through each vesting date, and expire ten years from the date of grant. The Company determined the grant-date fair value using the Black-Scholes option pricing model with key assumptions including expected volatility of 94%, expected term of 6.5 years, risk-free interest rate of 4.17%, dividend yield of 0%, and the Company's stock price of $3.05 as of the valuation date. The awards will be recognized as stock-based compensation expense over the requisite service period in accordance with ASC 718 *Compensation - Stock Compensation*, based on the grant-date fair value of the options.

On June 2, 2025, the Company accelerated the vesting of options to purchase 733,334 shares of common stock. Prior to such acceleration, the vesting of these options depended on the Company's share price meeting various price targets. One such share price target was an amount equal to the "Guaranteed Price," as such term is defined in the Merger Agreement by and among the Company, Reflect, CRI Acquisition Corporation, a Delaware corporation, and RSI Exit Corporation, a Texas corporation and representative of the former stockholders of Reflect ("RSI"). On March 14, 2025, the Company and RSI settled and resolved a dispute related to the Guaranteed Consideration. On June 2, 2025, in consideration of the efforts in resolving and settling such dispute, the Compensation Committee of the Company fully vested the 733,334 options. As a result of the amendment and corresponding vesting, the Company recognized stock compensation expense of $1,149 during the three months ended June 30, 2025.

On July 3, 2025, the Company granted 575,000 restricted stock units under the Plan. The restricted stock units vest in three equal installments over a period of three years, subject to continued service through the applicable vesting dates. The grant date fair value of the restricted stock units was estimated at $3.30 per share based on the closing price of the Company's common stock on the grant date. The Company expects to recognize stock-based compensation expense of approximately $1,898 over the requisite service periods.

On September 15, 2025, the Company granted stock options to purchase an aggregate of 15,000 shares of common stock to employees under the Plan. The options have an exercise price of $2.31 per share, equal to the closing market price of the Company's common stock on the grant date. The options vest in equal annual installments over a three-year period, subject to continued service through each vesting date, and expire ten years from the date of grant. The Company determined the grant-date fair value using the Black-Scholes option pricing model with key assumptions including expected volatility of 94%, expected term of 6.5 years, risk-free interest rate of 3.75%, dividend yield of 0%, and the Company's stock price of $2.31 as of the valuation date. The awards will be recognized as stock-based compensation expense over the requisite service period in accordance with ASC 718 *Compensation - Stock Compensation*, based on the grant-date fair value of the options.

Stock-based compensation expense recognized for the three and nine months ended September 30, 2025 and 2024 was $308 and $1,559, and $3 and $9, respectively, and is included within general and administrative expense in the Condensed Consolidated Statements of Operations. At September 30, 2025, unrecognized compensation cost related to unvested share-based awards totaled $3,278, which is expected to be recognized over a weighted-average period of approximately 2.67 years.

NOTE 13: SEGMENT REPORTING

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires public entities to disclose information about their reportable segments' significant expenses and other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company adopted the new standard for the fiscal year ending December 31, 2024.

Segment Information

We currently operate in one reportable segment, marketing technology solutions. The marketing technology solutions segment generates revenue through three primary sources which includes (1) hardware sales from reselling digital signage hardware from original equipment manufacturers, (2) services from helping customers design, deploy, and manage their digital signage and ad-based networks, and (3) recurring subscription licensing and support revenue from our digital signage and ad-tech software platforms, which are generally sold via a SaaS model.

Our Chief Executive Officer is our chief operating decision maker (the "CODM"). Our CODM evaluates performance and makes operating decisions about allocating resources based on financial data presented on a consolidated basis, accompanied by information about revenue disaggregated by service. Our CODM uses the segment information primarily to evaluate the profitability and strategic growth potential of the segment. The reported measures of profit or loss are benchmarked against historical performance and market expectations. Based on this analysis, the CODM determines whether or not to invest in new technology or reallocate operating expenses - namely personnel. In addition, the CODM reviews supplementary metrics such as disaggregated revenue as disclosed in Note 4 *Revenue Recognition* and customer growth to ensure that our strategic decisions are aligned with long-term performance goals.

The measure used by our CODM to assess performance and make operating decisions is net income (loss) as reported on our Condensed Consolidated Statements of Operations. Significant segment expenses are reported as total expenses on the Condensed Consolidated Statements of Operations. Segment assets are disclosed in the Condensed Consolidated Balance Sheets.

Significant Customers

The Company had two customers that accounted for 28% and 11% of accounts receivable at September 30, 2025 and one customer that accounted for 16% of accounts receivable at December 31, 2024.

No customer accounted for more than 10% of revenue for the three months ended September 30, 2025, compared to two customers that accounted for 14% and 12%, of revenue for the three months ended September 30, 2024.

No customer accounted for more than 10% of revenue for the nine months ended September 30, 2025, compared to one customer that accounted for 12% of revenue for the nine months ended September 30, 2024.

Significant Vendors

The Company had one vendor that accounted for 50% of outstanding accounts payable at September 30, 2025, and two vendors that accounted for 27% and 10% of outstanding accounts payable at December 31, 2024.

NOTE 14: SUBSEQUENT EVENTS

On October 15, 2025, the Company entered into a Share Purchase Agreement with its wholly owned subsidiary, 1001372953 Ontario Inc., and Cineplex Entertainment Limited Partnership to acquire all of the issued and outstanding shares of DDC Group International, Inc. ("DDC"), including its subsidiaries Cineplex Digital Media Inc. and Cineplex Digital Media U.S. Inc. (collectively, the "CDM Business"). The total purchase price is approximately CAD $70,000 or USD $42,761, subject to customary adjustments. The acquisition was completed on November 7, 2025.

On October 15, 2025, the Company entered into a Securities Purchase Agreement with certain accredited investors to issue 30,000 shares of a newly designated Series A Convertible Preferred Stock (the "Preferred Stock") for aggregate gross proceeds of $30,000, which has a stated value of $1,000 per share (the "Stated Value")(the "Offering"). The Offering was completed on November 6, 2025. The Preferred Stock will accrue dividends for a period of five years from and after the issuance date (the "Guaranteed Term") at a rate of 5.25% per year on the Stated Value, which will be payable in cash at the Company's option after the Guaranteed Term. To the extent that, during the Guaranteed Term, (i) the Company undergoes any liquidation, dissolution, winding up, or "Fundamental Transaction" (as defined in the Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock (the "Certificate of Designations")), or (ii) the Company elects to effect a mandatory conversion under circumstances permitted by the rights and preferences of the Preferred Stock (each, a "Make Whole Event"), then, immediately prior to the effective time of such Make Whole Event, the amount of dividends accrued on the Preferred Stock will automatically be increased by an amount equal to any additional dividends that would have otherwise accrued on the Preferred Stock between the date of the Make Whole Event and the end of the Guaranteed Term (the "Make Whole Payment"), and the dividends will thereafter cease to accrue. Each share of Preferred Stock is convertible at the option of the holder into shares of the Company's common stock ("Conversion Shares") at a rate (the "Conversion Rate") calculated by dividing (i) the Stated Value plus an amount per share equal to dividends accrued and unpaid through the date of determination (including, if applicable, any Make Whole Payment) (the "Liquidation Preference"), by (ii) a conversion price of $3.00, subject to customary adjustment in the event of stock splits, stock dividends, and similar events (the "Conversion Price"), subject to certain conversion limitations set forth in the Certificate of Designations. Holders of Preferred Stock are entitled to vote on an as-converted basis with holders of the Company's common stock (after taking into the account the applicable conversion limitations). The Company used net proceeds of the Offering to fund a portion of the purchase price to acquire the CDM Business.

On November 6, 2025 (the "Refinancing Date"), the Company and certain of its subsidiaries (collectively, the "Borrowers"), entered into a new Credit Agreement (the "New Credit Agreement") with the other loan parties signatory thereto (the "Loan Parties"), the financial institutions or other entities from time to time parties thereto (the "Lenders") and First Merchants Bank, an Indiana bank, as Agent for the Lenders ("Agent"). The New Credit Agreement amends and restates in its entirety the existing Credit Agreement dated as of May 23, 2024, as amended. The New Credit Agreement provides the Borrowers with a $36,000 term loan (the "Term Loan") and a $22,500 revolving credit facility (the "Revolver"), subject to the terms and conditions set forth in the New Credit Agreement. The Term Loan and Revolver are further subject to the terms of the Term Loan Promissory Notes and Revolving Credit Promissory Notes executed in favor of the Lenders on the Refinancing Date.

On November 10, 2025, the Compensation Committee of the Board of Directors approved a transaction bonus in the amount of $270 payable to Richard Mills, Chief Executive Officer, for his services in connection with the New Credit Agreement, Offering and acquisition of the CDM Business.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains various forward-looking statements within the meaning of Section 21E of the Exchange Act. Although we believe that, in making any such statement, our expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. When used in the following discussion, the words "anticipates," "believes," "expects," "intends," "plans," "estimates," "projects," "should," "may," "proposes," and similar expressions (or the negative versions of such words or expressions), as they relate to us or our management, are intended to identify such forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from those anticipated, and many of which are beyond our control. Factors that could cause actual results to differ materially from those anticipated are set forth under the caption "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, and the Company's Annual Report on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on May 14, 2025 and March 14, 2025, respectively.

Our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking statements. Accordingly, we cannot be certain that any of the events anticipated by forward-looking statements will occur or, if any of them do occur, what impact they will have on us. We caution you to keep in mind the cautions and risks described in this document and to refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of the document in which they appear. Except to the extent required by law, we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or change in events, conditions, or circumstances on which any statement is based.

Overview

The Company transforms environments through digital solutions by providing innovative digital signage solutions for key market segments and use cases, including:

- Retail;
- Entertainment and Sports Venues;
- Restaurants, including quick-serve restaurants (“QSR”);
- Convenience Stores;
- Financial Services;
- Automotive;
- Medical and Healthcare Facilities;
- Mixed Use Developments;
- Corporate Communications, Employee Experience; and
- Digital out of Home (“DOOH”) Advertising Networks.

We serve market-leading companies, so there is a good chance that if you leave your home today to shop, work, eat, or play, you will encounter one or more of our digital signage experiences. Our solutions are increasingly visible because we help our enterprise customers achieve a range of business objectives, including:

- Increased brand awareness;
- Improved customer support;
- Enhanced employee productivity and satisfaction;
- Increased revenue and profitability;
- Improved guest experience; and
- Increased customer/guest engagement.

Through a combination of organically grown platforms and a series of strategic acquisitions, the Company assists customers to design, deploy, manage, and monetize their digital signage networks. The Company sources leads and opportunities for its solutions through its digital and content marketing initiatives, close relationships with key industry partners, specifically equipment manufacturers, and the direct efforts of its in-house industry sales experts. Customer engagements focus on consultative conversations that ensure the Company’s solutions are positioned to help customers achieve their business objectives in the most cost-effective manner possible.

When comparing us to other digital signage providers, our customers value the following competitive advantages:

- **Breadth of solutions** – Creative Realities offers a wide breadth of solutions to our customers. Creative Realities is one of only a few companies in the industry capable of providing the full portfolio of products and services required to implement and run an effective digital signage network. We leverage a 'single vendor' approach, providing customers with a one-stop-shop for sourcing digital signage solutions from design through day two services.

- **Managed labor pool** – Unlike most companies in our industry, we have a curated labor pool of qualified and vetted field technicians available to service customers quickly nationwide. We can meet tight schedules even in exceptionally large deployments and still ensure quality and consistency.

- **In-house creative resources** – We assist customers in creating new content or repurposing existing content for digital signage experiences, an activity for which the Company has won several design awards in recent years. In each instance, our services can be essential in helping customers develop an effective content program.

- **Network scalability and reliability** – Our SaaS content management platforms power some of the largest and most complex digital signage networks in North America, evidencing our ability to manage enterprise scale projects. This also provides us purchasing power to source products and services for our customers, enabling us to deliver cost effective, reliable and powerful solutions to small and medium size business customers.

- **AdTech platforms** – The Company has developed and deployed the AdLogic and Adlogic CPM+ platforms, which, working in conjunction with our CMS platforms, present completely integrated digital advertising solutions for existing and prospective customers seeking to monetize their in-store retail media networks. These platforms anchor the Company's vertical expansion into AdTech bringing new, and expanding existing, addressable markets.

- **Market sector expertise** – Creative Realities has in-house experts in key market segments such as automotive, retail, QSRs, convenience stores, and DOOH advertising. Our expertise in these business segments enable our teams to provide meaningful business conversations and offer tailored solutions with prospects and customers to their unique business objectives. These experts build industry relationship and create thought leadership that drives lead flow and new opportunities for our business.

- **Logistics** – Implementing a large digital signage project can be a logistical nightmare that can stall an initiative, even before deployment. Our expertise in logistics improves deployment efficiency, reduces delays and problems, and saves customers time and money.

- **Technical support** – Digital signage networks present unique challenges for corporate IT departments. We simplify and improve end user support by leveraging our own NOC in Louisville, Kentucky. The NOC resolves many issues remotely and when field support is required, it can be dispatched quickly from the NOC, leveraging our managed labor pool to resolve customer issues quickly and effectively.

- **Integrations and application development** – The future of digital signage is not still images and videos on a screen. We believe that interactive applications and integrations with other data sources will dominate the future. From social media feeds, mobile integrations, corporate data stores, or point of sale systems, our proven ability to build scalable applications and integrations is a key advantage that customers can leverage to deliver more compelling and engaging experiences for their customers.

- **Hardware support** – A number of digital signage providers sell a proprietary media player or align themselves with just one operating system. We utilize a range of media players including Windows, Android and BrightSign to provide customers flexibility to select the appropriate hardware for any application knowing the entire network can still be served by a single digital signage platform, reducing complexity and improving the productivity of our customers.

Our Sources of Revenue

The three primary sources of revenue for the Company are:

- Hardware sales from reselling digital signage hardware from original equipment manufacturers such as Samsung and BrightSign.
- Services revenue from helping customers design, deploy and manage their digital signage network, including:
  - Hardware system design/engineering;
  - Hardware installation;
  - Content development;
  - Content scheduling; and
  - Post-deployment network and field support.
- Recurring subscription licensing and support revenue from our digital signage software platforms, which are generally sold via a SaaS model. Our platforms include:
  - **ReflectView**, the Company's core digital signage platform for most applications, scalable and cost effective from 10 to 100,000+ devices;
  - **Reflect Xperience**, a web-based interface that allows customers to give content scheduling access to local users via the web or mobile devices, while still maintaining centralized programming control;
  - **Reflect AdLogic**, the Company's ad management platform for digital signage networks, which presently delivers approximately 50 million ads daily;
  - **Clarity**, the Company's menu board solution, which has become a market leader for a range of restaurant and convenience store applications;
  - **Reflect Zero Touch**, which allows customers to turn any screen into an interactive experience by allowing guests to engage using their mobile device;
  - **iShowroomProX**, an omni-channel digital sales support platform targeted at original equipment manufacturers in the transportation sector, which integrates with dozens of key data services including dealer inventory at the VIN level; and
  - **OSx+**, a digital VIN-level checklist used to assist in the tracking and delivery of new vehicles in the transportation sector, providing measurable lift in customer satisfaction scores and connected vehicle enrollments and subscription activations.

While hardware sales and support services revenues can fluctuate more significantly year over year based on new, large-scale network deployments, the Company expects to see continuous growth in recurring SaaS revenue for the foreseeable future as digital signage adoption/utilization continues to expand across the vertical markets we serve.

Our Operating Expenses

Our operating expenses are comprised of sales and marketing, and general and administrative expenses. Sales and marketing expenses include salaries and benefits for our sales, business development solution management and marketing personnel, and commissions paid on sales. This category also includes amounts spent on marketing networking events, promotional materials, hardware and software to prospective new customers, including those expenses incurred in trade shows and product demonstrations, and other related expenses. Our general and administrative expenses consist of corporate overhead, including administrative salaries, real property lease payments, salaries, and benefits for our corporate officers and other expenses such as legal and accounting fees.

Critical Accounting Policies and Estimates

The Company’s significant accounting policies are described in Note 2 *Summary of Significant Accounting Policies* of the Company’s Condensed Consolidated Financial Statements included elsewhere in this Report. The Company’s Condensed Consolidated Financial Statements are prepared in conformity with GAAP. Certain accounting policies involve significant judgments, assumptions, and estimates by management that could have a material impact on the carrying value of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting period. Our actual results could differ from those estimates.

Results of Operations

Note: All dollar amounts reported in Results of Operations are in thousands, except share and per-share information.

Three Months Ended September 30, 2025 Compared to Three Months Ended September 30, 2024

The tables presented below compare our results of operations and present the results for each period and the change in those results from one period to another in both dollars and percentage change.

	For the three months ended September 30,		Change	
	2025	2024	$	%
Sales	$ 10,547	$ 14,442	$ (3,895)	27%
Cost of sales	5,770	7,853	$ (2,083)	27%
Gross profit	4,777	6,589	(1,812)	28%
Sales and marketing expenses	1,372	1,525	(153)	10%
General and administrative expenses	4,963	3,928	1,035	26%
Impairment of software asset	5,712	-	5,712	100%
Total operating expenses	12,047	5,453	6,594	121%
Operating (loss) income	(7,270)	1,136	(8,406)	740%
Other expenses (income):				
Interest expense	530	303	227	75%
Loss on change in fair value of contingent consideration	-	598	(598)	100%
Other expense (income)	144	(11)	155	1409%
Total other expenses (income)	674	890	(216)	24%
Net (loss) income before income taxes	(7,944)	246	(8,190)	3329%
Benefit (provision) for income taxes	82	(192)	274	143%
Net loss	$ (7,862)	$ 54	(7,916)	14659%

Sales

Sales decreased $3,895, or 27%, for the three months ending September 30, 2025 as compared to the same period in 2024. Hardware revenues were $4,168, a decrease of $1,073, or 20%, for the three months ending September 30, 2025 as compared to the same period in 2024. The decrease in hardware revenues was primarily driven by a significant sports and entertainment installation in the prior year that did not occur in 2025. Services and other revenues were $6,379, a decrease of $2,822 or 31%. Installation services revenue decreased $1,802, or 62% for the three months ending September 30, 2025 as compared to the same period in 2024, due to fewer deployments in the period. Managed services revenue, which includes the Company's SaaS subscription services, were $4,456, a decrease of $429, or 9%, as compared to the same period in 2024, as a result of reductions in the quantity of licenses subject to software subscriptions on our platforms driven by a single customer which insourced a portion of their hosted environment. Other services revenue decreased $591, or 42% for the three months ending September 30, 2025 as compared to the same period in 2024, as a result of the Company exiting media sales effective October 1, 2024.

Gross Profit

Gross profit margin was 45% and 46% for the three months ending September 30, 2025 and 2024, respectively. Hardware gross margin increased 6% as a result of deployments utilizing hardware with more favorable margins due to the Company's purchasing power. Services and other gross margin decreased 3% as a result of a reduction in our SaaS subscription services and our exit from media sales effective October 1, 2024.

Sales and Marketing Expenses

Sales and marketing expenses generally include the salaries, taxes, and benefits of our sales and marketing personnel, as well as trade show activities, travel, and other related sales and marketing costs. Sales and marketing expenses decreased by $153, or 10%, for the three-month period ended September 30, 2025 as compared to the same period in 2024, driven primarily by a decreases of $265 in fixed and variable salaries, taxes and benefits of our sales and marketing personnel, partially offset by an increase of $111 related to an increased investment in trade show and marketing activities during the quarter.

General and Administrative Expenses

General and administrative expenses increased by $1,036 or 26%, for the three months ending September 30, 2025 as compared to the same period in 2024. The increase was driven by (1) a $331 rise in stock-based compensation expense for employees and directors and (2) $766 in expenses related to deal and transaction costs incurred in relation to the announced acquisition of Cineplex Digital Media, which is expected to close in the fourth quarter of 2025.

Impairment of software asset

During the three months ended September 30, 2025, the Company recognized a non-cash impairment charge of $5,712 related to a proprietary software platform capitalized as an intangible asset under ASC 350-40. The impairment was recorded after management determined that expected future cash flows associated with the platform were not sufficient to recover its carrying amount, primarily due to uncertainty regarding the renewal of an existing software license agreement. The uncertainty arose in September 2025 when the customer communicated that it was unable to renew its license agreement with the Company due to budget constraints, representing a triggering event under ASC 350-40. The impairment loss was measured as the excess of the asset's carrying amount over its estimated fair value, which was determined using an income approach based on discounted cash flows and Level 3 inputs under ASC 820. The impairment did not impact cash flows or liquidity, but it did result in a significant increase in total operating expenses for the three months ended September 30, 2025 compared to the same periods in 2024.

Interest Expense

See Note 8 *Debt* to the Condensed Consolidated Financial Statements for a discussion of the Company's debt and related interest expense obligations.

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

The tables presented below compare our results of operations and present the results for each period and the change in those results from one period to another in both dollars and percentage change.

	For the Nine Months Ended September 30,		Change	
	2025	2024	$	%
Sales	$ 33,311	$ 39,842	$ (6,531)	16%
Cost of sales	19,064	20,701	(1,637)	8%
Gross profit	14,247	19,141	(4,894)	26%
Sales and marketing expenses	3,775	4,655	(880)	19%
General and administrative expenses	14,083	12,834	1,249	10%
Impairment of software asset	5,712	-	5,712	100%
Total operating expenses	23,570	17,489	6,081	35%
Operating (loss) income	(9,323)	1,652	(10,975)	664%
Other expenses (income):				
Interest expense	1,364	1,479	(115)	8%
Gain on settlement of contingent consideration	(4,775)	-	(4,775)	100%
Gain on change in fair value of contingent consideration	-	(414)	414	100%
Loss on debt extinguishment	-	1,059	(1,059)	100%
Other expense (income)	408	(28)	436	1557%
Total other expenses (income)	(3,003)	2,096	(5,099)	243%
Net loss before income taxes	(6,320)	(444)	(5,876)	1323%
Provision from income taxes	9	(226)	235	104%
Net loss	$ (6,311)	$ (670)	(5,641)	842%

Sales

Sales decreased $6,531, or 16%, for the nine months ending September 30, 2025 as compared to the same period in 2024. Hardware revenues were $14,635, an increase of $226, or 2%, for the nine months ending September 30, 2025 as compared to the same period in 2024. The increase in hardware revenues was primarily driven by purchases from customers in our QSR and sports and entertainment verticals. Services and other revenues were $18,676, a decrease of $6,758 or 27%. Installation services revenue decreased $3,166, or 45% for the nine months ending September 30, 2025 as compared to the same period in 2024, due to fewer deployments in the period. Managed services revenue, which includes the Company's SaaS subscription services, were $13,187, a decrease of $1,319, or 9%, as compared to the same period in 2024, as a result of reductions in the quantity of licenses subject to software subscriptions on our platforms driven by a single customer which insourced a portion of their hosted environment. Other services revenue decreased $2,272, or 60% for the nine months ending September 30, 2025 as compared to the same period in 2024, as a result of the Company exiting media sales effective October 1, 2024.

Gross Profit

Gross profit margin was 43% and 48% for the nine months ending September 30, 2025 and 2024, respectively. Hardware gross margin increased 2% as a result of deployments utilizing hardware with more favorable margins due to the Company's purchasing power, combined with increased pricing on certain hardware-only purchases by customers. Services and other gross margin decreased 6% as a result of a reduction in our SaaS subscription services and our exit from media sales effective October 1, 2024.

Sales and Marketing Expenses

Sales and marketing expenses generally include the salaries, taxes, and benefits of our sales and marketing personnel, as well as trade show activities, travel, and other related sales and marketing costs. Sales and marketing expenses decreased by $880, or 19%, for the nine-month period ended September 30, 2025 as compared to the same period in 2024, driven primarily by decreases of (1) $839 in fixed and variable salaries, taxes and benefits of our sales and marketing personnel, and (2) $41 in trade show and marketing activities.

General and Administrative Expenses

General and administrative expenses increased by $1,249 or 10%, for the nine months ending September 30, 2025 as compared to the same period in 2024. The increase was primarily driven by (1) a $1,669 rise in stock-based compensation expense for employees and directors and (2) $766 in expenses related to deal and transaction costs incurred in relation to the announced acquisition of Cineplex Digital Media, which is expected to close in the fourth quarter of 2025. Excluding stock-based compensation and deal and transaction expenses, general and administrative expenses decreased by $1,186, reflecting the impact of various cost containment efforts. These included a $700 reduction in fixed and variable salaries, benefits, and payroll taxes for general and administrative personnel, as well as broad-based savings achieved across multiple spending categories. The Company implemented a number of low-cost restructuring measures and targeted vendor spend reductions, none of which were individually material, but which collectively contributed to a more efficient back-office cost structure. These actions were further supported by the retirement of legacy software platforms and the transition to a unified ERP system, which has enabled modest improvements in workflow efficiency and systems integration.

Impairment of software asset

During the nine months ended September 30, 2025, the Company recognized a non-cash impairment charge of $5,712 related to a proprietary software platform capitalized as an intangible asset under ASC 350-40. The impairment was recorded after management determined that expected future cash flows associated with the platform were not sufficient to recover its carrying amount, primarily due to uncertainty regarding the renewal of an existing software license agreement. The uncertainty arose in September 2025 when the customer communicated that it was unable to renew their license agreement due to budget constraints, representing a triggering event under ASC 350-40. The impairment loss was measured as the excess of the asset's carrying amount over its estimated fair value, which was determined using an income approach based on discounted cash flows and Level 3 inputs under ASC 820. The impairment did not impact cash flows or liquidity, but it did result in a significant increase in total operating expenses for the nine months ended September 30, 2025 compared to the same periods in 2024.

Interest Expense

See Note 8 *Debt* to the Condensed Consolidated Financial Statements for a discussion of the Company's debt and related interest expense obligations.

Gain on Settlement of Contingent Consideration

See Note 5 *Business Combinations* to the Condensed Consolidated Financial Statements for a discussion of the Company's gain on settlement of contingent consideration.

Other expenses (income)

The Company recognized $408 in other expenses for the nine months ending September 30, 2025 , consisting primarily of (1) $121 in legal expenses incurred in connection with the contingent consideration settlement and (2) $283 in severance-related expenses in connection with the termination of certain employees as part of a cost-reduction initiative.

Summary Unaudited Quarterly Financial Information (Non-GAAP)

A non-GAAP financial measure is generally defined as one that purports to measure historical or future financial performance, financial position, or cash flows, but excludes or includes amounts that would not be so excluded or included in the most comparable U.S. generally accepted accounting principles ("GAAP") measure. Earnings before interest, depreciation, and amortization ("EBITDA") and adjusted EBITDA ("Adjusted EBITDA") are non-GAAP financial performance measures we believe offer a useful view of the overall operations of our business. These non-GAAP financial performance measures, which may not be comparable to, and may be defined differently than, similarly titled measures used or reported by other companies, should not be considered in isolation from or as a substitute for the related GAAP measures and should be read together with financial information presented on a GAAP basis.

EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP. We use non-GAAP financial performance measures to supplement our GAAP results in order to provide a more complete understanding of the factors and trends affecting our business. We believe these non-GAAP financial performance measures are helpful in identifying trends in our day-to-day performance because the items excluded have little or no significance on our day-to-day operations. These measures provide an assessment of core expenses and afford management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance. Our management believes that these non-GAAP financial measures provide additional information useful for investors, shareholders and other stakeholders of our Company in gauging our results of operations on an ongoing basis.

EBITDA and Adjusted EBITDA have limitations as analytical tools. They should not be viewed in isolation or as a substitute for net income (loss) or any other measure of performance derived in accordance with GAAP. EBITDA and Adjusted EBITDA exclude certain expenses that we believe may not be indicative of our business operating results. EBITDA should not be considered as an alternative to net (loss) income as an indicator of performance or as an alternative to cash flows from operating activities as an indicator of cash flows, in each case as determined in accordance with GAAP, or as a measure of liquidity. EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows. In addition, Adjusted EBITDA excludes stock-based compensation, fair value adjustments and both cash and non-cash non-recurring gains and charges. We strongly urge you to review the following reconciliation of net (loss) income to EBITDA and Adjusted EBITDA, along with our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. We also strongly urge you not to rely on any single financial performance measure to evaluate our business.

The table below shows the reconciliation of the Company's net (loss) income to EBITDA and Adjusted EBITDA:

	Quarters Ended				
Quarters ended	**September 30 2025**	**June 30 2025**	**March 31 2025**	**December 31 2024**	**September 30 2024**
GAAP net (loss) income	$ (7,862)	$ (1,817)	$ 3,368	$ (2,838)	$ 54
Interest expense, net	530	513	321	296	303
Depreciation/amortization:					
Amortization of intangible assets	1,171	1,165	1,136	1,128	1,081
Amortization of employee share-based awards	308	1,249	2	4	3
Depreciation of property & equipment	54	52	51	49	51
Income tax (benefit) expense	(82)	(26)	99	(120)	192
EBITDA	$ (5,881)	$ 1,136	$ 4,977	$ (1,481)	$ 1,684
Adjustments					
Loss (Gain) on fair value of contingent consideration	-	-	-	2,022	598
Gain on settlement of contingent consideration	-	-	(4,775)	-	-
Stock-based compensation - Director grants	27	93	-	-	-
Deal & transaction expenses	766	-	-	-	-
Loss on impairment of software asset	5,712	-	-	-	-
Other (income) expense	144	(1)	265	(74)	(11)
Adjusted EBITDA	$ 768	$ 1,228	$ 467	$ 467	$ 2,271

Liquidity and Capital Resources

Overview

As of September 30, 2025, we had an accumulated deficit of $63,165 and positive working capital of $526. For the three months ended September 30, 2025, the Company generated an operating loss of $7,270. During the nine months ended September 30, 2025, the Company used $834 of net cash in operating activities. We remain dependent on improving cash flows from operations, securing additional sources of liquidity, or both, to fund ongoing operations to meet our financial obligations, including our debt obligations under our credit facilities.

Going Concern

In response to our accumulated deficit and capital requirements, we continue to evaluate our available options for amending our debt facilities or accessing the capital markets via equity financing. However, these plans have not been finalized, are subject to market conditions, and in some respects are outside of our control. Therefore, they cannot be deemed probable as of September 30, 2025. As a result of the matters discussed above, including our losses, current liquidity level and projected capital needs, we have concluded that management's plans do not alleviate substantial doubt about our ability to continue as a going concern within one year after the issuance date of the Condensed Consolidated Financial Statements included in this Report.

To the extent revenues from operations are insufficient to meet our liquidity requirements, our ability to continue as a going concern will depend on our ability to effectively raise capital through private or public placement of our equity securities. If we are unable to maintain sufficient financial resources, our business, financial condition and results of operations, as well as our ability to continue to execute on our business plan, and satisfy our obligations as they become due, will be materially and adversely affected. Failure to obtain additional financing will have a material, adverse impact on our business operations. There can be no assurance that we will be able to obtain the financing needed to achieve our goals on acceptable terms or at all. Additionally, any equity or equity-linked financings would likely have a dilutive effect on the holdings of our existing stockholders. Our current level of cash and cash equivalents are not sufficient to execute our business plan. For the foreseeable future, we will incur significant operating expenses, capital expenditures and working capital funding that will deplete our cash on hand.

Market conditions, including our current stock price and the dilutive impact of equity-linked financing, significantly limit our ability to raise capital. Without alternative funding sources, we may need to further scale back operations or defer strategic initiatives. If we are unable to identify other sources of funding, we may need to further adjust our operations. Considering the cumulative impact of our historical losses, constrained liquidity, and projected capital needs, substantial doubt exists about our ability to continue as a going concern over the next twelve months from the date of issuance of the accompanying Condensed Consolidated Financial Statements.

Summary of Cash Flows

Operating Activities

The net cash used by operating activities during the nine months ended September 30, 2025 was $834, compared to net cash provided by operating activities of $4,750 for the same period in 2024. During the nine month period ending September 30, 2025, the Company generated a net loss of $6,311, which included a $4,775 gain on settlement of contingent liability, depreciation and amortization expense (including amortization of stock compensation expense) of $5,308, and impairment expense of software asset of $5,712. The Company used $1,054 in cash due to changes in operating assets and liabilities.

Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2025 was $1,973, compared to $2,302 during the same period in 2024. We currently do not have any material commitments for capital expenditures as of September 30, 2025.

Financing Activities

Net cash provided by financing activities during the nine months ended September 30, 2025 was $2,084, compared to net cash used in financing activities of $4,490 for the same period in 2024. Net cash provided by financing activities during the nine month period ended September 30, 2025 is primarily the result of net proceeds of $5,119 from borrowings and payments under the Company's revolving credit facility, partially offset by $3,000 in cash payments made to former Reflect stockholders pursuant to the Settlement Agreement.

Debt

Credit Facilities

On May 23, 2024, we entered into a Credit Agreement (the “Prior Credit Agreement”) with First Merchants Bank (the “Bank”). The Prior Credit Agreement provided us with a $22,100 secured revolving credit facility, with an uncommitted accordion feature that provides for additional borrowing capacity of up to $5,000, subject to the Bank’s approval and other customary terms and conditions set forth in the Prior Credit Agreement. The Prior Credit Agreement was amended effective March 31, 2025 to temporarily modify our Senior Funded Debt to EBITDA covenant, allowing a ratio of less than 4.0 to 1 through June 30, 2025 and less than 3.75 to 1 thereafter. The Prior Credit Agreement matured in May 2027 and required us to pay the entire unpaid principal balance upon maturity. The Prior Credit Agreement also included customary events of default, including the occurrence of a material adverse effect, which could accelerate repayment of outstanding amounts at the Bank’s discretion.

The revolving credit facility accrued interest at a floating rate equal to the 1-month SOFR, plus 0.11%, plus a floating margin ranging from 2.00% to 3.50% that adjusted quarterly, depending upon our Senior Funded Debt to EBITDA Ratio. The effective interest rate at September 30, 2025 was 7.74%. We pay accrued interest monthly on the first day of each successive calendar month.

We had $18,163 in outstanding borrowings under the revolving credit facility as of September 30, 2025. Total availability under the revolving facility was $3,937. Effective June 30, 2025, we entered into a second amendment to the Prior Credit Agreement that modifies the borrowing base margin over time, decreasing from 95% to 90% on September 30, 2025 and to 85% on October 31, 2025.

On November 6, 2025, we amended and restated the Prior Credit Agreement (the “New Credit Agreement”), pursuant to which the Company obtained a $36,000 term loan and a $22,500 secured revolving credit facility. See Note 14 *Subsequent Events* to the Condensed Consolidated Financial Statements for a description of the New Credit Agreement.

Promissory Note

The Promissory Note was issued on March 14, 2025 in the original principal amount of $4,000, as a component of the settlement of our contingent consideration obligations related to the Reflect Merger. The note was not issued to raise new capital, but rather to satisfy a portion of a previously accrued liability. The Promissory Note is subordinated to the Company’s senior secured credit facility pursuant to a Subordination Agreement executed with First Merchants Bank and the Stockholders’ Representative and bears interest at a fixed annual rate of 14%. The interest rate increases to 17% per annum during any event of default (as defined in the Promissory Note) or during any period in which payments are restricted under the related Subordination Agreement. The effective interest rate at June 30, 2025 was 14%. The Promissory Note requires monthly payments of interest only commencing April 14, 2025 and continuing through September 14, 2025. Commencing October 14, 2025, we are required to pay principal and interest in accordance with an amortization schedule that requires equal monthly payments of $109 on the 14th day of each calendar month through maturity on September 14, 2027. On the maturity date, we are required to make a final balloon payment of $2,277, representing the remaining principal and accrued but unpaid interest outstanding at maturity.

The principal balance of the Promissory Note (together with accrued but unpaid interest on such amounts) may be prepaid in whole or in part at any time prior to maturity, subject to our payment of a make-whole amount, which approximates the foregone interest the holders would have earned through the maturity date, based on a comparison to a benchmark “yield maintenance treasury rate.” The make-whole payment is equal to the aggregate monthly payments of interest on the prepayment amount that would be due after the prepayment date and through the maturity date, using the percentage, if any, by which the applicable interest rate exceeds a prescribed “yield maintenance treasury rate.”

Equity

We had outstanding warrants accounted for as equity instruments in our Condensed Consolidated Financial Statements totaling 5,364,802 and 4,587,002 at September 30, 2025 and December 31, 2024, respectively. The weighted average exercise price of the outstanding warrants was $4.66 and $4.90 at September 30, 2025 and December 31, 2024, respectively. The weighted average remaining contractual life of the outstanding warrants was 2.81 and 3.11 years at September 30, 2025 and December 31, 2024, respectively.

On March 14, 2025, as part of the negotiated settlement of our contingent consideration obligations related to the Reflect merger, we issued to the former Reflect stockholders the Settlement Warrants to purchase their pro rata share of an aggregate of 777,800 shares of our common stock at an exercise price equal to $3.25 per share, subject to adjustment for stock dividends, distributions, subdivisions, combinations, or reclassifications. The Settlement Warrants are exercisable immediately, expire six years from the date of issuance, and may be exercised for cash or, at the holder's election, on a cashless (net settlement) basis. The fair value of the Settlement Warrants was estimated at $1.34 per share as of the issuance date, using the Black-Scholes option pricing model. Key assumptions included: expected volatility of 94%, expected term of 6 years (matching the exercise term), risk-free interest rate of 4.15%, dividend yield of 0%, and our stock price of $1.88 as of the valuation date.

On October 15, 2025, we entered into a Securities Purchase Agreement with certain accredited investors to issue 30,000 shares of a newly designated Series A Convertible Preferred Stock (the "Preferred Stock") for aggregate gross proceeds of $30,000, which has a stated value of $1,000 per share (the "Stated Value")(the "Offering"). The Offering was completed on November 6, 2025. See Note 14 *Subsequent Events* to the Condensed Consolidated Financial Statements for a description of the Offering and the Preferred Stock.

Off-Balance Sheet Arrangements

During the three and nine months ended September 30, 2025, we did not engage in any off-balance sheet arrangements set forth in Item 303(a)(4) of Regulation S-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act"), as of the end of the period covered by this Report. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2025, and were designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item; however, the discussion of our business and operations should be read together with the Risk Factors set forth in our Annual Report on Form 10-K filed with the SEC on March 14, 2025, our Quarterly Report on Form 10-Q filed with the SEC on May 14, 2025, and subsequent filings made with the SEC. Such risks and uncertainties have the potential to affect our business, financial condition, results of operations, cash flow, strategies or prospects in a material and adverse manner. In addition, set forth below are additional risk factors for which our investors should be aware:

We have issued shares of convertible preferred stock with terms that could dilute the voting power or reduce the value of our common stock.

On October 15, 2025, the Company entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with North Run Strategic Opportunities Fund I, LP (the "Lead Investor") and NR-SOF I (Co-Invest I), LP (together with the Lead Investor, the "Buyers"), each an affiliate of North Run Capital, pursuant to which the Company agreed to sell to the Buyers in a private placement, for an aggregate gross purchase price of $30.0 million, an aggregate of 30,000 shares of a newly established series of preferred stock designated as Series A Convertible Preferred Stock (the "Preferred Shares"), which have a stated value of $1,000 per share (the "Stated Value")(the "Offering"). The Offering was completed on November 6, 2025.

The Preferred Stock accrue dividends on the Stated Value for a period of five years from and after the issuance date (the "Guaranteed Term") at a rate of 5.25% per year. Each Preferred Share is convertible at the option of the holder into shares of the Company's common stock at a rate (the "Conversion Rate") calculated by dividing (i) a liquidation preference equal to the Stated Value plus the amount of accrued and unpaid dividends, by (ii) a conversion price of $3.00 (subject to customary adjustments). Conversion of the Preferred Shares are currently subject to ownership limitations that prevent converting the Preferred Shares if the holder, together with its affiliates, would be more than a 19.99% beneficial owner of our common stock following such conversion (the "Beneficial Ownership Limitation") or if the aggregate number of common shares issued upon conversion of Preferred Shares would exceed 2,102,734 (the "Exchange Cap"). Upon approval by the Company's shareholders, the holders of Preferred Shares may elect to eliminate the Exchange Cap limitation and may elect, upon 61 days' written notice, to increase the maximum Beneficial Ownership limitation to 49.99%.

Holders of Preferred Shares are entitled to vote on an as-converted basis with holders of the Company's common stock (after taking into the account the applicable conversion limitations). Based on the Conversion Rate and without regarding the conversion limitations, the Preferred Shares held by the Buyers were initially convertible into common stock representing 48.7% of our issued and outstanding common stock after giving effect to such conversion.

The Preferred Shares rank senior to the Company's common stock as to distributions and payments upon the liquidation, dissolution and winding up of the Company, and holders of Preferred Shares will participate with the holders of the common stock on an as-converted basis to the extent any dividends are declared on common stock. Holders of Preferred Shares are also entitled to redemption rights under certain circumstances. The redemption rights and liquidation preferences assigned to holders of the Preferred Shares could affect the residual value of the common stock.

We have issued shares of convertible preferred stock with terms that could dilute the voting power or reduce the value of our common stock

Based on the Conversion Rate and without regarding the conversion limitations, the Preferred Shares held by the Buyers were initially convertible into common stock representing 48.7% of our issued and outstanding common stock after giving effect to such conversion. For as long as North Run and its affiliates hold a significant amount of Preferred Shares and/or our common stock, they will be able to strongly influence or effectively exercise control over us. This concentrated control may limit or preclude other shareholders' ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring shareholder approval.

In addition to the significant voting control of North Run and its affiliates, for so long as the North Run and its affiliates beneficially own at least 20% of the common stock underlying the Preferred Shares, the Company may not take any of various actions without North Run's consent, including creating, authorizing, or issuing capital stock that ranks senior to or pari passu with the Preferred Shares, or increasing the authorized number of Preferred Shares; incurring debt that would result in the ratio of debt to EBITDA of the Company for preceding twelve calendar months exceeding 2.5:1; purchasing or redeeming, or paying or declaring any dividend on shares of capital stock other than redemptions of or dividends on the Preferred Shares; completing an acquisition with consideration above $5.0 million; entering into, renewing, extending or being a party to certain related party transactions; or amending, altering or repealing any provision of the Company's articles of incorporation or bylaws in a manner that adversely affects the rights, powers and preferences of the Preferred Shares.

North Run's concentrated ownership may also prevent or discourage unsolicited acquisition proposals or offers for our capital stock that shareholders may believe are in their best interest. North Run's interests may not align with the interests of our other shareholders. North Run and its affiliates may also determine to sell substantial amounts of our securities in one or more transactions, including to one or several private parties in negotiated transactions. In that case, those buyers may subsequently be able to exert significant control over us.

Adequate funds for our operations may not be available, requiring us to raise additional financing or else curtail our activities significantly.

On November 6, 2025, the Company refinanced its credit facilities pursuant to the New Credit Agreement, which include a $36,000 term loan and a $22,500 revolving credit facility, and consummated the Offering by selling 30,000 shares of Preferred Stock for $30,000 (each as further described in this Quarterly Report). The net proceeds from these activities were used in part to pay the purchase price payable under the Share Purchase Agreement to acquire the CDM Business. Additionally, we have outstanding a $4,000 Promissory Note.

If we are unable to maintain our debt service obligations, or our we require additional funds for other purposes, we would be required to raise additional funding through public or private financings, including debt or equity financings. Generally, the New Credit Agreement prohibits the Company and its subsidiaries from granting any security interests in any assets of their assets, or from issuing additional debt without the approval of the lenders under the New Credit Agreement. The terms of the documents executed in connection with the Offering also provide certain limitations on our ability to effectuate any debt or equity financing, as described in the foregoing risk factor.

Any equity financing will dilute the percentages of ownership interest of then-current holders of our capital stock and may dilute our book value per share. Any additional equity financings may also be dilutive to shareholders and may be completed at a discount to the then-current market price of our securities. Any new debt financing, if available, may involve restrictive covenants on our operations or pertaining to future financing arrangements. Nevertheless, we may not successfully complete any future equity or debt financing even if desired. Adequate funds for our operations, whether from financial markets, collaborative or other arrangements, may not be available when needed or on terms attractive to us. If adequate funds are not available, our plans to operate our business may be adversely affected and we could be required to curtail our activities significantly and/or cease operating.

We may not realize the growth opportunities that are anticipated from our acquisition of the CDM Business.

The benefits we expect to achieve as a result of the acquisition of the CDM Business will depend, in part, on our ability to realize anticipated growth opportunities. Our success in realizing these growth opportunities, and the timing of this realization, depends largely on the successful integration of the business and operations of the CDM Business with our business and operations. Even if we are able to integrate our business with the CDM Business successfully, this integration may not result in the realization of the full benefits of the growth opportunities we currently expect from this integration within the anticipated time frame or at all. While we anticipate that certain expenses will be incurred, such expenses are difficult to estimate accurately, and may exceed current estimates, and cost saving projections may not be realized fully or at all. Accordingly, the benefits from the acquisition may be offset by costs incurred or delays in integrating the companies, which could cause our revenue assumptions to be inaccurate.

The acquisition of the CDM Business may fail to achieve beneficial synergies.

We consummated the acquisition of the CDM Business with the expectation that the acquisition will result in beneficial synergies, such as cost reductions and improving the stability of the combined company's revenues. Achieving these anticipated synergies and benefits will depend largely on our success in integrating the CDM Business with our business. Potential risks from an unsuccessful integration include:

- The potential disruption of the combined company's ongoing business and distraction of management;
- the customers of Creative Realities or the CDM Business may defer purchasing decisions due to disagreements with the combined company on its strategic direction and product initiatives;
- the customers of the CDM Business abandon or reject products and services offered by the combined company after the acquisition, including products and services of the CDM Business that are integrated into Creative Realities' business, such as additional software products, hosting applications or installation services;
- it may be more difficult to retain key management, marketing, and technical personnel after the acquisition;
- costs and expenditures for retaining personnel, eliminating unnecessary resources and integrating the businesses are greater than anticipated;
- the combined company cannot increase sales of its products and services;
- integrating the business will impair the legacy relationships that we and the CDM Business have developed with our respective customers and business partners;
- anticipating the market needs and achieving market acceptance of our products and services;
- bringing together the companies' marketing efforts so that the industry receives useful information about the acquisition and customers perceive value in the combined company's products and services; and
- developing and maintaining uniform standards, controls, procedures and policies.

Even if the two companies are able to effectively integrate operations, there can be no assurance that the anticipated synergies will be achieved. The failure to achieve such synergies could adversely affect the business, results of operations and financial condition of the combined company.

The assumption of unknown liabilities in the acquisition of the CDM Business may harm our financial condition and results of operations.

Because we acquired all of the issued and outstanding shares of DDC Group International, Inc. ("DDC"), the parent company of the CDM Business, the CDM Business remains subject to all of its liabilities, including contingent and unknown liabilities. Although the share purchase agreement includes representations and warranties and indemnity covenants from the seller of the DDC shares that may offer us some contractual remedies for breaches or certain other undisclosed or unknown liabilities, there are limitations and conditions to our ability to recoup any liabilities, and there may be other unknown obligations for which we have no contractual remedy. In such a case, our business could be materially and adversely affected. We may learn additional information about the CDM Business that adversely affects us, such as the existence of unknown liabilities, or issues that could affect our ability to comply with applicable laws. If these liabilities are greater than expected, or if there are material obligations for which we do not have adequate recourse against the seller, our business may be materially and adversely affected. If we become responsible for substantial uninsured liabilities, such liabilities may have a material adverse effect on our financial condition and results of operations.

We have incurred and will continue to incur significant transaction and integration costs in connection with our acquisition of the CDM Business.

We have incurred significant costs associated with completing the acquisition of the CDM Business, and expect to incur additional significant costs integrating the operations of the two companies. The substantial majority of these costs will be non-recurring expenses and will consist of transaction costs (e.g., legal, accounting), facilities and systems consolidation costs and employment-related costs. Additional unanticipated costs may be incurred in the integration of our businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and acquisition costs over time, this net benefit may not be achieved in the near term, or at all.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended September 30, 2025, none of the Company’s directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Exhibit	Filing Date	
10.1	Restricted Stock Unit Agreement dated July 3, 2025 by and between Creative Realities, Inc. and Richard Mills.	8-K	10.1	July 3, 2025	—
10.2	Restricted Stock Unit Agreement dated July 3, 2025 by and between Creative Realities, Inc. and David Ryan Mudd.	8-K	10.2	July 3, 2025	—
10.3	Second Amendment to Credit Agreement.	8-K	10.1	July 28, 2025	—
31.1	Chief Executive Officer Certification pursuant to Exchange Act Rule 13a-14(a).				X
31.2	Chief Financial Officer Certification pursuant to Exchange Act Rule 13a-14(a).				X
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350.				X
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350.				X
101.INS	Inline XBRL Instance Document				X
101.SCH	Inline XBRL Taxonomy Extension Schema.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase.				X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).				X

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 thereunto duly authorized.

Creative Realities, Inc.

Date: November 12, 2025

By /s/ Richard Mills

Richard Mills
Chief Executive Officer and Interim Chief Financial Officer
(On behalf of the Registrant and as principal financial officer)

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Richard Mills, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three and nine months ended September 30, 2025, of Creative Realities, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 12, 2025

By: /s/ Richard Mills
Richard Mills
Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Richard Mills, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three and nine months ended September 30, 2025, of Creative Realities, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 12, 2025

By: /s/ Richard Mills
Richard Mills
Interim Chief Financial Officer

EXHIBIT 32.1

CHIEF EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Creative Realities, Inc. (the “Company”) on Form 10-Q for the three and nine months ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard Mills, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 12, 2025

By: /s/ Richard Mills
Richard Mills
Chief Executive Officer

EXHIBIT 32.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Creative Realities, Inc. (the “Company”) on Form 10-Q for the three and nine months ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard Mills, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: November 12, 2025

By: /s/ Richard Mills
Richard Mills
Interim Chief Financial Officer