**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, DC 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, 2026**

**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 201, Louisville KY** | **40223** |
| Address of principal executive offices | Zip Code |

(502) 791-8800
Registrant's telephone number, including area code

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 |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

As of November 12, 2026, the registrant had 13,526,506 shares of common stock outstanding.

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## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

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

| | September 30, 2026 (Unaudited) | December 31, 2025 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets:** | | |
| Cash and cash equivalents | $ 1,812 | $ 1,559 |
| Accounts receivable, net | 19,745 | 19,219 |
| Inventories, net | 6,225 | 7,420 |
| Prepaid expenses and other current assets | 2,846 | 5,347 |
| **Total Current Assets** | 30,628 | 33,545 |
| | | |
| Property and equipment, net | 3,933 | 2,937 |
| Goodwill | 49,343 | 53,266 |
| Other intangible assets, net | 31,889 | 35,906 |
| Finance lease right-of-use assets | 16,422 | 22,658 |
| Operating lease right-of-use assets | 1,704 | 2,117 |
| Other non-current assets | 446 | 611 |
| **Total Assets** | $ 134,365 | $ 151,040 |
| | | |
| **LIABILITIES, TEMPORARY EQUITY, AND SHAREHOLDERS' EQUITY** | | |
| **Current Liabilities:** | | |
| Accounts payable | $ 15,422 | $ 16,673 |
| Accrued expenses and other current liabilities | 5,837 | 3,837 |
| Deferred revenues | 5,037 | 8,115 |
| Customer deposits | 2,501 | 1,823 |
| Current maturities of operating leases | 594 | 596 |
| Current maturities of finance leases | 5,518 | 3,799 |
| Short-term debt | 6,798 | 4,430 |
| **Total Current Liabilities** | 41,707 | 39,273 |
| | | |
| Revolving credit facility | 5,119 | 4,940 |
| Term debt, net of deferred financing costs | 28,034 | 34,583 |
| Non-current operating lease liabilities | 1,218 | 1,673 |
| Non-current finance lease liabilities | 12,192 | 17,844 |
| Deferred tax liabilities | 167 | 3,541 |
| **Total Liabilities** | 88,437 | 101,854 |
| | | |
| Commitments and contingencies (Note 10) | | |
| Series A Redeemable Convertible Preferred stock, $1,000 stated value, 50,000 shares authorized; 30 shares issued and outstanding as of September 30, 2026 and December 31, 2025 Liquidation preference of $31,436 and $30,232 as of September 30, 2026 and December 31, 2025, respectively | 28,891 | 27,688 |
| **Shareholders' Equity:** | | |
| Common stock, $0.01 par value, 66,666 shares authorized; 13,527 and 10,519 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively | 135 | 105 |
| Additional paid-in capital | 97,157 | 85,300 |
| Accumulated deficit | (80,047) | (65,130) |
| Accumulated other comprehensive (loss) income | (208) | 1,223 |
| **Total Shareholders' Equity** | 17,037 | 21,498 |
| **Total Liabilities, Temporary Equity, and Shareholders' Equity** | $ 134,365 | $ 151,040 |

*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, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| **Sales:** | | | | |
| Hardware | $ 11,357 | $ 4,168 | $ 23,389 | $ 14,635 |
| Services and other | 14,851 | 6,379 | 40,672 | 18,676 |
| **Total sales** | 26,208 | 10,547 | 64,061 | 33,311 |
| **Cost of sales:** | | | | |
| Hardware | 9,256 | 2,917 | 19,372 | 10,519 |
| Services and other | 7,216 | 2,853 | 21,060 | 8,545 |
| **Total cost of sales** | 16,472 | 5,770 | 40,432 | 19,064 |
| **Gross profit** | 9,736 | 4,777 | 23,629 | 14,247 |
| | | | | |
| **Operating expenses:** | | | | |
| Sales and marketing expenses | 2,762 | 1,372 | 7,683 | 3,775 |
| General and administrative expenses | 9,341 | 4,963 | 27,264 | 14,083 |
| Loss on impairment of software asset | - | 5,712 | - | 5,712 |
| **Total operating expenses** | 12,103 | 12,047 | 34,947 | 23,570 |
| **Operating loss** | (2,367) | (7,270) | (11,318) | (9,323) |
| | | | | |
| **Other expenses (income):** | | | | |
| Interest expense, including amortization of debt discount | 1,201 | 530 | 4,092 | 1,364 |
| Gain on settlement of contingent consideration | - | - | - | (4,775) |
| Other expense, net | 152 | 144 | 512 | 408 |
| **Total other expenses (income), net** | 1,353 | 674 | 4,604 | (3,003) |
| | | | | |
| **Loss before income taxes** | (3,720) | (7,944) | (15,922) | (6,320) |
| Income tax (expense) benefit | 160 | 82 | 1,005 | 9 |
| **Net loss** | (3,560) | (7,862) | (14,917) | (6,311) |
| **Series A Redeemable Convertible Preferred Stock dividends** | (411) | - | (1,203) | - |
| **Net loss attributable to common stockholders** | $ (3,971) | $ (7,862) | $ (16,120) | $ (6,311) |
| | | | | |
| Basic loss per common share | $ (0.29) | $ (0.75) | $ (1.40) | $ (0.60) |
| Diluted loss per common share | $ (0.29) | $ (0.75) | $ (1.40) | $ (0.60) |
| | | | | |
| Weighted average shares outstanding - basic | 13,489 | 10,519 | 11,547 | 10,487 |
| Weighted average shares outstanding - diluted | 13,489 | 10,519 | 11,547 | 10,487 |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**CREATIVE REALITIES, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**(in thousands)**
**(Unaudited)**

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| Net loss | $ (3,560) | $ (7,862) | $ (14,917) | $ (6,311) |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustments | 96 | - | (1,431) | - |
| Total comprehensive loss | $ (3,464) | $ (7,862) | $ (16,348) | $ (6,311) |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

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

| *Three Months Ended September 30, 2026* | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|
| Balance at June 30, 2026 | 13,097,892 | $ 131 | $ 95,820 | $ (304) | $ (76,487) | $ 19,160 |
| Series A Redeemable Convertible Preferred Stock dividends | - | - | (411) | - | - | (411) |
| Stock-based compensation | - | - | 430 | - | - | 430 |
| Common stock issued upon exercise of underwriter option | 428,614 | 4 | 1,318 | - | - | 1,322 |
| Other comprehensive income | - | - | - | 96 | - | 96 |
| Net loss | - | - | - | - | (3,560) | (3,560) |
| Balance at September 30, 2026 | 13,526,506 | $ 135 | $ 97,157 | $ (208) | $ (80,047) | $ 17,037 |

| *Nine Months Ended September 30, 2026* | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|
| Balance at January 1, 2026 | 10,518,932 | $ 105 | $ 85,300 | $ 1,223 | $ (65,130) | $ 21,498 |
| Series A Redeemable Convertible Preferred Stock dividends | - | - | (1,203) | - | - | (1,203) |
| Stock-based compensation | 47,733 | - | 1,184 | - | - | 1,184 |
| Common stock issued upon cashless exercise of warrants | 2,656 | - | - | - | - | - |
| Common stock issued upon exercise of underwriter option | 428,614 | 4 | 1,318 | - | - | 1,322 |
| Registered offering of common stock and warrants [1] | 2,528,571 | 26 | 10,758 | - | - | 12,106 |
| Repurchase of common stock warrants | - | - | (200) | - | - | (200) |
| Other comprehensive loss | - | - | - | (1,431) | - | (1,431) |
| Net loss | - | - | - | - | (14,917) | (14,917) |
| Balance at September 30, 2026 | 13,526,506 | $ 135 | $ 97,157 | $ (208) | $ (80,047) | $ 17,037 |

| *Three Months Ended September 30, 2025* | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|
| Balance at 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 at September 30, 2025 | 10,518,932 | $ 105 | $ 84,949 | $ - | $ (63,165) | $ 21,889 |

| *Nine Months Ended September 30, 2025* | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital | Accumulated Other Comprehensive Income (Loss) | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|
| Balance at January 1, 2025 | 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 at September 30, 2025 | 10,518,932 | $ 105 | $ 84,949 | $ - | $ (63,165) | $ 21,889 |

[1] Includes gross proceeds of $13,491 less issuance costs of $1,385.

*See accompanying Notes to Condensed Consolidated Financial Statements.*

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

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| **Operating Activities:** | | |
| Net loss | $ (14,917) | $ (6,311) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 11,885 | 3,629 |
| Non-cash lease expense | 397 | 510 |
| Amortization of deferred financing costs | 131 | 77 |
| Stock-based compensation | 1,184 | 1,679 |
| Provision for credit losses | 260 | 201 |
| Provision for inventory reserves | 93 | 9 |
| Gain on settlement of contingent consideration | - | (4,775) |
| Loss on impairment of software asset | - | 5,712 |
| Deferred income taxes | (1,037) | (1) |
| Changes to operating assets and liabilities, net of acquisitions: | | |
| Accounts receivable | (1,027) | (680) |
| Inventories | 1,042 | (2,319) |
| Prepaid expenses and other current assets | 3,181 | (331) |
| Accounts payable | (1,012) | 2,384 |
| Accrued expenses and other current liabilities | 2,032 | (602) |
| Deferred revenue | (2,975) | 1,333 |
| Customer deposits | 678 | (663) |
| Other assets | 164 | (138) |
| Lease liabilities | (441) | (513) |
| Other non-current liabilities | - | (35) |
| **Net cash used in operating activities** | (362) | (834) |
| | | |
| **Investing Activities:** | | |
| Purchases of property and equipment | (2,868) | (210) |
| Capitalization of costs for software development | (1,193) | (1,763) |
| **Net cash used in investing activities** | (4,061) | (1,973) |
| | | |
| **Financing Activities:** | | |
| Repayment of term debt and promissory note | (4,312) | - |
| Proceeds from registered offering of common stock and warrants, net | 12,106 | - |
| Proceeds from borrowings under revolving credit facility | 28,772 | 28,215 |
| Repayment of borrowings under revolving credit facility | (28,592) | (23,096) |
| Payment of contingent consideration | - | (3,000) |
| Repurchase of common stock warrants | (200) | - |
| Repayment of finance lease obligations | (3,277) | (35) |
| **Net cash provided by financing activities** | 4,497 | 2,084 |
| | | |
| **Effect of exchange rate on cash and cash equivalents** | 180 | - |
| **Net increase in cash and cash equivalents** | 253 | (723) |
| **Cash and cash equivalents, beginning of period** | 1,559 | 1,037 |
| **Cash and cash equivalents, end of period** | $ 1,812 | $ 314 |

*See accompanying Notes to Condensed Consolidated Financial Statements.*

**CREATIVE REALITIES, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(in thousands, except share and per share amounts)**
**(unaudited)**

## 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, Cineplex Digital Media Inc., a Canadian corporation ("CDMI"), and Cineplex Digital Media U.S. Inc., a Delaware corporation ("CDMUS").

*Liquidity and Financial Condition*

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 is required to evaluate 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, 2026, the Company has cash and cash equivalents of $1,812, negative working capital of $11,079, and an accumulated deficit of $80,047. During the three months ended September 30, 2026 the Company continued realizing synergies and cost savings from the acquisition of the Cineplex Digital Media business. The Company improved its operating results (operating loss of $2,367, which was reduced from an operating loss of $2,745 during the prior quarter) and used cash in operating activities of $362 for the nine months ended September 30, 2026. In addition, on June 30, 2026, the Company completed an underwritten public offering and received net proceeds of $10,784. On July 8, 2026, the Company received additional net proceeds of $1,322 from the offering upon the underwriter's full exercise of its overallotment option. The Company expects that its cash and cash equivalents on hand, cash to be generated from operations and availability under its revolving credit facility will be sufficient to fund its operations for at least one year from the date the condensed consolidated financial statements are issued.

The Company continues to monitor ongoing compliance with its Credit Agreement and will continue to monitor its ability to meet its obligations as they become due. The Company may need to seek additional forms of debt or equity financing in the future. If the Company is unable to obtain adequate financing on terms that are satisfactory to the Company, when the Company requires it, the Company's ability to continue to grow or support the business and to respond to business challenges could be significantly limited, which may adversely affect the Company's business plans.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Since the Annual Report for the year ended December 31, 2025, there have been no material changes to the Company's significant accounting policies, except as disclosed in this note.

*1. Basis of Presentation*

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the condensed consolidated financial statements of the Company as of September 30, 2026 and for the three and nine months then ended. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the operating results for the full year ending December 31, 2026 or any other period.

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, 2025, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 15, 2026.

*2. Recently Issued and Adopted Accounting Pronouncements*

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): *Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendments introduce a practical expedient that permits entities to assume current conditions as of the balance sheet date do not change for the remaining life of current accounts receivable and current contract assets within the scope of Accounting Standards Codification ("ASC 606"), *Revenue from Contracts with Customers* when developing reasonable and supportable forecasts of expected credit losses, thereby removing the requirement to incorporate macroeconomic forecasts for those assets. The ASU also provides an accounting policy election to consider post-balance-sheet collection activity in estimating expected credit losses; this election is available only to entities other than public business entities and is therefore not available to the Company. The amendments are effective for annual reporting periods beginning after December 15, 2025, and interim periods within those annual periods, with early adoption permitted. The Company adopted this standard on January 1, 2026. The adoption of ASU 2025-05 did not have a material impact on its condensed consolidated financial statements and related disclosures.

In April 2026, the FASB issued ASU 2026-01, Equity (Topic 505): Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock. The amendments in this update require entities to initially measure paid-in-kind ("PIK") dividends on equity-classified preferred stock using the PIK dividend rate stated in the preferred stock agreement, rather than at fair value. The amendments in this update can be applied on a prospective basis or on a modified retrospective basis for equity-classified preferred stock instruments that are outstanding as of the initial application date. The ASU is effective for annual periods beginning after December 15, 2026, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of ASU 2026-01 on its condensed consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220 – 04). This update requires an entity to disclose more detailed information regarding expenses for the entity. The amendments require that at each interim and the annual reporting period, the entity must disclose amounts related to purchases of inventory, employee compensation, depreciation, and intangible asset amortization. Including the amounts, the entity is required to disclose and qualitative description of the amounts remaining in relevant expense captions, and to disclose the total amount of selling expenses and the definition of selling expenses. The amendments in this update should be applied prospectively to financial statements issued for reporting periods, and retrospectively to any prior periods presented in the financials. Although early adoption is permitted, the new guidance becomes effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Since this new ASU addresses only disclosures, the Company does not expect the adoption of this ASU to have any material effects on its financial condition, results of operations or cash flows.

*3. Cash Concentrations*

Cash consists of cash on deposit in financial institutions in the United States and Canada. The Company does not hold any investments that qualify as cash equivalents as of September 30, 2026 or December 31, 2025. Balances may exceed the Federal Deposit Insurance Corporation ("FDIC") limit of $250 U.S. Dollars ("USD") in the United States and may exceed the Canada Deposit Insurance Corporation ("CDIC") limit of $100 Canadian Dollars ("CAD") in Canada. As of September 30, 2026 and December 31, 2025, the Company had USD cash in excess of FDIC limits of $0 and $0, respectively. As of September 30, 2026 and December 31, 2025, the Company had CAD cash in excess of CDIC insurance limits of $1,582 and $1,037, respectively. The Company does not believe the balances present a material credit risk, as the cash is held with reputable financial institutions and the Company has never experienced any losses related to these balances, although no assurance can be provided that it will not experience any losses in the future.

*4. Revenue Recognition*

We recognize revenue in accordance with ASC 606 applying the five-step model. The Company evaluates each customer contract to identify the distinct performance obligations promised therein. A performance obligation is considered distinct if the customer can benefit from the good or service on its own or together with other resources that are readily available, and if the Company's promise to transfer the good or service is separately identifiable from other promises in the contract. If an individual promised good or service is not distinct from another promised good or service, the Company combines those promised goods or services into a single combined performance obligation. The total contract transaction price is allocated to the identified distinct 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. For contracts when one or more performance obligations have observable standalone selling prices, the residual approach is applied to determine the allocation for highly variable components, including SaaS and support pricing, which both vary based on engagement size.

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. The Company generally does not accept returns or provide refunds related to its customer contracts.

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 few contracts with material extended payment terms as payment is typically due at or shortly after the time of the sale, ranging between thirty and ninety days. In those instances where the Company offers material extended payment terms (most commonly in multi-year arrangements), the Company determines whether a significant financing component exists. Where the Company acts as an agent to a transaction on behalf of its customers (primarily for the sale of extended warranties that are performed by the equipment manufacturer), the Company recognizes revenue on a net basis. 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.

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 or as the Company satisfies 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 and uses the practical expedient that permits the Company to assume current conditions as of the balance sheet date do not change for the remaining life of current accounts receivable and current contract assets. 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 opening accounts receivable balance as of January 1, 2025 was $10,605, net of the allowance for credit losses.

The Company had the following activity for its allowance for credit losses for the nine months ended September 30, 2026 and 2025:

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Balance as of beginning of period | $ 301 | $ 708 |
| Provision for credit losses | 260 | 201 |
| Write-offs charged against the allowance | (213) | (200) |
| Balance as of end of period | $ 348 | $ 709 |

*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, 2026 | December 31, 2025 |
|---|---|---|
| Raw materials | $ 4,535 | $ 4,822 |
| Work-in-process | 1,690 | 2,598 |
| Total inventories | $ 6,225 | $ 7,420 |

*7. Goodwill*

Goodwill represents the excess of the purchase price paid by the Company over the fair value of net assets acquired by the Company in a business combination. Goodwill is subject to an impairment test at the reporting unit level on an annual basis at September 30 of each 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 performed its annual goodwill impairment assessment as of September 30, 2026, using a quantitative evaluation to determine whether the fair value of the reporting unit exceeded its carrying amount. In performing the quantitative assessment, management, with the assistance of a third-party valuation specialist, estimated the fair value of the reporting unit using an equally weighted combination of the income approach, based on a discounted cash flow analysis of management's projections, and the market approach, based on revenue and EBITDA multiples of guideline public companies, and considered the Company's market capitalization adjusted for a control premium as a corroborating indicator of value. Key assumptions included projected revenue growth and EBITDA margins, a discount rate of 22.5%, a long-term growth rate of 3.0% and selected market multiples, which represent Level 3 inputs within the fair value hierarchy. Based on this assessment, management concluded that the fair value of the reporting unit exceeded its carrying amount, and therefore no goodwill impairment was recognized as of September 30, 2026.

The valuation of goodwill and intangible assets is subject to a high degree of judgment, uncertainty, and complexity. 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 in future periods.

*8. Basic and Diluted Net (Loss) Income per Common Share*

The Company's net (loss) income per common share is calculated using the two-class method in accordance with ASC 260, *Earnings Per Share*. The two-class method allocates net income between common stockholders and holders of participating securities. The Company's Series A Redeemable Convertible Preferred Stock are deemed to be participating securities due to their rights to participate in dividends with common stock. However, the two-class method has no impact on the calculation of net loss per common share during periods when the Company has a net loss, because the holders of participating securities are not required to absorb losses.

Basic net (loss) income per common share is computed by dividing net (loss) income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net (loss) income per common share is computed by dividing net (loss) income attributable to common stockholders by the weighted average number of common shares outstanding, plus fully vested shares that are subject to issuance for little or no monetary consideration and the number of additional common shares that would have been outstanding if the potential common shares had been issued (computed using the more dilutive of the treasury stock or the if converted method, as applicable, and the two-class method).

Shares reserved for outstanding stock options, including stock options with performance restricted vesting, and warrants totaling 7,855,750 shares and 30,000 shares of the Series A Redeemable Convertible Preferred Stock, convertible into 10,478,594 shares of common stock as of September 30, 2026 were excluded from the computation of diluted net loss per common share for the three and nine months ended September 30, 2026 as the Company was in a net loss position and their inclusion would have been anti-dilutive. Shares reserved for outstanding stock options, including stock options with performance restricted vesting, and warrants totaling 7,815,815 shares at September 30, 2025 were excluded from the computation of diluted net loss per common 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.

*9. Foreign Currency Translation*

The functional currency of the Company's Canadian subsidiaries is the Canadian dollar. The financial statements of these subsidiaries are translated into U.S. dollars in accordance with ASC 830, *Foreign Currency Matters*. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenue and expense accounts are translated at the average exchange rates during the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) within shareholders' equity. Gains and losses arising from foreign currency transactions are included in other expense (income), net in the condensed consolidated statements of operations.

*10. 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: the fair value of assets acquired and liabilities assumed in business combinations, including identifiable intangible assets; allowance for credit losses; valuation allowances related to deferred tax assets, including the realizability of acquired Canadian deferred tax assets; assumptions and estimates used to evaluate the recoverability of goodwill and other intangible assets and the related amortization methods and periods; the incremental borrowing rate used to measure right-of-use assets and lease liabilities; the fair value of stock-based compensation awards; and the assessment of the Company's ability to continue as a going concern, including projected cash flows and available liquidity. Actual results could differ from those estimates.

*11. Reclassifications*

Certain prior year amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current year presentation. These reclassifications had *no* effect on previously reported net loss, total assets, total liabilities, shareholders' equity, or cash flows from operations. Management has evaluated these reclassifications and determined that they are *not* material, individually or in the aggregate, to the condensed consolidated financial statements taken as a whole.

**NOTE 3: REVENUE RECOGNITION**

The Company applies ASC 606 for revenue recognition. The table below disaggregates the Company's revenue by major source as follows:

| | For the Three Months Ended September 30, 2026 | For the Three Months Ended September 30, 2025 | For the Nine Months Ended September 30, 2026 | For the Nine Months Ended September 30, 2025 |
|---|---|---|---|---|
| Hardware | $ 11,357 | $ 4,168 | $ 23,389 | $ 14,635 |
| Services: | | | | |
| Managed Services | 5,371 | 4,456 | 15,392 | 13,187 |
| Digital Media Advertising | 4,391 | - | 11,194 | - |
| Installation Services | 3,311 | 1,109 | 9,400 | 3,943 |
| Other Services | 1,778 | 814 | 4,686 | 1,546 |
| Total Services | 14,851 | 6,379 | 40,672 | 18,676 |
| Total Hardware and Services | $ 26,208 | $ 10,547 | $ 64,061 | $ 33,311 |

The opening deferred revenue balance as of January 1, 2025 was $1,137. The following table presents the activities in deferred revenue for the nine months ended September 30, 2026:

| | 2026 |
|---|---|
| Balance, January 1 | $ 8,115 |
| Amounts billed and deferred during the period | 11,440 |
| Revenue recognized that was included in the beginning balance | (8,751) |
| Revenue recognized from amounts deferred during the period | (5,687) |
| Foreign currency translation adjustment on Canadian deferred revenue | (80) |
| Balance, September 30 | $ 5,037 |

The opening customer deposits balance as of January 1, 2025 was $2,181. The following table presents the activities in customer deposits for the nine months ended September 30, 2026:

| | 2026 |
|---|---|
| Balance, January 1 | $ 1,823 |
| Customer deposits received during the period | 8,537 |
| Revenue recognized that was included in the beginning balance | (1,614) |
| Revenue recognized from amounts received during the period | (6,245) |
| Balance, September 30 | $ 2,501 |

There were no significant revenues recognized during the nine months ended September 30, 2026 and 2025 from performance obligations that were satisfied (or partially satisfied) in prior periods as a result of contract price changes, changes in estimates or variable consideration true-ups.

As of September 30, 2026, the aggregate amount of the transaction price allocated to remaining performance obligations (i.e., unsatisfied or partially unsatisfied performance obligations) was $6,673. The following table presents the expected timing of recognition of that amount:

| Recognition Period | Amount |
|---|---|
| Within 1 year | $ 5,144 |
| Thereafter | 1,529 |
| | $ 6,673 |

The remaining performance obligations in the table above primarily consist of non-cancellable multi-year SaaS and maintenance agreements, under which the Company recognizes SaaS and maintenance revenue ratably over the contract term. The Company has elected the optional exemption under ASC 606-10-50-14 and does not disclose information about remaining performance obligations for contracts with an original expected duration of one year or less, which primarily consist of short-term digital media advertising contracts, month-to-month support agreements, media revenue, and transactional arrangements (e.g., hardware and installation, software design and development, content creation).

## NOTE 4: BUSINESS COMBINATION

On November 7, 2025, the Company completed the acquisition of DDC Group International, Inc. (“DDC”), the parent of Cineplex Digital Media Inc. and Cineplex Digital Media U.S. Inc. (collectively, “CDM”), from Cineplex Entertainment Limited Partnership for cash consideration of approximately CAD $60,263 (approximately USD $42,761). The acquisition was accounted for as a business combination under ASC 805, *Business Combinations* with November 7, 2025 as the acquisition date. The Company’s preliminary purchase price allocation, including the related deferred tax assets and liabilities, remained subject to change during the one-year measurement period in accordance with ASC 805-10-25-13 through 25-19. The measurement period closed on November 6, 2026. The initial accounting for the CDM acquisition is incomplete as of September 30, 2026 because the Company is continuing to obtain and evaluate information about facts and circumstances that existed as of the acquisition date. The items for which the initial accounting remains incomplete include the valuation of acquired identifiable intangible assets, the assessment of acquired deferred tax assets and liabilities, the resolution of post-closing working capital adjustments, and the resulting goodwill.

During the nine months ended September 30, 2026, the Company recorded measurement period adjustments to the preliminary purchase price allocation related to the acquired net deferred tax liability. At the acquisition date, certain amounts in the preliminary purchase price allocation, including the acquired net deferred tax liability, were recorded on a provisional basis pending the receipt of additional information. During the nine months ended September 30, 2026, the Company obtained additional information about facts and circumstances that existed as of the acquisition date, which resulted in a measurement period adjustment that decreased the acquired net deferred tax liability by $2,293, with a corresponding decrease to goodwill. After giving effect to this adjustment, the acquired net deferred tax liability and goodwill recognized in connection with the CDM acquisition were $78 and $22,972, respectively, as of September 30, 2026 (compared to $2,215 and $26,013, respectively, as initially reported as of the acquisition date). The following table summarizes the measurement period activity.

| | Purchase Price Allocation (Preliminary) | Measurement Period Adjustments | Purchase Price Allocation (As Revised) |
|---|---|---|---|
| **Purchase Consideration:** | | | |
| Cash (net of cash acquired of $4,778) | $ 37,983 | $ (748) | $ 37,235 |
| **Less:** | | | |
| Technology platform | 6,656 | - | 6,656 |
| Customer relationships | 14,324 | - | 14,324 |
| Non-compete covenant | 21 | - | 21 |
| Unfavorable lease | (41) | - | (41) |
| Operating lease right-of-use assets | 571 | - | 571 |
| Finance lease right-of-use assets | 23,309 | - | 23,309 |
| Operating lease liabilities | (571) | - | (571) |
| Finance lease liabilities | (23,309) | - | (23,309) |
| Property and equipment | 2,711 | - | 2,711 |
| Deferred tax liability | (2,215) | 2,293 | 78 |
| Debt-free net working capital deficit | (9,486) | - | (9,486) |
| **Fair Value of Identified Net Assets** | $ 11,970 | $ 2,293 | $ 14,263 |
| **Remaining Goodwill Value** | $ 26,013 | $ (3,041) | $ 22,972 |
| **Fair Value of Net Assets Acquired** | $ 37,983 | $ (748) | $ 37,235 |

The measurement period adjustment recorded during the nine months ended September 30, 2026 reflects new information obtained about facts and circumstances that existed as of the acquisition date and did not have a material impact on the Company's results of operations in any prior period. The preliminary purchase price allocation, including the items identified above, remains subject to further adjustment during the remainder of the measurement period as additional information is obtained, and any such adjustments will be recognized in the reporting period in which they are determined.

## NOTE 5: SUPPLEMENTAL CASH FLOW STATEMENT INFORMATION

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| **Supplemental non-cash investing and financing activities:** | | |
| Issuance costs related to common stock and warrants sold in registered offering | $ 1,296 | $ - |
| Effect of measurement period adjustments to goodwill | $ 3,041 | $ - |
| Capitalized software in accounts payable | $ 40 | $ 30 |
| Property and equipment in accounts payable | $ - | $ 4 |
| Issuance of notes payable as partial settlement of contingent consideration | $ - | $ 4,000 |
| Issuance of warrants as partial settlement of contingent consideration | $ - | $ 1,040 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ - | $ 1,509 |
| Tenant allowance receivable recognized under lease incentive | $ - | $ 100 |
| | | |
| **Supplemental disclosure information for cash flow** | | |
| Cash paid during the period for: | | |
| Interest | $ 2,652 | $ 1,249 |
| Operating leases | $ 562 | $ 414 |
| Income taxes | $ 32 | $ 56 |

## NOTE 6: PREPAID EXPENSES AND OTHER CURRENT ASSETS

As of September 30, 2026 and December 31, 2025, prepaid expenses and other current assets consisted of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Vendor, project and hardware prepayments | $ 191 | $ 1,431 |
| Due from Cineplex as part of working capital adjustment | 748 | - |
| Severance receivable | 583 | 1,728 |
| Minimum annual guarantee reimbursement receivable | - | 820 |
| Other receivables | 226 | 412 |
| Prepaid subscriptions | 559 | 346 |
| Prepaid marketing | 79 | 236 |
| Prepaid other | 59 | 145 |
| Tax receivables | 281 | 148 |
| Prepaid insurance | 120 | 81 |
| | $ 2,846 | $ 5,347 |

## NOTE 7: SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK

### Dividend Rights

The Series A Redeemable Convertible Preferred Stock ("Series A Preferred") ranks senior to the Company's common stock with respect to dividend rights and rights upon liquidation. Each share has a liquidation preference equal to $1,000 per share plus accrued and unpaid dividends. The liquidation preference of the Series A Preferred totaled $31,436 as of September 30, 2026.

The Series A Preferred bears cumulative dividends at a rate of 5.25% per annum on the stated value. Dividends accrue daily and compound quarterly beginning on November 6, 2025, and accrue for a five-year period (the "Guaranteed Term"). Dividends are not payable in cash during the Guaranteed Term, except at the Company's option. Upon certain events occurring during the Guaranteed Term, including a liquidation, fundamental transaction (see below) or mandatory conversion, holders are entitled to a make-whole amount representing dividends that would have accrued through the end of the Guaranteed Term.

Dividends are recorded as an increase to the carrying value of the Series A Preferred and as an adjustment to net loss attributable to common shareholders in the calculation of basic and diluted net (loss) income per common share. The Company recorded $411 and $1,203 in preferred dividends during the three and nine months ended September 30, 2026, respectively. The Series A Preferred was issued on November 6, 2025, therefore there were no preferred dividends during the three and nine months ended September 30, 2025.

### Conversion Rights

Each share of Series A Preferred is convertible at the holder's option into shares of common stock at a rate calculated by dividing the liquidation preference thereof by a conversion price of $3.00 per share, subject to adjustment. The Series A Preferred was convertible into 10,478,594 and 10,077,671 shares of common stock as of September 30, 2026 and December 31, 2025, respectively, subject to a limitation preventing any holder from beneficially owning more than 19.99% of the outstanding common stock (which percentage may be increased to 49.99% upon 61 days' notice from the holder) and a limitation that prevents the total number of shares issuable upon conversion of Series A Preferred from exceeding 2,102,734 shares (which any holder may elect not to apply to such holder's conversion(s) upon giving 61 days' written notice to the Company). The Company may require the conversion of all outstanding shares of Series A Preferred on or after the third anniversary of issuance if specified operating results and common stock price conditions are met.

### Redemption Rights

A fundamental transaction includes, among other events, a merger, consolidation, sale of substantially all assets, tender offer resulting in a change of control, recapitalization or similar transaction (a "Fundamental Transaction"). Upon the occurrence of a Fundamental Transaction, holders are entitled to receive the greater of (i) the liquidation preference, including accrued dividends and the make-whole amount, or (ii) the amount they would have received on an as-converted basis, based on the consideration paid per common share in the Fundamental Transaction or, if that consideration is not cash, the market price of the common stock. The redemption amounts of the Series A Preferred, measured as if the balance sheet dates were the redemption dates, were $38,940 as of September 30, 2026 and December 31, 2025 (estimate using conversion price of $3.00 subject to clause (i)). The redemption amount will change in future periods as the market price of the common stock changes.

Since the redemption of the Series A Preferred is contingently or optionally redeemable and therefore not certain to occur, the Series A Preferred is not required to be classified as a liability under ASC 480, *Distinguishing Liabilities from Equity*. As the Series A Preferred is redeemable in certain circumstances upon the occurrence of an event that is not solely within the Company's control, the Company has classified the Series A Preferred in temporary equity in the condensed consolidated balance sheets. Because redemption is contingent and not currently probable, the Company has not accreted the carrying value to the redemption amount as of September 30, 2026 and December 31, 2025.

### Registration Rights

In connection with the issuance, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") requiring the Company to file and maintain an effective registration statement covering the resale of the shares of common stock issuable upon conversion. The Registration Rights Agreement provides for liquidated damages of up to 6% of the aggregate purchase price in the event of certain registration failures. As of September 30, 2026 and December 31, 2025, no liability has been recorded related to these provisions because the Company has maintained an effective registration statement and does not consider the payment of liquidated damages to be probable. The Company accounts for the Registration Rights Agreement as a separate unit of account in accordance with ASC 825-20, *Registration Payment Arrangements*, and recognizes a liability when payment becomes probable and the amount is reasonably estimable.

**NOTE 8: ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

As of September 30, 2026 and December 31, 2025, accrued expenses and other current liabilities consisted of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Accrued compensation | $ 1,675 | $ 1,753 |
| Sales and use taxes payable | 2,092 | 1,591 |
| Accrued interest | 245 | 288 |
| Accrued purchases | 1,743 | 77 |
| Other accrued expenses | 82 | 128 |
| | $ 5,837 | $ 3,837 |

**NOTE 9: DEBT**

As of September 30, 2026 and December 31, 2025, debt consisted of the following:

| | Issuance Date | Maturity Date | September 30, 2026 | December 31, 2025 | Interest Rate |
|---|---|---|---|---|---|
| **Amended and Restated Credit Agreement:** | | | | | |
| New Revolving Credit Facility | 11/6/2025 | 11/6/2028 | $ 5,119 | $ 4,940 | See below |
| Term Loan Facility | 11/6/2025 | 11/6/2028 | 32,000 | 35,700 | See below |
| **Promissory Note** | 3/14/2025 | 9/14/2027 | 3,198 | 3,810 | 14% |
| Total debt | | | 40,317 | 44,450 | |
| Less: debt issuance costs | | | 366 | 497 | |
| Total debt, net | | | 39,951 | 43,953 | |
| Less: current portion of debt, net | | | 6,798 | 4,430 | |
| Total non-current portion of debt, net | | | $ 33,153 | $ 39,523 | |

Deferred financing costs related to the New Revolving Credit Facility of $320 and $435 as of September 30, 2026 and December 31, 2025, respectively, are included in other non-current assets on the condensed consolidated balance sheets.

**Amended and Restated Credit Agreement**

On November 6, 2025 (the "Refinancing Date"), the Company and certain of its subsidiaries entered into the Amended and Restated Credit Agreement (the "Amended Credit Agreement"), with FMB acting as agent ("Agent"), and a new syndicate of lenders ("Lenders") which included FMB and two additional creditors, Northwest Bank ("NWB") and Axos Bank ("Axos"; together with NWB, the "New Lenders"). The Amended Credit Agreement provides the Company, CDMI and CDMUS (collectively, "Borrowers") with two debt facilities, a three-year term loan of $36,000 (the "Term Loan") and a three-year revolving line of credit of up to $22,500 (the "New Revolving Credit Facility"). The Term Loan and New Revolving Credit Facility in the Amended Credit Agreement both have maturity dates of November 6, 2028 (the "Maturity Date") and are secured by all the assets of the Borrowers.

Additionally, monthly interest payments for both facilities of the Amended Credit Agreement are due and payable on the first day of each successive calendar month following the Refinancing Date, which commenced on December 1, 2025, at a rate equal to the sums of (a) the one-month Term SOFR, (b) base rate of 0.11%; and (c) a floating margin ranging between (i) 2.75% to 3.25% for the New Revolving Credit Facility, or (ii) 3.00% to 3.50% for the Term Loan, in each case adjusted quarterly based upon the Company's Senior Funded Debt to earnings before interest, taxes, depreciation, and amortization ("EBITDA") Ratio (as defined in the Amended Credit Agreement). The floating margin is computed as follows:

| Pricing Grid Level | Senior Debt to Adjusted EBITDA Ratio | Margin Applicable to Revolving Credit Advances | Margin Applicable to the Term Loan |
|---|---|---|---|
| I | < 2.50x | 2.75% | 3.00% |
| II | > 2.50x | 3.25% | 3.50% |

The Amended Credit Agreement requires the Borrowers to comply with certain financial covenants on a quarterly basis related to a Fixed Charge Coverage Ratio and Senior Funded Debt to EBITDA Ratio (each as defined in the Amended Credit Agreement). As of September 30, 2026, the Borrowers were in compliance with the terms of the Amended Credit Agreement.

On February 16, 2026, and in conjunction with the Warrant Repurchase Agreement (see Note 13), the Company and certain of its subsidiaries entered into a First Amendment to Amended and Restated Credit Agreement (the "Amendment") with the Lenders and FMB as Agent for the Lenders. Pursuant to the Amendment, the Agent and Lenders provided requisite consent to the Company for the Warrant Repurchase and the parties agreed that payment of the Warrant Repurchase price would not reduce the amount of "Excess Cash Flow" of the Company for purposes of determining certain Company prepayment obligations.

On June 26, 2026, the Agent and the Lenders provided the requisite consent under the Amended Credit Agreement for the Company to complete its underwritten public offering of common stock (see Note 12) and pre-funded warrants (see Note 13). The consent did not amend or waive any other provision of the Amended Credit Agreement. On July 1, 2026, the Company used $9,181 of the net proceeds of the offering to prepay borrowings of debt under the Amended Credit Agreement in accordance with its existing terms. Of the prepayment, $1,000 was applied to the Term Loan and $8,181 to the New Revolving Credit Facility.

During the nine months ended September 30, 2026, the Company recorded amortization of debt discount on the Term Loan of $131, and amortization of deferred financing costs on the New Revolving Credit Facility of $114, recorded as interest expense in the Company's condensed consolidated statements of operations. During the nine months ended September 30, 2025, the Company recorded amortization of deferred financing costs on its prior revolving credit facility of $77.

During the nine months ended September 30, 2026, the Company repaid $3,700 in principal related to the Term Loan, including the $1,000 prepayment discussed above. During the nine months ended September 30, 2026, the Company borrowed $28,772 and repaid $28,592 under the New Revolving Credit Facility, including the $8,181 prepayment discussed above. During the nine months ended September 30, 2025, the Company borrowed $28,215 and repaid $23,096 under the prior revolving credit facility. At September 30, 2026, the remaining available amount under the New Revolving Credit Facility was $17,381.

**Promissory Note**

The Promissory Note was issued on March 14, 2025 as part of the settlement agreement with Reflect and RSI Exit Corporation, pursuant to which the Company settled and resolved a dispute regarding the amount and enforceability of the guaranteed contingent consideration liability. It is an unsecured obligation of the Company. The Promissory Note bears interest at a fixed annual rate of 14.0% (the "Interest Rate"). 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 "Default Rate"). 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 $2,386, representing the remaining principal and accrued but unpaid interest outstanding at maturity. During the nine months ended September 30, 2026, the Company made principal repayments of $612 on the Promissory Note.

The Stockholders' Representative's rights under the Promissory Note are subject to a Subordination Agreement dated March 14, 2025, by and among the Company, 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 Amended Credit Agreement, the Company is prohibited from making any payments on the Promissory Note unless FMB provided prior written consent, and the Stockholders' Representative is prohibited from accepting or enforcing any payments during the subordination period. As of September 30, 2026, the Company is in compliance with the monthly required payments and there have been no events of default.

**NOTE 10: COMMITMENTS AND CONTINGENCIES**

On September 30, 2026, Starlite Media LLC and Starlite Digital Infrastructure, LLC, a former customer of the Company, filed a lawsuit against the Company in Hennepin County District Court, Minnesota, Case No. 27-CV-26-16896, alleging defects in outdoor digital display systems, misrepresentations concerning the Company's experience and capabilities, and inadequate remediation. The complaint asserts claims for fraud, negligent misrepresentation, breach of contract and warranties, negligent design, strict liability, unjust enrichment, and rescission. Plaintiffs seek damages exceeding $10 million or, alternatively, rescission and restitution. The Company disputes the allegations, believes it has factual and legal defenses to the claims raised in the lawsuit, and plans to vigorously defend against the plaintiff's claims. The Company is evaluating insurance coverage that may be applicable to defense costs and alleged damages. Based on the information currently available at the lawsuit's current stage, the Company cannot reasonably predict its outcome or any potentially associated losses, which are inherently uncertain. As a result, no accrual has been recorded in the accompanying financial statements as of September 30, 2026.

Except as set forth above, 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 11: INCOME TAXES

The Company's deferred tax assets are primarily related to net federal and state operating loss carryforwards ("NOLs"). The Company has 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. The Company has performed a preliminary analysis of the annual NOL carryforwards and limitations that are available to be used against taxable income. Deferred tax assets are evaluated quarterly for recoverability based on available positive and negative evidence. Based on the history of losses the Company continues to maintain a full valuation allowance against U.S. and Canadian deferred tax assets with definite lives as management determined that realization of such assets does not meet the more-likely-than-not threshold.

For the nine months ended September 30, 2026, the Company has utilized the estimated annual effective tax rate method under which the Company determined its provision for income taxes based on the current estimate of its annual effective tax rate.

For the three months ended September 30, 2026 and 2025, the Company recorded income tax benefit of $160 and $82, respectively. For the nine months ended September 30, 2026 and 2025, the Company recorded income tax benefit of $1,005 and $9, respectively. At September 30, 2026, the net deferred tax liabilities were $167 after valuation allowance, compared to net deferred tax liabilities of $3,541 at December 31, 2025. See Note 4 related to a reduction in the deferred tax liability assumed in the CDM acquisition that occurred during the measurement period.

## NOTE 12: COMMON STOCK

### June 2026 Public Offering

On June 30, 2026, the Company completed an underwritten public offering of 2,528,571 shares of common stock at a public offering price of $3.50 per share and pre-funded warrants to purchase 900,000 shares of common stock at a public offering price of $3.49 per pre-funded warrant (see Note 13). The offering was made pursuant to the Company's shelf registration statement on Form S-3, which was declared effective on June 16, 2026, and a related prospectus supplement dated June 29, 2026. The Company had net proceeds from the offering of $10,784, which was comprised of gross proceeds from the offering of $11,991 reduced by issuance costs in aggregate of $1,207 related to underwriting discounts and commissions, underwriter expense reimbursements, and other fees paid to third parties. As additional consideration to the underwriter of the offering, the Company granted the underwriter a 30-day option to purchase up to 428,614 additional shares of common stock at the $3.50 public offering price per share, less underwriting discounts and commissions. In July 2026, the underwriter exercised the option in full. As a result, the Company issued 428,614 shares of common stock for net proceeds of $1,322.

### Warrant Exercises

During the nine months ended September 30, 2026, holders of 19,004 warrants with an exercise price of $3.25 per share exercised their rights to purchase shares of the Company's common stock, par value $0.01 per share, on a cashless basis pursuant to the terms of the original warrant agreements, resulting in the issuances of 2,656 shares. The Company received no cash proceeds from these exercises.

## NOTE 13: WARRANTS

The Company had outstanding warrants classified as equity instruments in the Company's condensed consolidated financial statements totaling 3,614,299 shares and 5,364,802 shares at September 30, 2026 and December 31, 2025, respectively, in each case excluding the Pre-Funded Warrants described below. The weighted average exercise price of the outstanding warrants was $4.02 and $4.66 at September 30, 2026 and December 31, 2025, respectively. The weighted average remaining contractual life of the outstanding warrants was 2.00 and 2.55 years at September 30, 2026 and December 31, 2025, respectively. The decrease in outstanding warrants during the nine months ended September 30, 2026 is attributable to the repurchase and cancellation of the Warrant exercisable for 1,731,499 shares described below and the cashless exercises of 19,004 warrants (see Note 12).

On February 16, 2026, the Company entered into a Warrant Repurchase Agreement (the "Warrant Repurchase Agreement") with Slipstream Communications, LLC (the "Warrant Holder"). Under the Warrant Repurchase Agreement, the Company agreed to repurchase from the Warrant Holder a warrant (the "Warrant") to purchase shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), for an aggregate repurchase price of $200. There was no repurchase feature in the original warrant agreement that would have impacted the equity classification of these warrants while they were outstanding. The repurchase was negotiated between the parties in a separate transaction. The Warrant was initially issued to the Warrant Holder pursuant to a Second Amended and Restated Loan and Security Agreement, dated as of February 17, 2022, by and among the Company, the Warrant Holder and the other signatories thereto and was subsequently amended and restated twice, as of June 30, 2022 and as of October 17, 2024, respectively. As amended and restated, the Warrant was exercisable for up to an aggregate of 1,731,499 shares of Common Stock (the "Warrant Shares") at an exercise price per Warrant Share equal to $6.00. The closing of the Warrant Repurchase was completed on February 17, 2026. Upon settlement of the transaction, the Warrant was cancelled and is of no further force or effect.

**Pre-Funded Warrants**

On June 30, 2026, in connection with the public offering described in Note 12, the Company issued pre-funded warrants to purchase 900,000 shares of common stock (the "Pre-Funded Warrants") at an exercise price of $0.01 per share. The Pre-Funded Warrants are exercisable immediately, have no expiration date, and may be exercised at the holder's election on a cashless basis. Exercise of the Pre-Funded Warrants is subject to a 4.99% beneficial ownership limitation, which a holder may increase to 9.99% upon 61 days' notice to the Company. The Pre-Funded Warrants do not contain any other provisions except for certain standard anti-dilution provisions subject to adjustments as a result of stock dividends, stock splits, stock combinations, or stock recapitalizations, and meet the criteria for equity classification. Accordingly, the Company recorded additional paid-in capital in an amount equal to net proceeds of $2,811, which was comprised of gross proceeds of $3,141 and issuance costs of $330, and is included in the total net proceeds from the offering of $10,784 disclosed in Note 12.

There were no exercises of the Pre-Funded Warrants from issuance through September 30, 2026, and 900,000 shares remained outstanding as of September 30, 2026.

**NOTE 14: STOCK-BASED COMPENSATION**

**Time Vesting Options**

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 (as amended, the "2023 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 are recognized as stock-based compensation expense on a straight-line basis 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 2023 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 are recognized as stock-based compensation expense on a straight-line basis over the requisite service period in accordance with ASC 718 based on the grant-date fair value of the options.

On April 17, 2026, the Company granted stock options to purchase 150,000 shares of common stock to an employee under the 2023 Plan. The options have an exercise price of $3.84 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 3.99%, dividend yield of 0%, and the Company's stock price of $3.84 as of the valuation date. The awards are recognized as stock-based compensation expense on a straight-line basis over the requisite service period in accordance with ASC 718 based on the grant-date fair value of the options.

On May 27, 2026, the Company granted stock options to purchase an aggregate of 373,500 shares of common stock to employees under the 2023 Plan. The options have an exercise price of $3.69 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 93%, expected term of 6.5 years, risk-free interest rate of 4.28%, dividend yield of 0%, and the Company's stock price of $3.69 as of the valuation date. The awards are recognized as stock-based compensation expense on a straight-line basis over the requisite service period in accordance with ASC 718 based on the grant-date fair value of the options.

A summary of time vesting options is included below:

| Range of Exercise Prices Between | Number Outstanding | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Options Exercisable | Weighted Average Exercise Price |
|---|---|---|---|---|---|
| $0.01 - $4.00 | 1,529,500 | 9.01 | $ 2.89 | 268,000 | $ 2.38 |
| $4.01 - $8.00 | 386,671 | 3.98 | $ 7.34 | 386,671 | $ 7.34 |
| $8.01+ | 6,946 | 1.57 | $ 21.24 | 6,946 | $ 21.24 |
| | 1,923,117 | 7.98 | $ 3.85 | 661,617 | $ 5.47 |

**Performance Vesting Options**

A summary of performance vesting options is included below:

| Number Outstanding | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Options Exercisable | Weighted Average Exercise Price |
|---|---|---|---|---|
| 160,000 | 3.67 | $ 7.59 | 160,000 | $ 7.59 |

**Market Vesting Options**

On June 2, 2025, the Company accelerated the vesting of the market-vesting 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 nine months ended September 30, 2025.

A summary of market vesting options is included below:

| Number Outstanding | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | Options Exercisable | Weighted Average Exercise Price |
|---|---|---|---|---|
| 733,334 | 5.71 | $ 3.00 | 733,334 | $ 3.00 |

A summary of total outstanding options is included below:

| | *Market Vesting Options* | | *Time Vesting Options* | | *Performance Vesting Options* | |
|---|---|---|---|---|---|---|
| **Date/Activity** | **Options Outstanding** | **Weighted Average Exercise Price** | **Options Outstanding** | **Weighted Average Exercise Price** | **Options Outstanding** | **Weighted Average Exercise Price** |
| Balance, January 1, 2026 | 733,334 | $ 3.00 | 1,635,230 | $ 4.24 | 240,000 | $ 7.59 |
| Granted | - | $ - | 523,500 | $ 3.73 | - | $ - |
| Forfeited or expired | - | $ - | (235,613) | $ 5.92 | (80,000) | $ 7.59 |
| Balance, September 30, 2026 | 733,334 | $ 3.00 | 1,923,117 | $ 3.85 | 160,000 | $ 7.59 |

The weighted average remaining contractual life for total exercisable options is 5.55 years as of September 30, 2026.

**Employee Awards**

Stock-based compensation expense recognized related to stock options and restricted stock units to employees for the three months ended September 30, 2026 and 2025 was $376 and $308, respectively, and is included in general and administrative expenses in the condensed consolidated financial statements.

Stock-based compensation expense recognized related to stock options and restricted stock units to employees for the nine months ended September 30, 2026 and 2025 was $1,022 and $1,559, respectively, and is included in general and administrative expenses in the condensed consolidated financial statements.

As of September 30, 2026, there was $3,364 of total unrecognized compensation expense related to unvested share-based awards, which is expected to be recognized over a weighted average period of approximately 2.11 years.

**Director Awards**

Compensation expense recognized for the issuance of stock options awarded to our Board of Directors for the three months ended September 30, 2026 and 2025 was $54 and $27, respectively, and was included in general and administrative expenses in the condensed consolidated financial statements.

Compensation expense recognized for the issuance of stock options awarded to our Board of Directors for the nine months ended September 30, 2026 and 2025 was $162 and $120, respectively, and was included in general and administrative expenses in the condensed consolidated financial statements.

As of September 30, 2026 there was $54 unrecognized compensation expense related to share-based awards to directors, which is expected to be recognized over a weighted average period of approximately 0.25 years.

## NOTE 15: SEGMENT REPORTING

We currently operate in one reportable segment, marketing technology solutions. The marketing technology solutions segment generates revenue through four 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, (3) recurring subscription licensing and support revenue from our digital signage and ad-tech software platforms, which are generally sold via a SaaS model, and (4) selling digital out-of-home (“DOOH”) advertising on infrastructure it owns or operates at retail malls, shopping centers, office buildings, and other commercial properties.

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 3, 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 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**

We had three customers that accounted for 12%, 12%, and 11% of revenue for the three months ended September 30, 2026, compared to no customer that accounted for more than 10% of revenue for the three months ended September 30, 2025.

We had two customers that accounted for 13% and 10% of revenue for the nine months ended September 30, 2026, compared to no customer that accounted for more than 10% of revenue for the nine months ended September 30, 2025.

We had one customer that accounted for 16% of accounts receivable as of September 30, 2026 and one customer that accounted for 12% of accounts receivable as of December 31, 2025.

**Revenues by Geographical Area**

The following table summarizes our revenue recognized in the condensed consolidated statements of operations by customer geographical area:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| **Revenues by Customer Geographical Area:** | | | | |
| United States | $ 19,165 | $ 10,547 | $ 45,153 | $ 33,311 |
| Canada | 7,043 | - | 18,908 | - |
| Total Revenues | $ 26,208 | $ 10,547 | $ 64,061 | $ 33,311 |

**Significant Vendors**

One vendor accounted for more than 10% of outstanding accounts payable at September 30, 2026, and three vendors accounted for 30%, 18% and 10% of outstanding accounts payable at December 31, 2025.

**Long Lived Assets by Geographical Region**

The following table sets forth our long-lived assets by geographic area, which consists of property and equipment, net and operating and finance lease right-of-use assets:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| United States | $ 1,609 | $ 1,950 |
| Canada | 20,450 | 25,762 |
| Total | $ 22,059 | $ 27,712 |

**NOTE 16: LEASES**

The Company's lease portfolio primarily comprises operating leases for office space and finance leases for computer equipment and DOOH media assets from the acquisition of CDM. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on whether the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. Leases are classified as operating or finance leases at the commencement date of the lease. Leases may include one or more options to renew. We do not assume renewals in our determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company determines the discount rate used to measure lease liabilities based on the rate implicit in the lease, if readily determinable. If the implicit rate is not available, the Company uses its incremental borrowing rate, which is determined based on the rate at which the Company could borrow on a collateralized basis over a similar term and in a similar economic environment to the lease.

The following table summarizes the classification of operating and finance lease assets and liabilities in the Company's condensed consolidated balance sheet as follows:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| **Assets:** | | |
| Finance lease assets | $ 16,422 | $ 22,658 |
| Operating lease assets | 1,704 | 2,117 |
| Total lease assets | $ 18,126 | $ 24,775 |
| | | |
| **Liabilities:** | | |
| Operating lease liabilities: | | |
| Current portion of operating lease liabilities | $ 594 | $ 596 |
| Non-current portion of operating lease liabilities | 1,218 | 1,673 |
| Finance lease liabilities: | | |
| Current portion of finance lease liabilities | 5,518 | 3,799 |
| Non-current portion of finance lease liabilities | 12,192 | 17,844 |
| Total lease liabilities | $ 19,522 | $ 23,912 |

The following table summarizes the operating and financing lease expenses in the Company's condensed consolidated statements of operations as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Operating lease expense | $ 181 | $ 199 | $ 542 | $ 514 |
| Finance lease expense: | | | | |
| Amortization of right-of-use assets | 1,848 | 12 | 5,600 | 35 |
| Interest on lease liabilities | 387 | 1 | 1,244 | 4 |
| Total lease expense | $ 2,416 | $ 212 | $ 7,386 | $ 553 |

The following table provides lease term and discount rate information related to operating and finance leases as follows:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Weighted average remaining lease term (years): | | |
| Operating leases | 3.4 | 4.0 |
| Finance leases | 2.3 | 3.0 |
| | | |
| Weighted average discount rate: | | |
| Operating leases | 8.1% | 8.2% |
| Finance leases | 8.0% | 8.0% |

The following sets forth future minimum lease payments as of September 30, 2026:

| Future minimum payments: | Operating Leases | Finance Leases | Total Leases |
|---|---|---|---|
| Remainder of 2026 | $ 186 | $ 2,628 | $ 2,814 |
| 2027 | 677 | 7,964 | 8,641 |
| 2028 | 534 | 8,934 | 9,468 |
| 2029 | 337 | 198 | 535 |
| 2030 | 329 | - | 329 |
| Total undiscounted cash flows | 2,063 | 19,724 | 21,787 |
| Less imputed interest | (251) | (2,014) | (2,265) |
| Present value of lease liabilities | $ 1,812 | $ 17,710 | $ 19,522 |

Supplemental cash flow information and non-cash activity related to leases include the following:

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2026 | 2025 |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows paid for operating leases | $ 562 | $ 517 |
| Operating cash flows paid for finance leases | $ 1,244 | $ - |
| Financing cash flows paid for finance leases | $ 3,277 | $ 35 |

**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 Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission on April 15, 2026.

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 Service Restaurants ("QSR")
- Convenience Stores
- Financial Services
- Automotive
- Lottery
- Mixed Use Developments
- 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;
- Increased customer/guest engagement; and
- Traffic content and advertising

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 and in-store retail media networks. The Company sources leads and opportunities for its solutions through its digital and content marketing initiatives, close relationships with key industry partners, including equipment manufacturers and a media sales agent, 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 effective digital signage and in-store retail media networks. We leverage a 'single vendor' approach, providing customers with a one-stop-shop for sourcing digital signage and media 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 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 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 network operations center ("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 POS 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 the flexibility they need 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.

- **Retail Media Network** – The Company owns and operates the largest mall shopping network in Canada.

**Our Sources of Revenue**

The four 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 and in-store retail media networks, including:
  - Hardware system design/engineering
  - Hardware installation
  - Content development
  - Content scheduling
  - Post-deployment network and field support
  - AdTech to traffic advertising and content directly and through programmatic channels
- Recurring subscription licensing and support revenue from our digital signage software platforms, which are generally sold via a SaaS model. Our platforms:
  - **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;
  - **AdLogic**, the Company's ad management platform for digital signage networks, which presently delivers approximately 50 million ads daily;
  - **Clarity**, the Company's digital signage platform for menu board solutions, which has become a market leader for a range of restaurants, including QSRs and convenience store applications; and
  - **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.
- Selling digital out-of-home (DOOH) advertising on infrastructure it owns or operates at retail malls, shopping centers, office buildings, and other commercial properties.

While hardware sales and support services revenues can fluctuate more significantly year over year based on new, large-scale network deployments, the Company is focusing on maintaining and increasing recurring SaaS revenue as digital signage adoption/utilization expands 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.

**Results of Operations**

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

**Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025**

The tables presented below compare our results of operations from one period to another 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, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change $ | Change % |
| **Sales:** | | | | |
| Hardware | $ 11,357 | $ 4,168 | $ 7,189 | 172% |
| Services and other | 14,851 | 6,379 | 8,472 | 133% |
| **Total sales** | 26,208 | 10,547 | 15,661 | 148% |
| **Cost of sales:** | | | | |
| Hardware | 9,256 | 2,917 | 6,339 | 217% |
| Services and other | 7,216 | 2,853 | 4,363 | 153% |
| **Total cost of sales** | 16,472 | 5,770 | 10,702 | 185% |
| **Gross profit** | 9,736 | 4,777 | 4,959 | 104% |
| | | | | |
| **Operating expenses:** | | | | |
| Sales and marketing expenses | 2,762 | 1,372 | 1,390 | 101% |
| General and administrative expenses | 9,341 | 4,963 | 4,378 | 88% |
| Loss on impairment of software asset | - | 5,712 | (5,712) | -100% |
| **Total operating expenses** | 12,103 | 12,047 | 56 | 0% |
| **Operating loss** | (2,367) | (7,270) | 4,903 | -67% |
| | | | | |
| **Other expenses:** | | | | |
| Interest expense, including amortization of debt discount | 1,201 | 530 | 671 | 127% |
| Other expense, net | 152 | 144 | 8 | 6% |
| **Total other expenses, net** | 1,353 | 674 | 679 | 101% |
| **Loss before income taxes** | (3,720) | (7,944) | 4,224 | -53% |
| Income tax benefit (expense) | 160 | 82 | 78 | 95% |
| **Net loss** | $ (3,560) | $ (7,862) | $ 4,302 | -55% |

***Sales***

Sales increased by $15,661 or 148%, to $26,208 for the three months ended September 30, 2026 compared to the same period in 2025. Hardware revenues during the third quarter of 2026 were $11,357, an increase of $7,189 as compared to the same period in 2025. Hardware increased primarily as a result of continued build out of large customers across multiple verticals, partial fulfillment of a new large sports and entertainment customer, and other large volume hardware fulfillments during the period. Services and other revenues were $14,851, an increase of $8,472 for the three months ended September 30, 2026, as compared to the same period in 2025, due to the inclusion of CDM's operations, which we acquired in November 2025. Managed services revenue, which includes the Company's SaaS subscription services, was $5,371, an increase of $915, or 21%, as compared to the same period in 2025. Digital media advertising was $4,391 compared to $0 in the same period in 2025 as a result of the inclusion of CDM operations. Installation services increased by $2,202, or 199%, driven by continued build out of large customer brands across multiple verticals. Other services increased by $964, or 118%, driven by CDM operations.

***Gross Profit***

Gross profit margin was 37% and 45% for the three months ended September 30, 2026 and 2025, respectively. Hardware gross margin decreased 12 points due to a higher mix of lower-margin QSR deployments during the quarter and inflation on equipment purchases. Services and other gross margin decreased 4 points compared to the prior year quarter, primarily driven by the expiration of certain customer contracts in the second half of 2025 and inclusion of lower-margin CDM services revenue following the acquisition of CDM. Gross margin was further reduced by a shift in revenue mix toward lower-margin hardware revenue, which increased to 43% of total revenue from 40% in the prior year quarter.

***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 expenses. Sales and marketing expenses increased by $1,390, or 101%, for the three months ended September 30, 2026 as compared to the same period in 2025, primarily due to the inclusion of CDM operations, which contributed $670 of expenses for the period and increase in costs to support revenue growth initiatives.

***General and Administrative Expenses***

General and administrative expenses increased by $4,378, or 88%, for the three months ended September 30, 2026 as compared to the same period in 2025. The increase was primarily driven by the inclusion of CDM's operations, which represented $4,617 of expense, partially offset by a $239 decrease in general and administrative expenses at the legacy CRI business.

***Impairment of Software Asset***

The Company did not recognize any impairment of software assets during the three months ended September 30, 2026. 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 a customer communicating in September 2025 that it was unable to renew its software license agreement with the Company due to budget constraints. The absence of this $5,712 charge in 2026 substantially offset the combined $5,768 increase in sales and marketing and general and administrative expenses, resulting in total operating expenses increasing by $56, or less than 1%, compared to the prior-year period.

***Interest Expense***

Interest expense increased by $671, or 127%, during the three months ended September 30, 2026 as compared to September 30, 2025, as a result of borrowings under the Amended Credit Agreement. See Note 9, Debt, to the condensed consolidated financial statements for a discussion of the Company's debt and related interest expense obligations.

***Other Expense (Income)***

The Company recognized $152 in other expenses for the three months ended September 30, 2026 as compared to $144 for the three months ended September 30, 2025.

**Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025**

The tables presented below compare our results of operations from one period to another 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, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change $ | Change % |
| **Sales:** | | | | |
| Hardware | $ 23,389 | $ 14,635 | $ 8,754 | 60% |
| Services and other | 40,672 | 18,676 | 21,996 | 118% |
| **Total sales** | 64,061 | 33,311 | 30,750 | 92% |
| **Cost of sales:** | | | | |
| Hardware | 19,372 | 10,519 | 8,853 | 84% |
| Services and other | 21,060 | 8,545 | 12,515 | 146% |
| **Total cost of sales** | 40,432 | 19,064 | 21,368 | 112% |
| **Gross profit** | 23,629 | 14,247 | 9,382 | 66% |
| | | | | |
| **Operating expenses:** | | | | |
| Sales and marketing expenses | 7,683 | 3,775 | 3,908 | 104% |
| General and administrative expenses | 27,264 | 14,083 | 13,181 | 94% |
| Loss on impairment of software asset | - | 5,712 | (5,712) | (100%) |
| **Total operating expenses** | 34,947 | 23,570 | 11,377 | 48% |
| **Operating loss** | (11,318) | (9,323) | (1,995) | 21% |
| | | | | |
| **Other expenses (income):** | | | | |
| Interest expense, including amortization of debt discount | 4,092 | 1,364 | 2,728 | 200% |
| Gain on settlement of contingent consideration | - | (4,775) | 4,775 | (100%) |
| Other expense, net | 512 | 408 | 104 | 25% |
| **Total other (income) expenses, net** | 4,604 | (3,003) | 7,607 | (253%) |
| **Loss before income taxes** | (15,922) | (6,320) | (9,602) | 152% |
| Income tax benefit | 1,005 | 9 | 996 | 11067% |
| **Net loss** | $ (14,917) | $ (6,311) | $ (8,606) | 136% |

***Sales***

Sales increased by $30,750, or 92%, to $64,061 for the nine months ended September 30, 2026 compared to the same period in 2025. Hardware revenues during the first nine months of 2026 were $23,389, an increase of $8,754 as compared to the same period in 2025. Hardware increase was driven by the build out and installation of several new customers, multiple large bulk orders and the inclusion of CDM's operations. Services and other revenues were $40,672, an increase of $21,996 for the nine months ended September 30, 2026, as compared to the same period in 2025, due to the inclusion of CDM's operations. Installation services revenue was $9,400, an increase of $5,457 for the nine months ended September 30, 2026, as compared to the same period in 2025. The increase in installation revenue was driven by the continued roll-out of new customers in the QSR and lottery verticals. Managed services revenue, which includes the Company's SaaS subscription services, was $15,392, an increase of $2,205, or 17%, as compared to the same period in 2025.

***Gross Profit***

Gross profit increased by $9,382, or 66%, to $23,629 for the nine months ended September 30, 2026 compared to the same period in 2025, primarily due to the inclusion of CDM's operations. Gross profit margin decreased to 37% from 43%. Hardware gross margin decreased 11 points due to a higher mix of lower-margin QSR deployments during the period and higher product cost. Services and other gross margin decreased 6 points, driven by the expiration of certain customer contracts in 2025, offset partially by growth from new customer roll-outs. The decreases in both categories were partially offset by a shift in revenue mix toward higher-margin services and other revenue, which increased to 63% of total revenue from 56% in the prior year period, primarily due to the inclusion of CDM's operations.

***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 expenses. Costs increased by $3,908, or 104%, for the nine months ended September 30, 2026 as compared to the same period in 2025, driven primarily by the inclusion of CDM's operations, which contributed $2,544 of expenses for the period and higher costs to support growth initiatives.

***General and Administrative Expenses***

General and administrative expenses increased by $13,181, or 94%, for the nine months ended September 30, 2026 as compared to the same period in 2025. The increase was primarily driven by the inclusion of CDM's operations, which represented $12,636 of expense, and additional accounting, compliance, legal and other one-time fees and severance costs in connection with the integration of CDM.

***Impairment of Software Asset***

The Company did not recognize any impairment of software assets during the nine months ended September 30, 2026. 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 a customer communicating in September 2025 that it was unable to renew its software license agreement with the Company due to budget constraints. The absence of this $5,712 charge in 2026 partially offset the combined $17,089 increase in sales and marketing and general and administrative expenses, resulting in total operating expenses increasing by $11,377, or 48%, compared to the prior-year period.

***Interest Expense***

Interest expense increased by $2,728, or 200%, during the nine months ended September 30, 2026 as compared to September 30, 2025, as a result of borrowings under the Amended Credit Agreement. See Note 9, 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***

The Company did not recognize any gain on settlement of contingent consideration during the nine months ended September 30, 2026. During the nine months ended September 30, 2025, the Company recognized a non-cash gain of $4,775 upon entering into a Settlement Agreement with the former stockholders of Reflect Systems, Inc. on March 14, 2025, pursuant to which the Company derecognized the previously recorded contingent consideration liability of $12,815 and recorded settlement consideration with a fair value of $8,040, consisting of $3,000 in cash, a $4,000 Promissory Note and Settlement Warrants with a fair value of $1,040.

***Other Expense (Income)***

The Company recognized $512 in other expenses for the nine months ended September 30, 2026 as compared to $408 for the nine months ended September 30, 2025. The increase is a result of the inclusion of CDM's operations in 2026.

**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, taxes, 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 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 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 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 to EBITDA and Adjusted EBITDA:

| | Quarters Ended | | | | |
|---|---|---|---|---|---|
| **Quarters ended** | **September 30, 2026** | **June 30, 2026** | **March 31, 2026** | **December 31, 2025** | **September 30, 2025** |
| GAAP net loss | $ (3,560) | $ (3,896) | $ (7,461) | $ (1,965) | $ (7,862) |
| Interest expense: | | | | | |
| Amortization of deferred financing costs | 82 | 80 | 83 | 60 | 26 |
| Interest expense, net | 1,119 | 1,385 | 1,382 | 1,055 | 504 |
| Depreciation/amortization: | | | | | |
| Amortization of intangible assets | 1,707 | 1,456 | 1,441 | 1,350 | 1,171 |
| Depreciation of property and equipment | 2,400 | 2,429 | 2,452 | 1,512 | 54 |
| Income tax expense (benefit) | (160) | (315) | (530) | 1,175 | (82) |
| EBITDA | $ 1,588 | $ 1,139 | $ (2,633) | $ 3,187 | $ (6,189) |
| Adjustments | | | | | |
| Stock-based compensation | 430 | 430 | 324 | 724 | 308 |
| Deal & transaction expenses | 18 | 105 | 43 | 1,188 | 766 |
| CDM related integration and transition costs | 498 | 240 | 1,452 | - | - |
| Loss on impairment of software asset | - | - | - | - | 5,712 |
| Loss on modification of revolver | - | - | - | 24 | - |
| Other expense (income) | 152 | 40 | 320 | 108 | 144 |
| Adjusted EBITDA | $ 2,686 | $ 1,954 | $ (494) | $ 5,231 | $ 741 |

**Liquidity and Capital Resources**

***Overview***

See Note 1, *Nature of Organization and Operations,* to the accompanying condensed consolidated financial statements for a detailed discussion of liquidity and financial resources.

***Operating Activities***

Net cash used in operating activities was $362 for the nine months ended September 30, 2026 compared to net cash used in operating activities of $834 for the nine months ended September 30, 2025. Cash used in 2026 was primarily attributable to a net loss of $14,917, offset by net non-cash charges of $12,913 and a $1,642 net source of cash from changes in operating assets and liabilities. Net non-cash charges in 2026 consisted primarily of $11,885 of depreciation and amortization, compared to $3,629 in 2025, reflecting the acquisition of CDM. The net source of cash from changes in operating assets and liabilities was driven primarily by a $3,181 decrease in prepaid expenses and other current assets, a $2,032 increase in accrued expenses and other current liabilities and a $1,042 decrease in inventories, partially offset by a $2,975 decrease in deferred revenue, a $1,027 increase in accounts receivable and a $1,012 decrease in accounts payable. Cash used in 2025 was primarily attributable to a net loss of $6,311 and a $1,564 net use of cash from changes in operating assets and liabilities, partially offset by net non-cash charges of $7,041. The 2025 net loss included a $4,775 non-cash gain on settlement of contingent consideration and a $5,712 non-cash impairment of software assets.

***Investing Activities***

Net cash used in investing activities was $4,061 for the nine months ended September 30, 2026 compared to $1,973 for the nine months ended September 30, 2025. Capitalization of internally developed software costs was $1,193 for the nine months ended September 30, 2026 compared to $1,763 for the nine months ended September 30, 2025. Purchases of property and equipment were $2,868 for the nine months ended September 30, 2026 compared to $210 for the nine months ended September 30, 2025. The Company did not have any material commitments for capital expenditures as of September 30, 2026.

***Financing Activities***

Net cash provided by financing activities was $4,497 for the nine months ended September 30, 2026 compared to $2,084 for the nine months ended September 30, 2025. Cash provided in 2026 was primarily attributable to $12,106 of net proceeds from the June 2026 registered offering of common stock and pre-funded warrants, including the July 2026 exercise in full of the underwriter's option, and net borrowings of $180 under the New Revolving Credit Facility ($28,772 in proceeds and $28,592 in repayments), partially offset by $4,312 of principal payments on the Term Loan and the Promissory Note, including a $1,000 voluntary prepayment of the Term Loan, $3,277 in repayments of finance lease obligations, primarily related to CDM, and $200 used to repurchase Common Stock warrants pursuant to the Warrant Repurchase Agreement entered into on February 16, 2026. Remaining available amounts under the New Revolving Credit Facility were $17,381 as of September 30, 2026. Cash provided in 2025 was primarily attributable to net borrowings of $5,119 under the Revolving Credit Facility under the Prior Credit Agreement ($28,215 in proceeds and $23,096 in repayments), partially offset by a $3,000 cash payment in connection with the partial settlement of the contingent consideration liability and $35 in repayments of finance lease obligations. See Note 9, Debt, and Note 12, Common Stock, to the condensed consolidated financial statements for further discussion.

***Contractual Obligations and Commitments***

As of September 30, 2026, we had operating and finance lease obligations of approximately $19,522 payable over the next five years. These obligations relate primarily to corporate office space, warehousing and light-assembly facilities used to stage and deploy digital signage hardware and leased equipment supporting our operations.

**Critical Accounting Estimates**

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expense, and the related disclosures. We base our estimates on historical experience and on assumptions that we believe are reasonable under the circumstances; actual results may differ from these estimates.

Our critical accounting estimates are described in Part II, Item 7, Critical Accounting Estimates in our Annual Report on Form 10-K for the year ended December 31, 2025, and our significant accounting policies are described in Note 2, Summary of Significant Accounting Policies, in our financial statements included elsewhere in this quarterly report. There have been no material changes to our critical accounting estimates or significant accounting policies since the filing of our Annual Report on Form 10-K for the year ended December 31, 2025.

**Off-Balance Sheet Arrangements**

During the nine months ended September 30, 2026, we had no off-balance sheet arrangements, as defined in Item 303(a)(4) of Regulation S-K.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

***Foreign Currency Risk***

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the Canadian dollar, causing both our revenue and our operating results to be impacted by fluctuations in the exchange rates. Gains or losses from the revaluation of certain cash balances, accounts receivable balances and intercompany balances that are denominated in these currencies impact our net loss. A hypothetical decrease in all foreign currencies against the U.S. dollar of 1% would not result in a material foreign currency loss on foreign-denominated balances, as of September 30, 2026. As our foreign operations expand, our results may be more materially impacted by fluctuations in the exchange rates of the currencies in which we do business. At this time, we do not enter into financial instruments to hedge our foreign currency exchange risk.

**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, 2026, 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 three and nine months ended September 30, 2026 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

Except as set forth in Note 10, Commitments and Contingencies, to the condensed consolidated financial statements, neither the Company, its subsidiaries nor its property is subject to any material pending legal proceedings, other than ordinary routine litigation incidental to its business.

### 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 April 15, 2026, 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.

### 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 nine months ended September 30, 2026, 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 | Form | Exhibit | Filing Date | Filed Herewith |
|---|---|---|---|---|---|
| 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 Section 13 or 15(d) 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 16, 2026

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

Date: November 16, 2026

By: */s/ Tamra Koshewa*
Tamra Koshewa
Chief 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 quarterly period ended September 30, 2026, 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 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 16, 2026

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, Tamra Koshewa, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarterly period ended September 30, 2026, 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 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 16, 2026

By: *<u>/s/ Tamra Koshewa</u>*
Tamra Koshewa
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 quarterly period ended September 30, 2026, 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 16, 2026

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 quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tamra Koshewa, 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 16, 2026

By: */s/ Tamra Koshewa*
Tamra Koshewa
Chief Financial Officer