



ANNUAL SHAREHOLDER MEETING

JANUARY 5, 2017

SAFE HARBOR STATEMENT

Statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. The forward-looking statements can generally be identified by words such as "believes," "anticipates," "expects" or words of similar meaning. Forward-looking statements also include statements relating to the Company's future performance, such as future prospects, revenues, profits and cash flows. The forward-looking statements are subject to risks and uncertainties, which may cause actual results to be materially different from any future performance suggested in the forward-looking statements. Such risks and uncertainties include those factors described in Part 1A of the Company's most recent Annual Report on Form 10-K, as such may be amended or supplemented by subsequent Quarterly Reports on Form 10-Q or other reports filed with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements. For more information, please refer to the Company's filings with the Securities and Exchange Commission.

During this presentation, we will discuss GAAP measure such as net income, as well as certain non-GAAP measures such as EBITDA. We have posted on www.investor.arinet.com, a reconciliation of these non-GAAP financial measures to the most comparable financial measures under GAAP.

REVIEW ACTUAL VS. FY16 “OUTLOOK”

Roy W. Olivier – President & CEO

OUTLOOK PRESENTED IN LAST YEAR'S MEETING

- In FY16 deliver \$47M - \$49M in Revenue
 - Deliver \$50M revenue run rate in a quarter later in the fiscal year
 - Deliver \$10M adjusted EBITDA run rate quarterly shortly thereafter
- Continue to integrate the three FY15 acquisitions
- Continued improvement in adjusted EBITDA and Cash Flow



INCREASING SHAREHOLDER VALUE

	Stock Close	Gain/Loss	ADTV	Gain/Loss
Jan 4, 2016	\$4.49		23,437	
Dec 30, 2016	\$5.41	+20.5%	44,065	+88.0%

Coverage	Rating	Target
Craig Hallum	BUY	\$7.00
Barrington Research	OUTPERFORM	\$6.00
Ascendant Capital Markets	BUY	\$7.00

Additional Info:

Attended 8 Conferences and conducted 2 Road Shows
 Introduced ~40 new investors to the ARI story
 7 NEW institutional investors as of Q3 2016¹

PEER GROUP ANALYSIS

Software Equity Group Multiples ¹				
	ARI ²	SaaS Index ³	Software Index ⁴	Internet Index ⁵
EV/Revenue	1.9	3.9 – 5.8	2.5 – 3.0	2.0 – 2.3
EV/EBITDA	10.7*	30.3 – 41.2	14.2 – 16.1	18.4 – 20.8

¹ Based on the Software Equity Group's Software Industry Financial Report for Q3 16 last four quarters' data

² As of Market Close 11/07/16

*Adjusted EBITDA

³ 66 Public Companies

⁴ 126 Public Companies

⁵ 99 Public Companies

FY16 FINANCIAL RESULTS

Bill Nurthen - CFO

ANNUAL INCOME STATEMENT SUMMARY

(Dollars in Millions, Except Per Share Data)

	FY16	FY15	YoY
Revenue	\$47.7M	\$40.4M	17.9%
Gross Profit	\$38.9M	\$33.1M	17.3%
Operating Income	\$3.5M	\$2.3M	53.2%
Net Income	\$1.7M	\$1.1M	62.7%
Earnings Per Share	\$0.10	\$0.07	42.9%
Adjusted EBITDA*	\$8.5M	\$6.6M	
Gross Margin	81.5%	81.9%	
Operating Expenses (as a % of Revenue)			
Sales & Marketing	22.7%	25.8%	
Customer Operations and Support	20.8%	19.3%	
Software Development and Technical Support	10.7%	10.4%	
General and Administrative	14.8%	16.4%	
Depreciation, Amortization, Other	5.0%	4.3%	
Operating Margin	7.4%	5.7%	
Adjusted EBITDA Margin	17.8%	16.3%	

BALANCE SHEET

	4Q16	3Q16	2Q16	1Q16	4Q15
Cash	\$5.1M	\$4.4M	\$3.2M	\$3.2M	\$2.3M
Assets	\$49.3M	\$49.6M	\$48.7M	\$49.6M	\$49.7M
Equity	\$29.3M	\$28.8M	\$28.2M	\$27.5M	\$26.9M
Line of Credit	\$0.0M	\$0.0M	\$0.0M	\$0.0M	\$0.0M
Debt	9.2M	9.6M	10.0M	10.4M	10.8M
Current Ratio	0.85	0.85	0.77	0.73	0.65
D/E Ratio*	31.3%	33.3%	35.4%	37.8%	40.1%

*Includes Line of Credit Outstanding

CASH FLOW SUMMARY

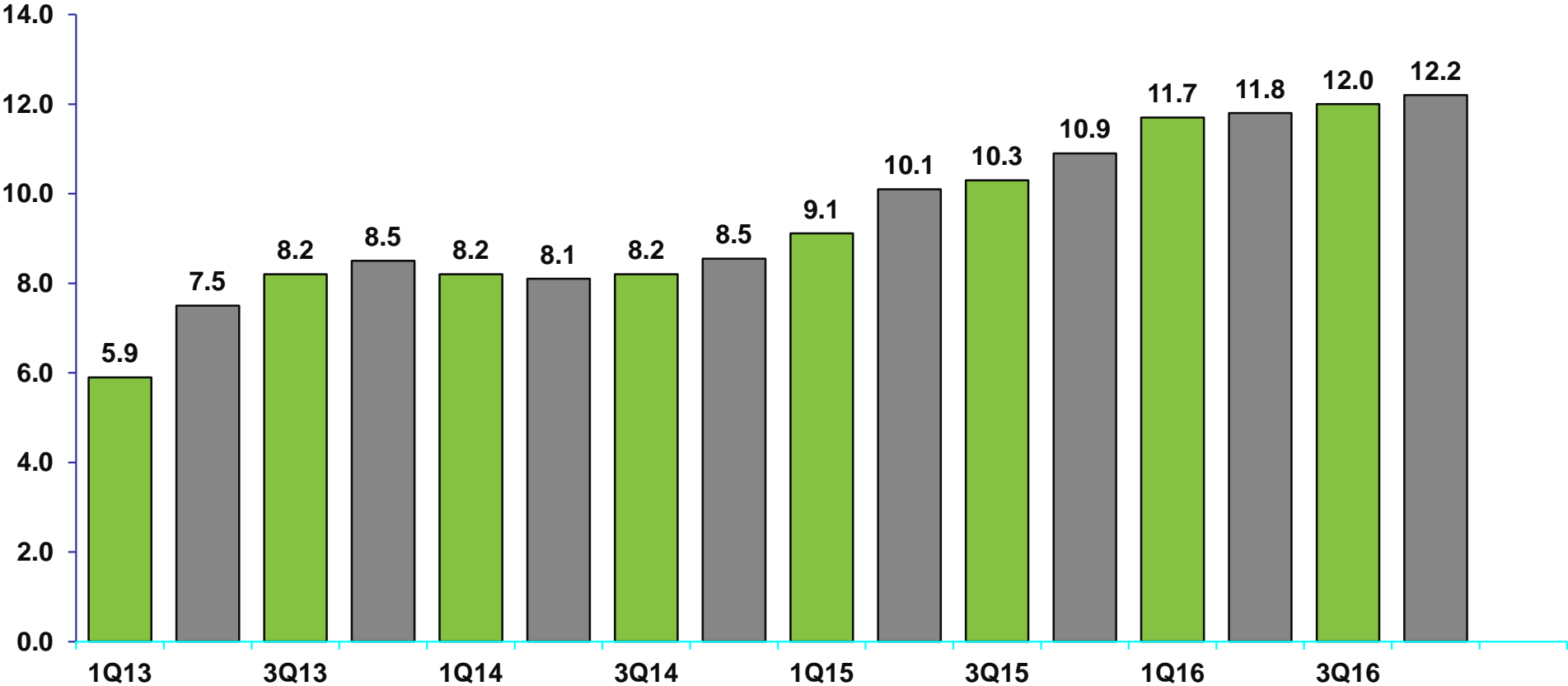
	FY16	FY15
Cash Flow Operations	\$7.7M	\$6.3M
Capital Expenditures	\$1.1M	\$0.7M
Software Development	\$1.8M	\$1.4M
Free Cash Flow*	\$4.9M	\$4.2M

*Free Cash Flow defined as Cash Flow from Operations less Capital Expenditures and Software Development Capitalized

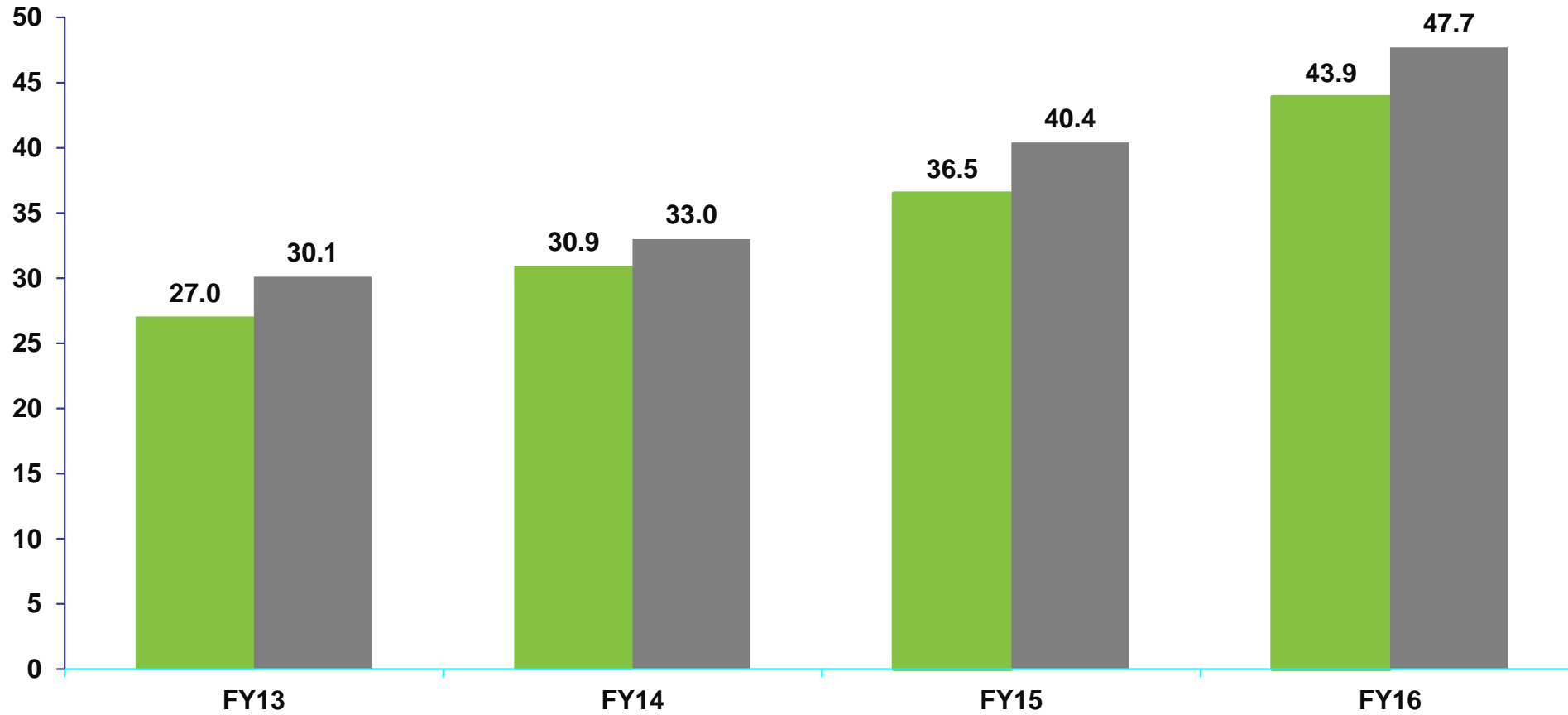
ANNUAL OPERATING METRICS

	FY16	FY15
Churn	-15.4%	-15.5%
CAC Ratio	11.0	10.3
Recurring Revenue %	92.1%	90.2%
Total Dealer Sales Bookings (ACV)	\$8.9M	\$7.0M

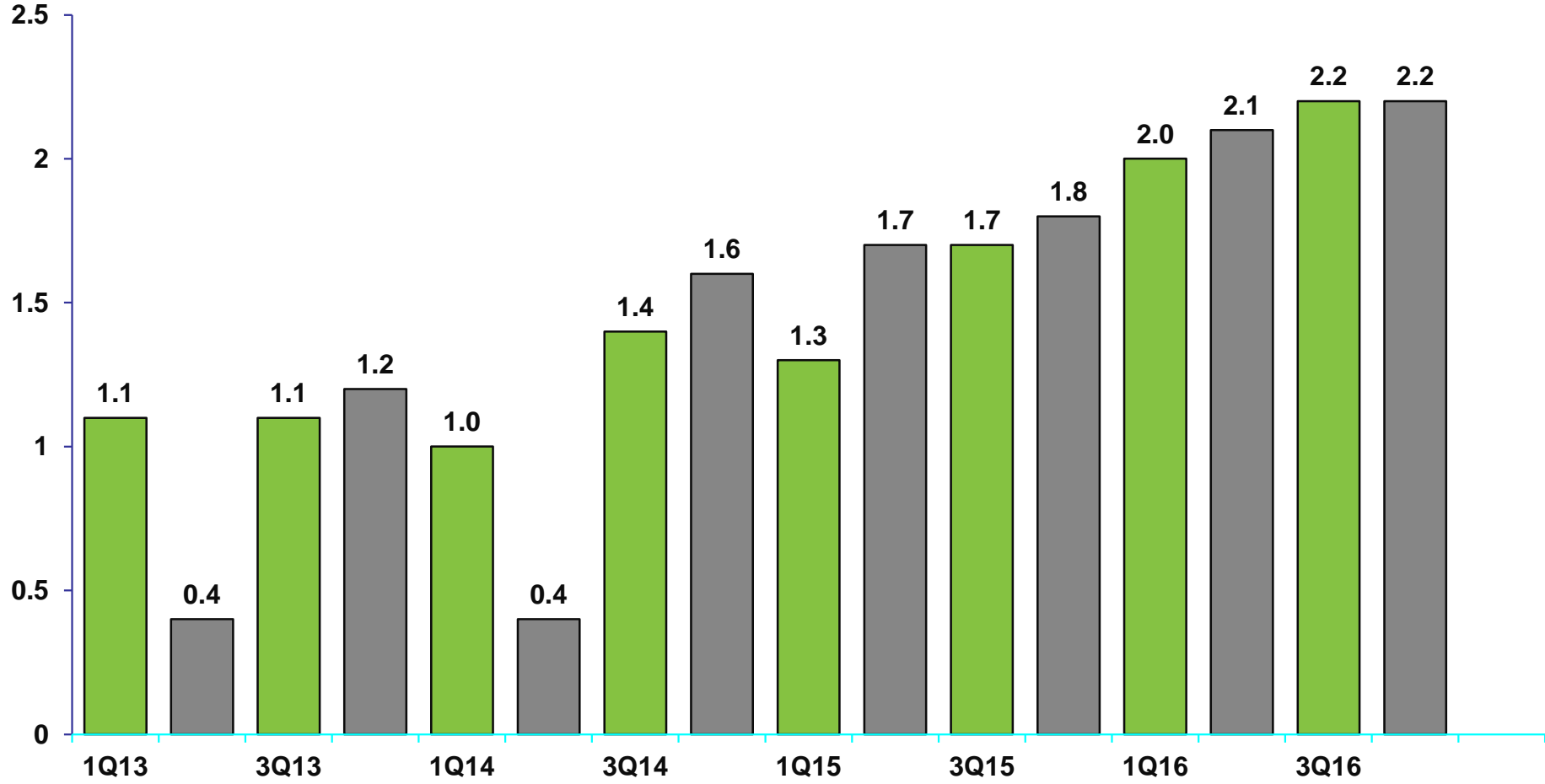
QUARTERLY REVENUE (\$ MIL)



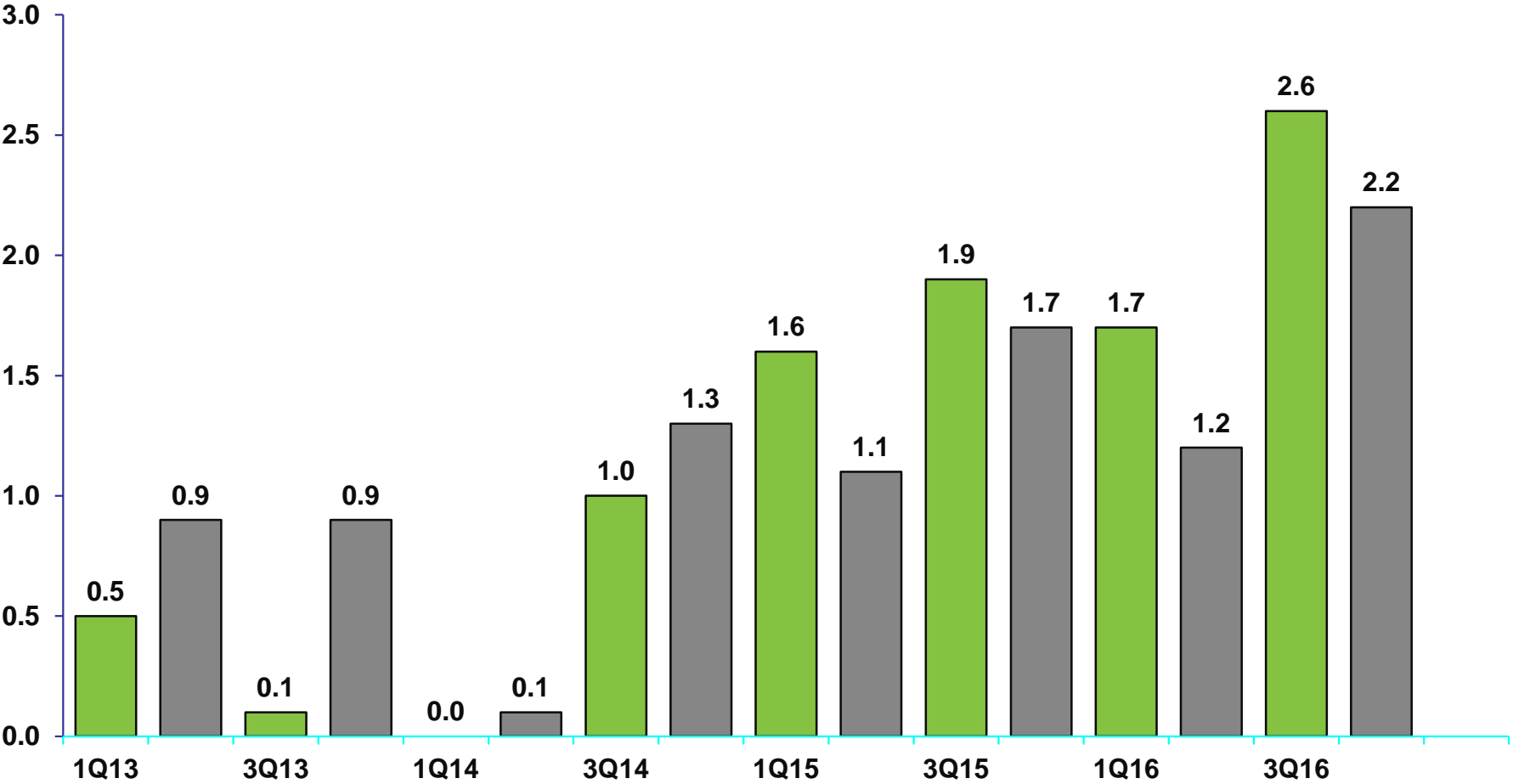
ANNUAL TOTAL & RECURRING REVENUE (\$ MIL)



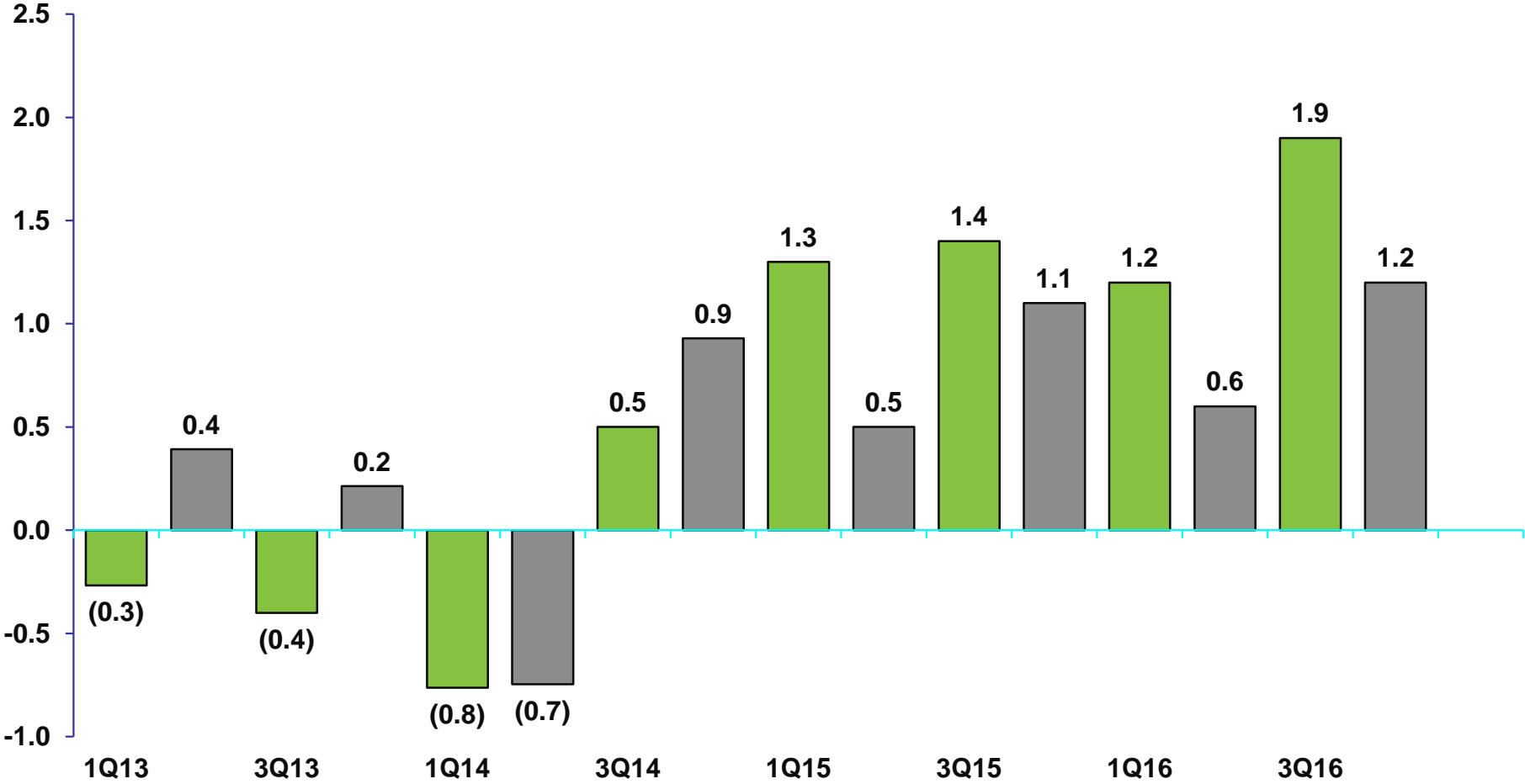
QUARTERLY ADJUSTED EBITDA (\$ MIL)



QUARTERLY CASH FLOW FROM OPERATIONS (\$ MIL)



QUARTERLY FREE CASH FLOW (\$ MIL)



STRATEGY

Roy W. Olivier – President & CEO

WHAT DO WE DO?

We provide software and related services to help our customers
Sell More Stuff™ in selected vertical markets

In-Store

- Dealer business management system
- OEM parts lookup
- Aftermarket parts, garments & accessories (PG&A) lookup
- Lead management



Online

- Lead generation
- eCommerce
 - OEM parts
 - Aftermarket PG&A
- Digital marketing services



WHO ARE OUR CUSTOMERS

Our Customers are:

Dealers	Distributors	Manufacturers (OEM)
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What "Stuff"?



Whole Goods
(Tires, Bike, Boat, RV)



OEM Parts



Aftermarket Parts,
Garments &
Accessories (PG&A)














Service & Tire

Markets We Serve:

							
Powersports	Outdoor Power	Marine	Appliances	RV	Tire & Wheel	HME	Aftermarket Auto Service
CORE					GROWTH		

CONTENT THAT DRIVES COMMERCE

 <p>OEM Parts 120+ Manufacturers 500K Models 10MParts</p>	 <p>Aftermarket PG&A 1,400+ Manufacturers 500K Parts</p>	 <p>Whole Goods 315 Manufacturers 176K Models</p>	
Lead Gen & eCommerce Websites	eCatalogs	Business Management	Digital Marketing
<ul style="list-style-type: none">  Leads for major units  eCommerce sales  Web Presence 	<ul style="list-style-type: none">  Increases sales in Dealership  Improves customer satisfaction 	<ul style="list-style-type: none">  POS / Inventory Mgmt. & Accounting  Improves productivity and profitability at Dealership 	<ul style="list-style-type: none">  Drive traffic to dealership <ul style="list-style-type: none"> • Leads • eCommerce
SaaS	SaaS or Subscription	Perpetual License + Maintenance or SaaS	SaaS or Subscription

STRATEGIC GOALS - BACKGROUND

- To be the leader in providing software and services that help our customers Sell More Stuff™.
 - Complex equipment will continue to be sold primarily through a dealer network.
 - Approximately 7 out of 10 units sold originate as web leads.
 - Online shopping is growing faster than in-store.
 - Search is now over 50% mobile.
 - ARI has a strong online footprint with supporting analytics (8,000+ Dealer Sites).
 - We intend to integrate or own in-store systems (Business Management/Point of Sale).

STRATEGIC GOALS – THE FUTURE

- We intend to be the leader in helping dealers capitalize on the convergence of online and in-store purchases and research.
 - Integrate customer search with the dealership's location via mobile
 - Integrate the customer in-store experience with search and purchasing history via mobile
 - Create personalized shopping experiences based on models owned, history, etc.

STRATEGIC FOUNDATIONS

- Nurture and retain existing customers through world class customer service and product feature upgrades.
- Drive organic growth through innovative new service offerings, differentiated content and geographic expansion.
- Lead the market with open integration to related platforms.
- Successfully execute acquisitions that align with our core strategy.

REMINDER - GROWTH DRIVERS

- More Markets
- More Products
- Higher ARPD¹
- Acquisitions that align with our core strategy

¹ Average Revenue Per Dealer (or Average Revenue Per Customer)

AUCTION123 - TODAY

- Online marketplace solutions for multiple vertical markets
 - Feeds new/used major unit¹ information from dealers to online marketplaces like Cars.com, Cycletrader.com, eBay, etc.
 - Consistent with ARI's strategy to help dealers sell more online and in-store
 - Expected to deliver \$4M - \$5M in revenues in first year with no ARI investment
 - TTM adjusted EBITDA of \$1.5M (Stand alone margins above long-term target margins of 20%-24%)
- Total Addressable Market ("TAM") is over 60,000 dealers in the US
- ARPD is about \$2,400 Annual Recurring Revenue
- TAM is over \$140M

¹ A new or used boat, motorcycle, RV, etc.

AUCTION123 - GOING FORWARD

- Expanding Sales Team using ARI's proven model
 - Growing sales team from 2 to 5
 - Implementing ARI's sales model
 - Selling A123's product and ARI's website platform into relevant markets
- Leveraging Cost Synergy by replacing current vendor with A123's solution
 - Converting 600+ dealers
 - This could generate between \$250K to \$450K in cost savings
- We intend to use the platform to also feed PG&A data
 - Would replace 3rd party relationships we have now (Example: ChannelAdvisor)
- Above synergies represent upside **not factored** into our stand alone valuation of the company or the revenue/EBITDA comments on the previous slide

¹ A new or used boat, motorcycle, RV, etc.

TARGET OPERATING MODEL

	FY15 Act.	FY16 Act.	3 Years FY19	5 Years FY21
Sales	\$40M	\$47.7M	≅ \$75M	≅ \$100M
Growth CAGR			16.5%	16.5%
Adj. EBITDA %	16.3%	17.8%	18% - 22%	20% - 24%
Adj. EBITDA \$	\$6.6M	\$8.5M	\$14M - \$17M	\$20M - \$24M

- Scale
- Efficiencies
- Product Mix

FY17 OUTLOOK

- In FY17 deliver \$53M- \$55MM in Revenue
- Continued improvement in adjusted EBITDA and Cash Flow
 - Deliver \$10M adjusted EBITDA run rate in 2nd half of FY17; over \$9M for FY17
 - Adjusted EBITDA Margins at or above FY16 levels inclusive of non-recurring charges
- Integrate and grow Auction123
- Reduce YOY churn
 - Q1 FY17 – 10.7% (FY16 - 15.4%)
- Launch Data Manager RT and Responsive Website Platform

QUESTIONS?