



ANNUAL SHAREHOLDER MEETING
JANUARY 5, 2016

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.

SHAREHOLDER PROPOSALS

- Proposal # 1: Election of Directors
- Proposal #2: Ratification of Auditors

QUESTIONS?

Roy W. Olivier – President & CEO

REVIEW ACTUAL VS. FY15 “OUTLOOK”

FY15 OUTLOOK

- Continued growth in all of the markets we serve 
 - Continue to improve sales productivity
 - Continue to add new sales people
 - Continue to take share while the market conditions support it
- Organically grow our business in the high single digit rate for the year 
- Integrate the TCS acquisition adding approximately \$5M in revenues in FY15 
- Continued improvement in adjusted EBITDA and Cash Flow 

INCREASING SHAREHOLDER VALUE

	Stock Close	Gain/Loss	ADTV	Gain/Loss
Jan 1, 2015	\$3.65		22,246	
Dec 31, 2015	\$4.50	+23%	23,437	+5%

Coverage

Craig Hallum	Buy Rating	\$5.25 Target
Ascendant Capital Markets, LLC	Buy Rating	\$5.50 Target
H.C. Wainwright & Co.	Buy Rating	\$5.50 Target

Additional Info:

Attended 11 Conferences and conducted 3 Road Shows
 Have 20 Institutional Investors vs. 15 in FY14

PEER GROUP ANALYSIS

Software Equity Group Multiples¹

	ARI ²	SaaS Index ³	Software Index ⁴	Internet Index ⁵
EV/Revenue	1.8	5.6 – 7.3	2.9 – 3.1	1.8 – 2.1
EV/EBITDA	10.6*	46.2 – 61.7	14.6 – 15.5	16.7 – 19.1

Peer Examples – EV/EBITDA⁶:

MAM Software (NASDAQ:MAMS)	22.3
CDK Global (NASDAQ:CDK)	18.2

¹ Based on the Software Equity Group's Software Industry Financial Report for Q1 15

² As of Market Close 12/4/15

*Adjusted EBITDA

³ 57 Public Companies

⁴ 137 Public Companies

⁵ 104 Public Companies

⁶ Source: Yahoo Finance 1/4/2016

Bill Nurthen - CFO

FY15 FINANCIAL RESULTS

ANNUAL INCOME STATEMENT SUMMARY

(Dollars in Millions, Except Per Share Data)

	FY15	FY14	YoY
Revenue	\$40.4M	\$33.0M	22.5%
Gross Profit	\$33.1M	\$26.6M	24.4%
Operating Income	\$2.3M	\$0.4M	550.0%
Net Income	\$1.1M	(\$0.1)M	1150.0%
Earnings Per Share	\$0.07	(\$0.01)	800.0%
Adjusted EBITDA*	\$6.6M	\$4.4M	48.6%
Gross Margin	81.9%	80.7%	
Operating Expenses (as a % of Revenue)			
Sales & Marketing	25.8%	28.3%	
Customer Operations and Support	19.3%	20.1%	
Software Development and Technical Support	10.4%	8.2%	
General and Administrative	16.4%	18.8%	
Depreciation, Amortization, Other	4.3%	4.1%	
Operating Margin	5.7%	1.1%	
Adjusted EBITDA Margin	16.3%	13.4%	

*Non-GAAP Reconciliation of Adjusted EBITDA for FY15 and FY14 can be found at investor.arinet.com.

BALANCE SHEET

	4Q15	3Q15	2Q15	1Q15	4Q14
Cash	\$2.3M	\$2.2M	\$1.7M	\$1.6M	\$1.8M
Assets	\$49.7M	\$44.4M	\$42.1M	\$42.1M	\$32.3M
Equity	\$26.9M	\$21.2M	\$20.2M	\$19.5M	\$17.2M
Line of Credit	\$0.0M	\$1.8M	\$0.8M	\$1.0M	\$0.0M
Debt	\$10.8M	\$9.0M	\$9.3M	\$9.5M	\$4.5M
Current Ratio	0.65	0.68	0.59	0.57	0.63
D/E Ratio*	40.1%	50.8%	49.6%	54.1%	26.0%

*Includes Line of Credit Outstanding

CASH FLOW SUMMARY

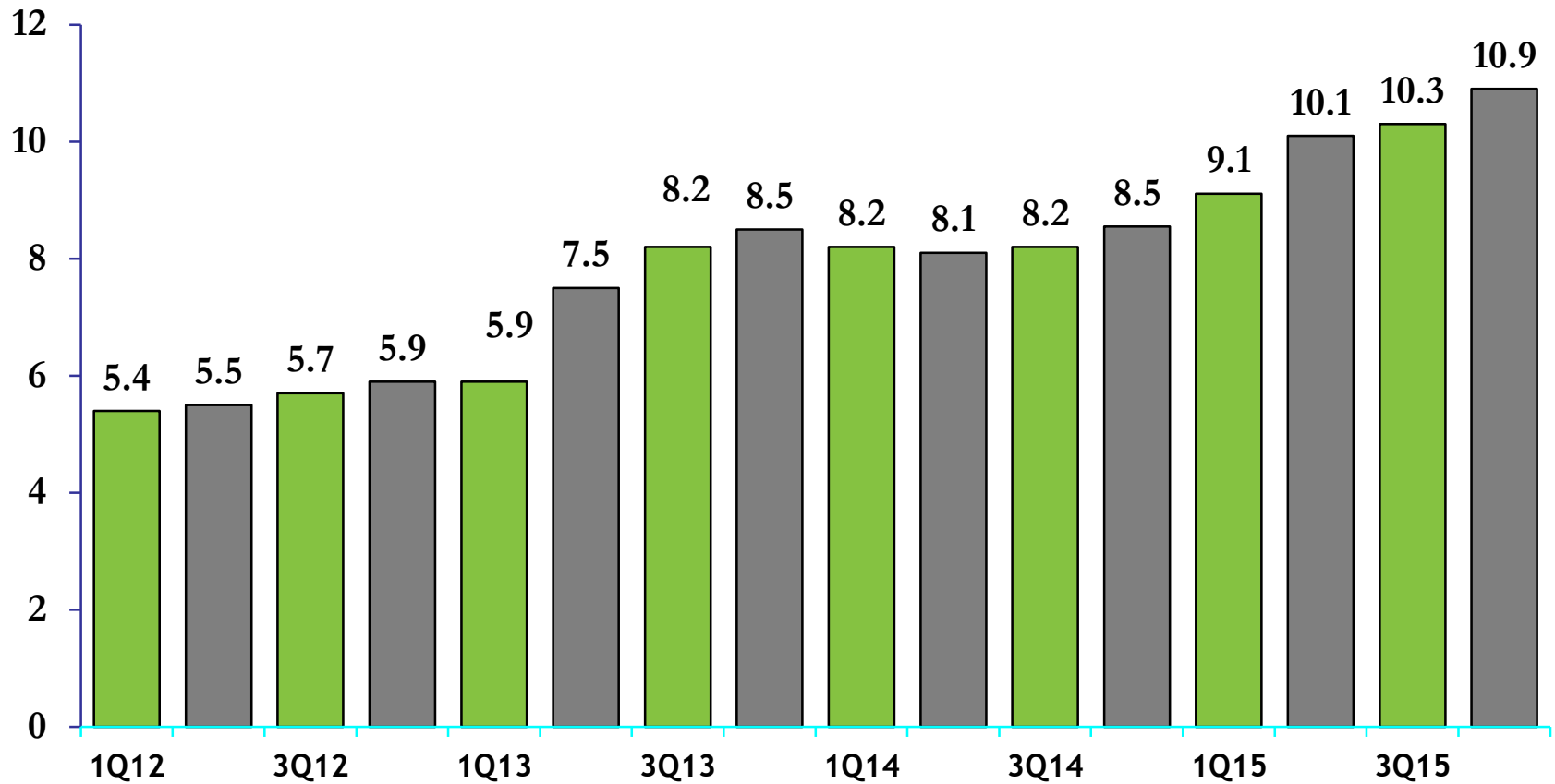
	FY15	FY14
Cash Flow Operations	\$6.3M	\$2.4M
Capital Expenditures	\$0.7M	\$0.6M
Software Development	\$1.4M	\$1.8M
Free Cash Flow*	\$4.2M	\$0.0M

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

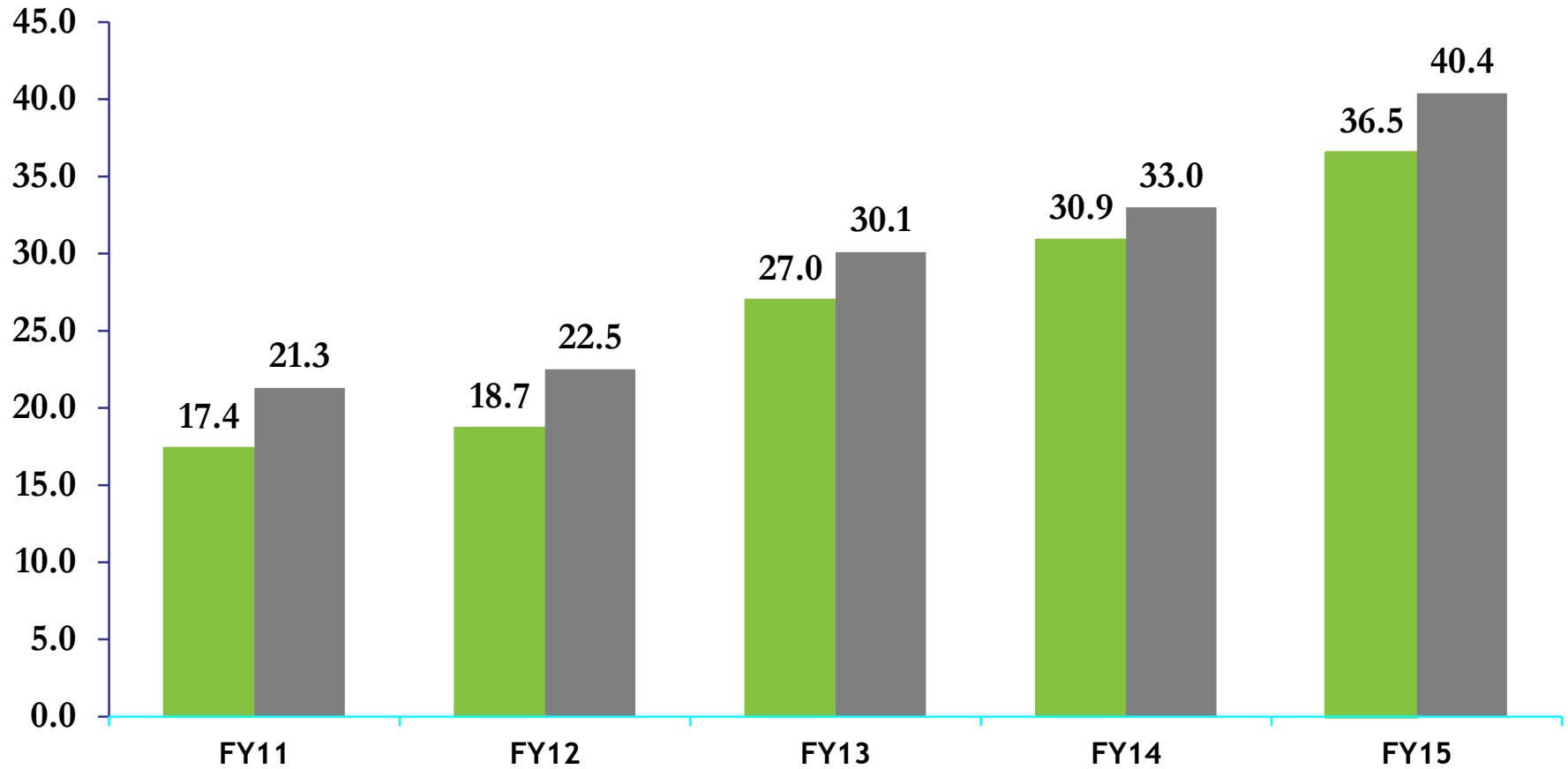
ANNUAL OPERATING METRICS

	FY15	FY14
Churn	-15.5%	-12.6%
CAC Ratio	10.3	12.1
Recurring Revenue %	90.2%	93.6%
Total Dealer Sales Bookings (ACV)	\$7.0M	\$6.0M

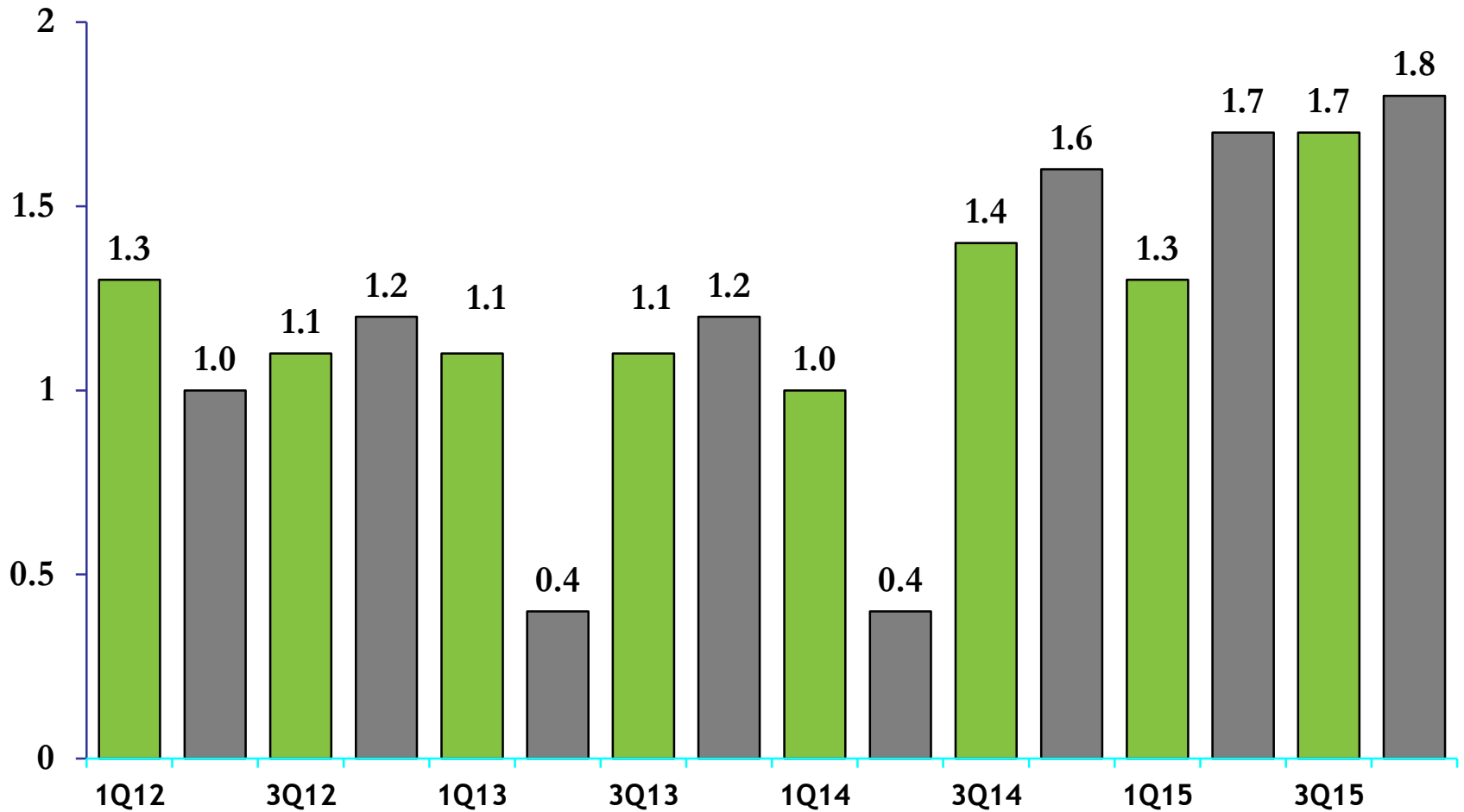
QUARTERLY REVENUE (\$ MIL)



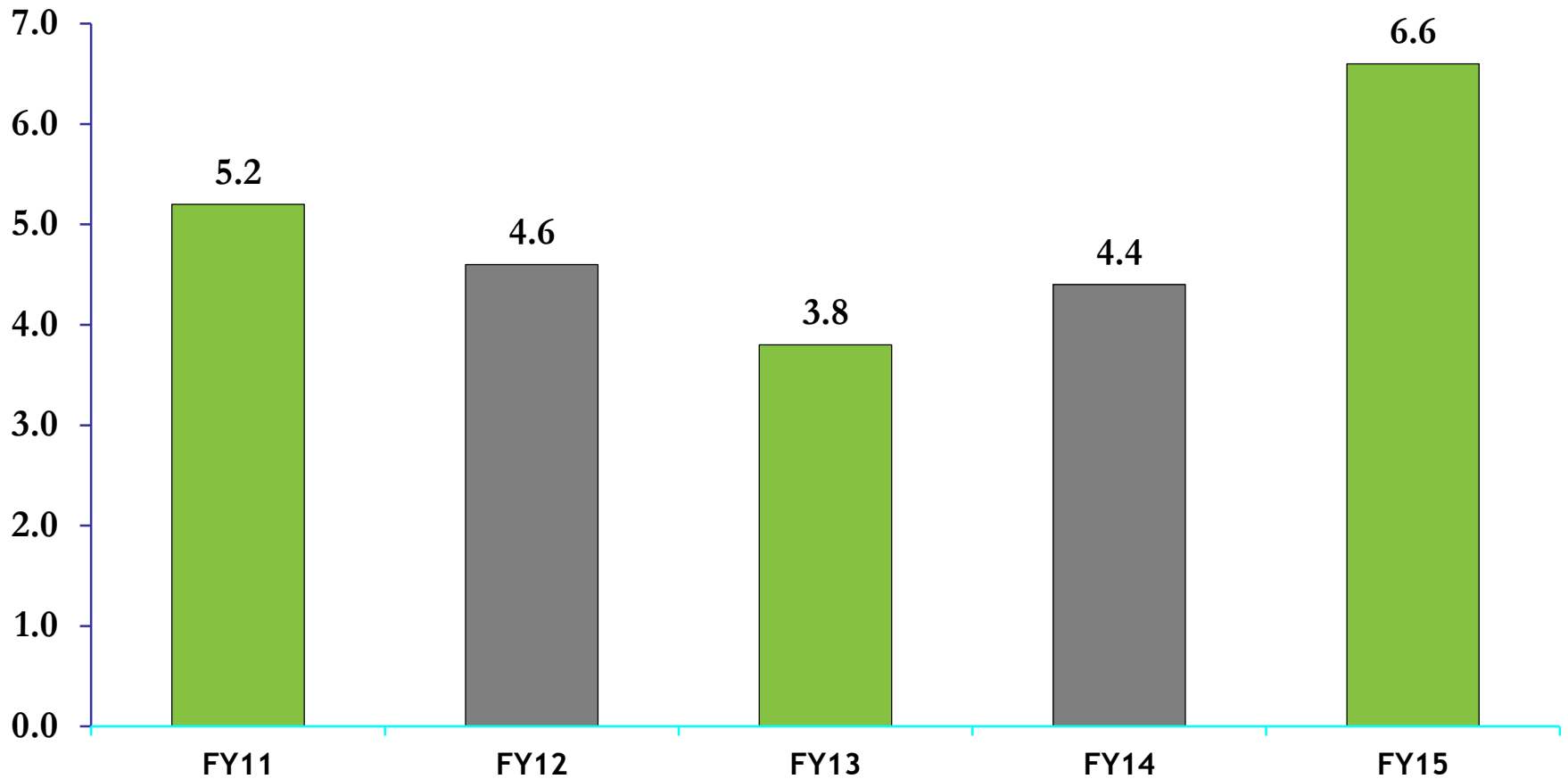
ANNUAL TOTAL & RECURRING REVENUE (\$ MIL)



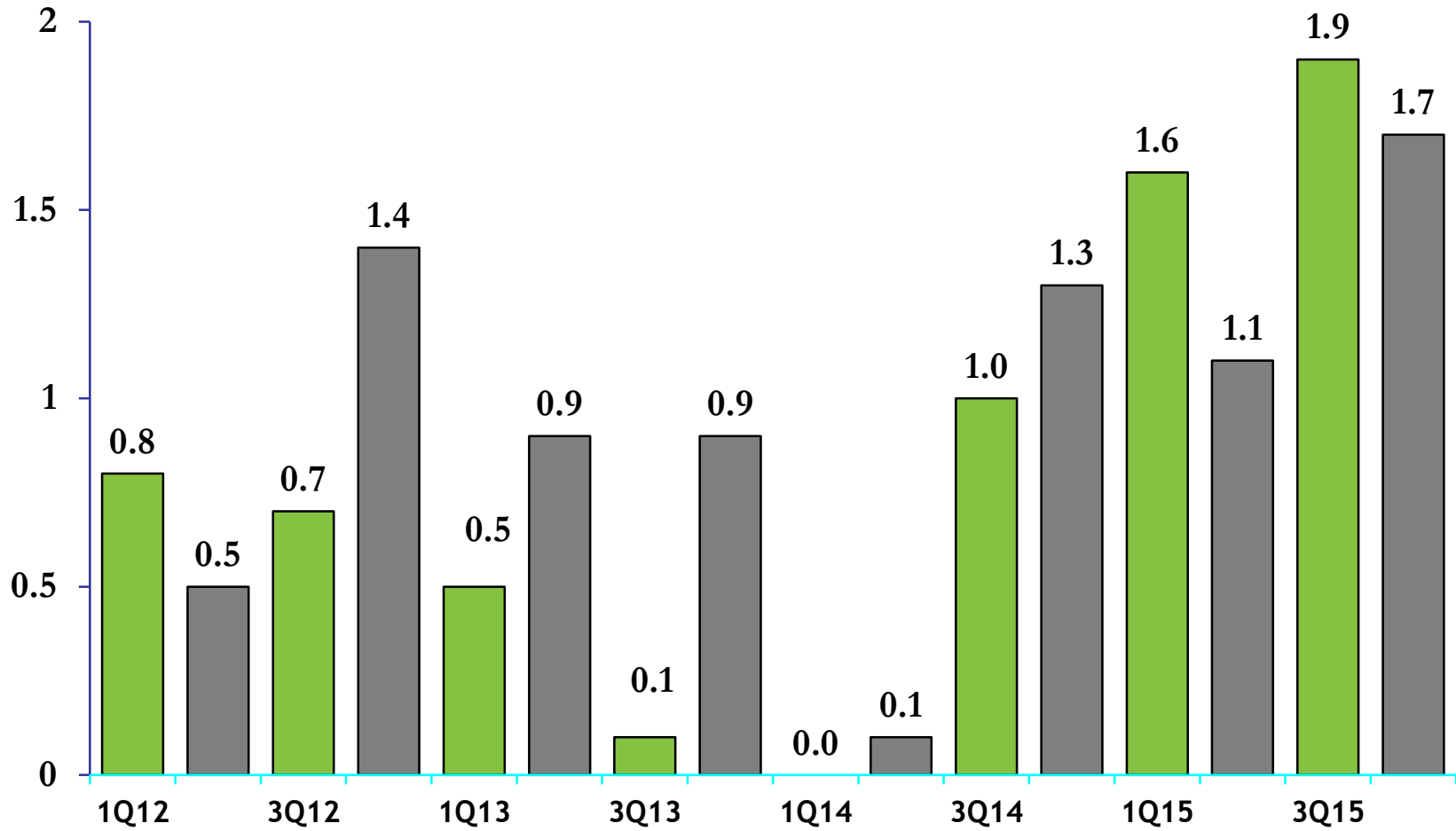
QUARTERLY ADJUSTED EBITDA (\$ MIL)



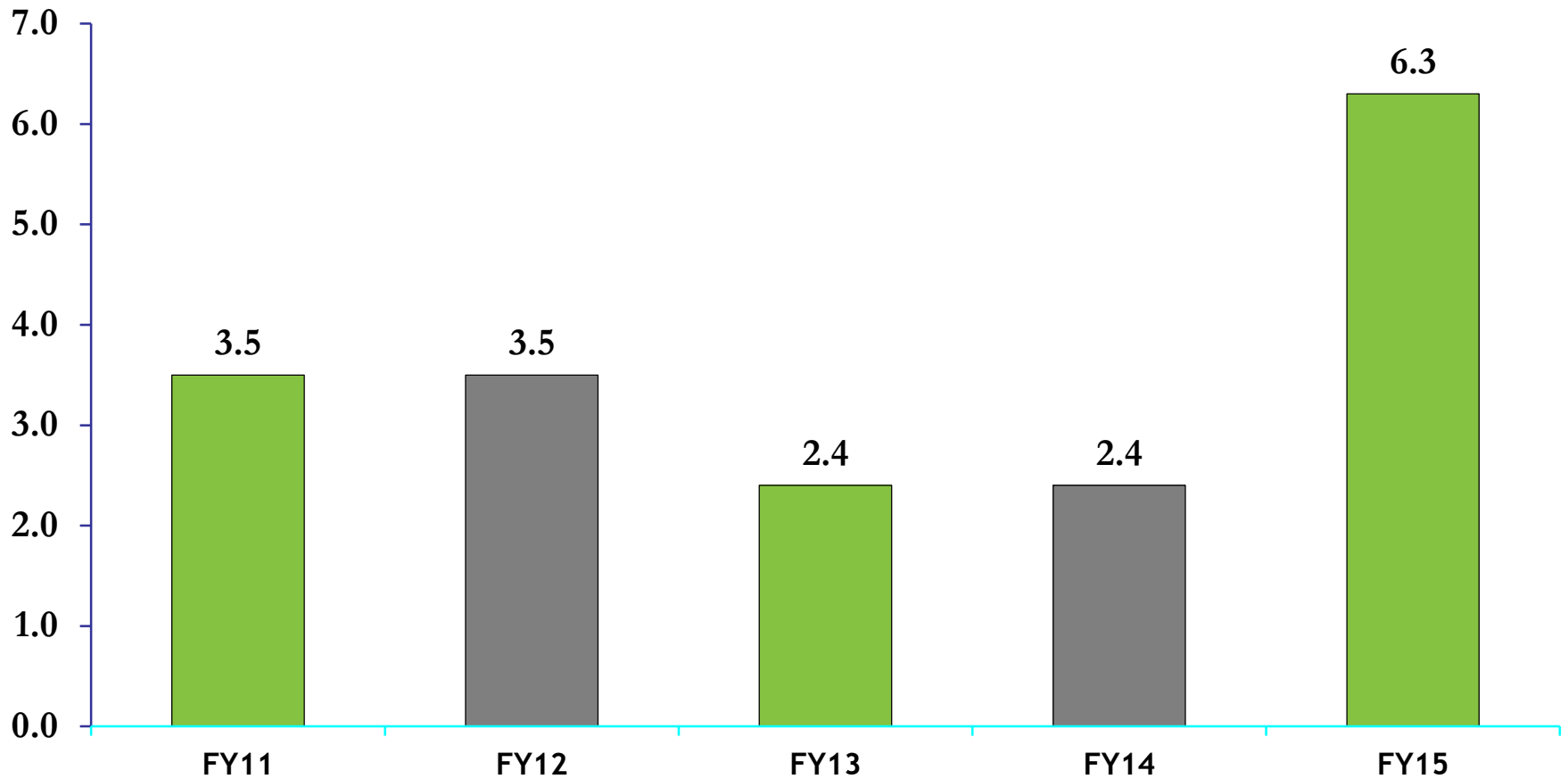
ANNUAL ADJUSTED EBITDA (\$ MIL)



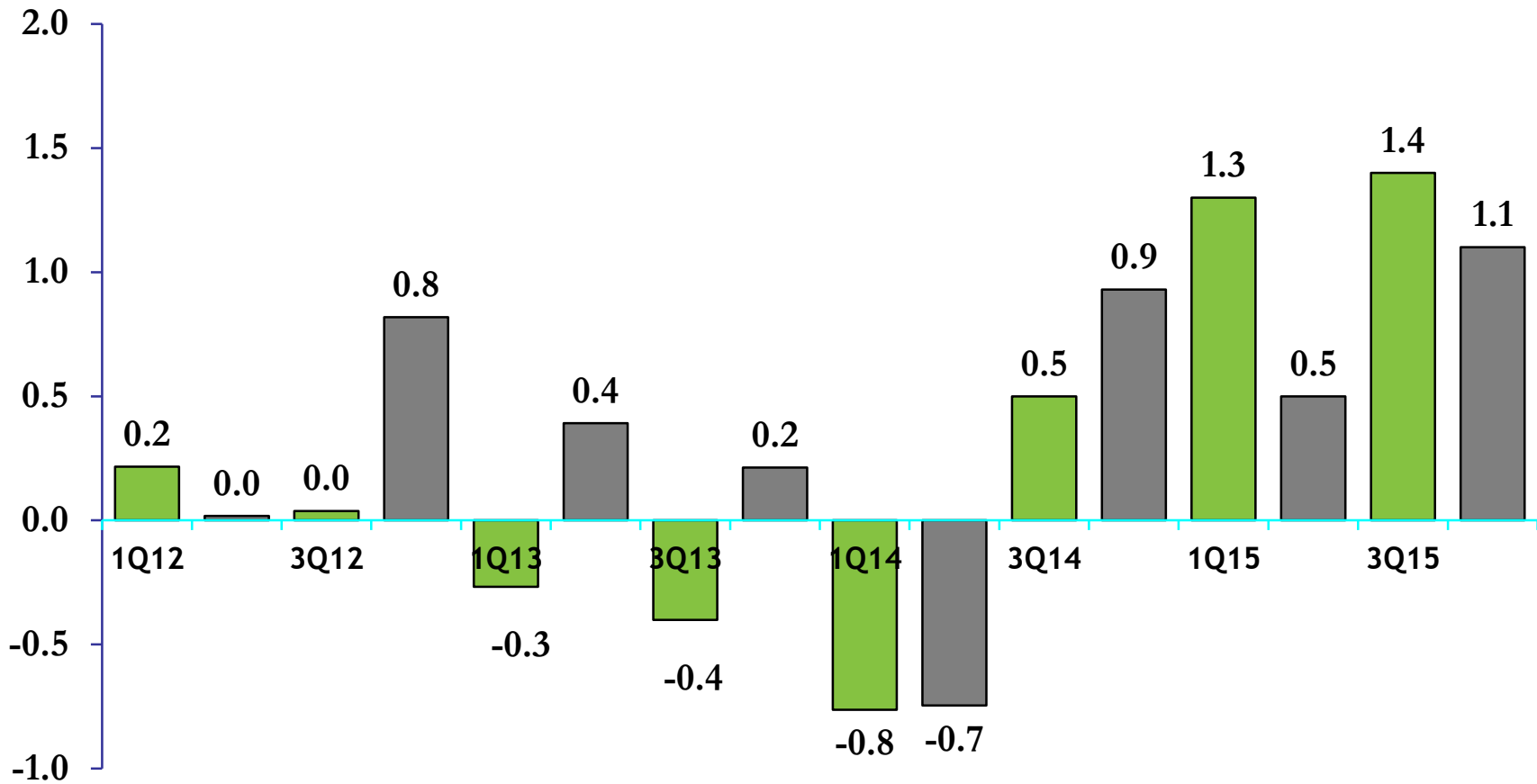
QUARTERLY CASH FLOW FROM OPERATIONS (\$ MIL)



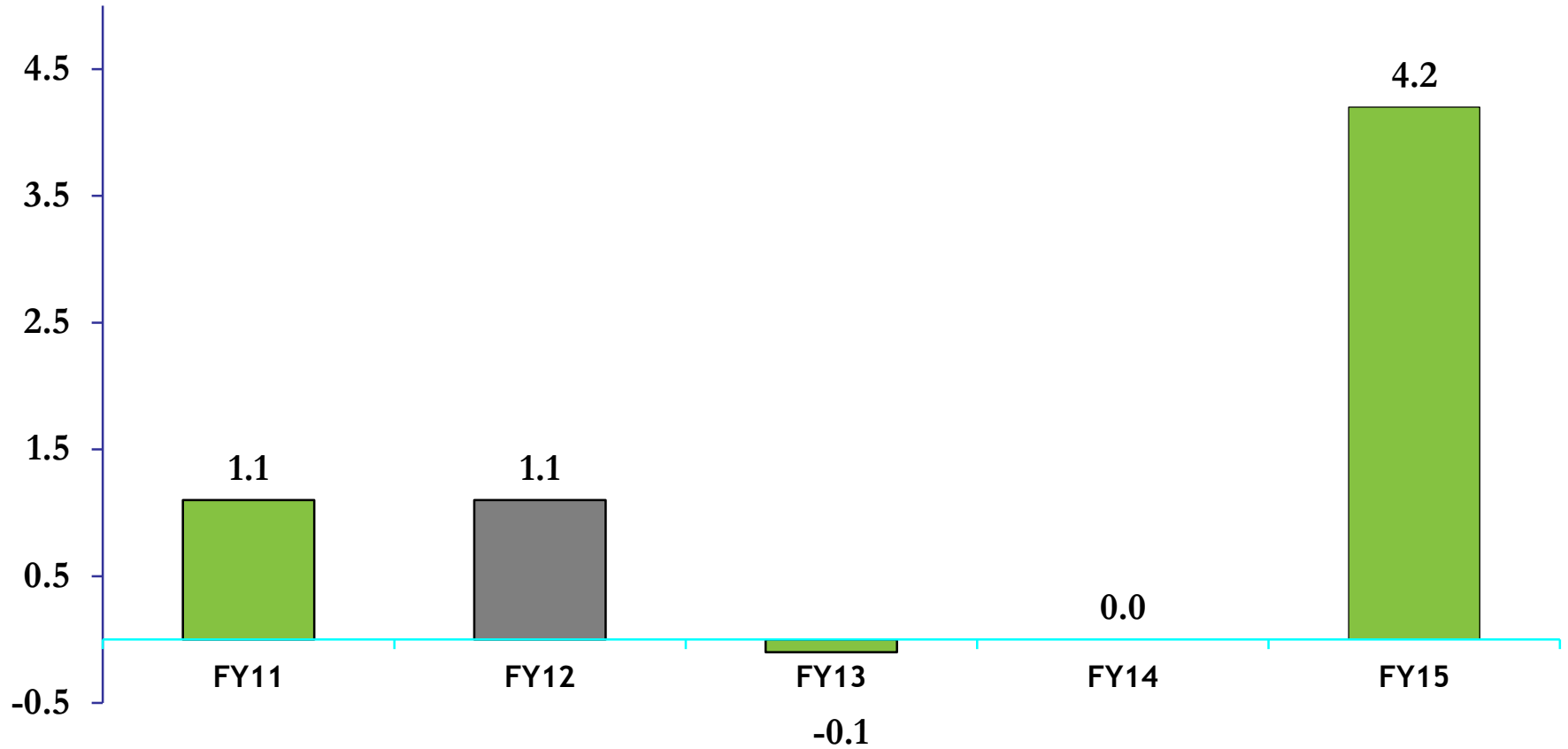
ANNUAL CASH FLOW FROM OPERATIONS (\$ MIL)



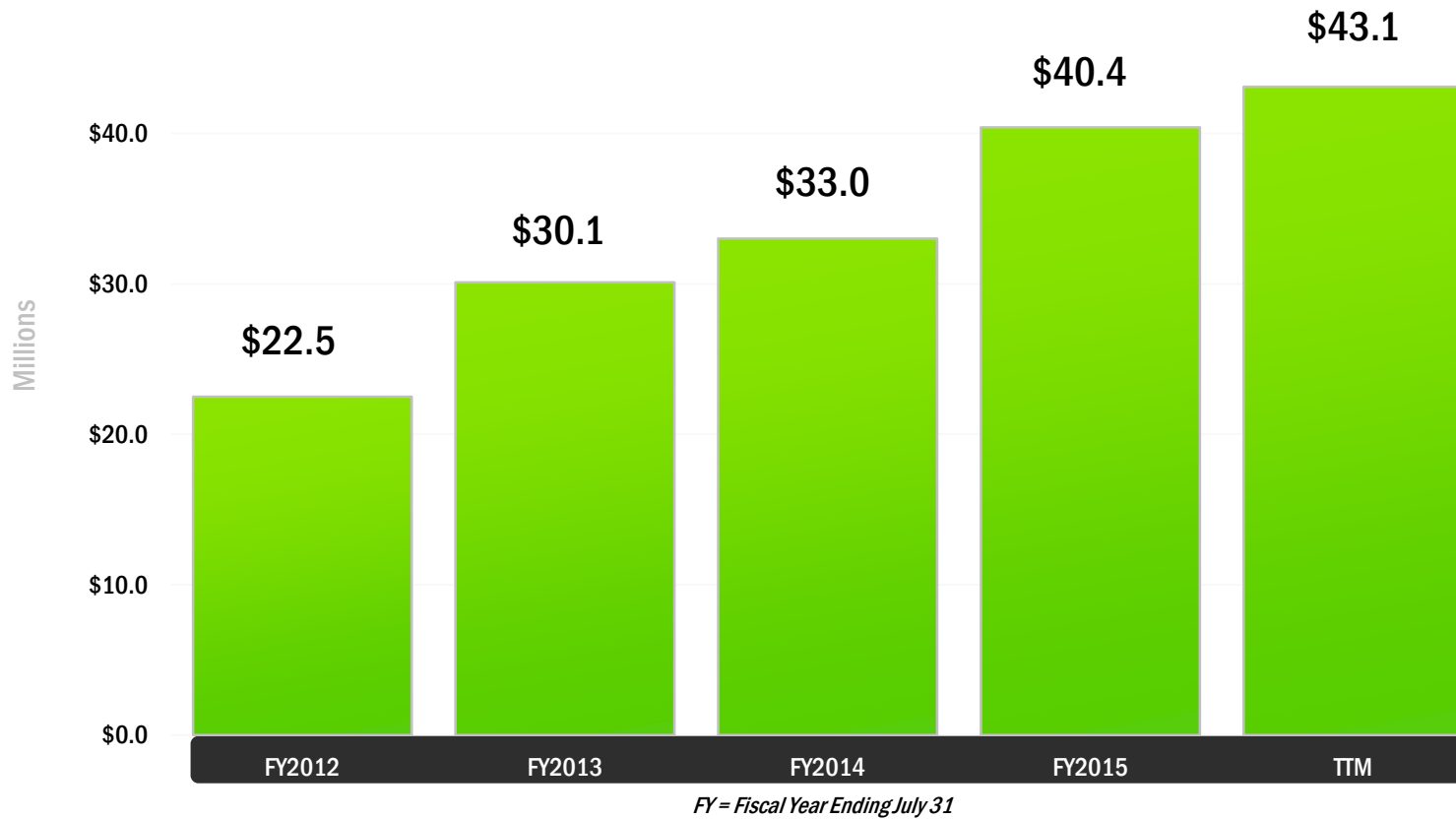
QUARTERLY FREE CASH FLOW (\$ MIL)



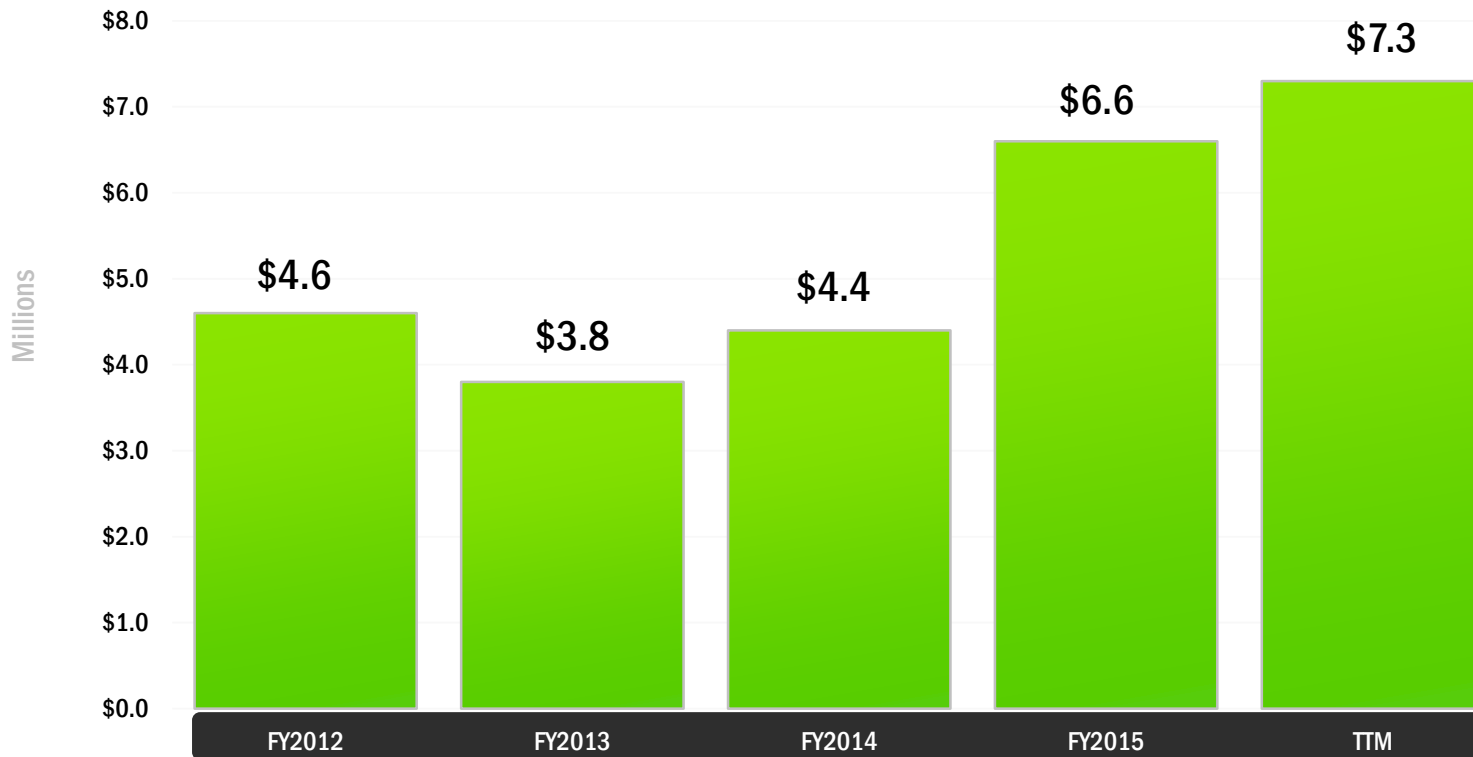
ANNUAL FREE CASH FLOW (\$ MIL)



TTM REVENUE (\$ MIL)

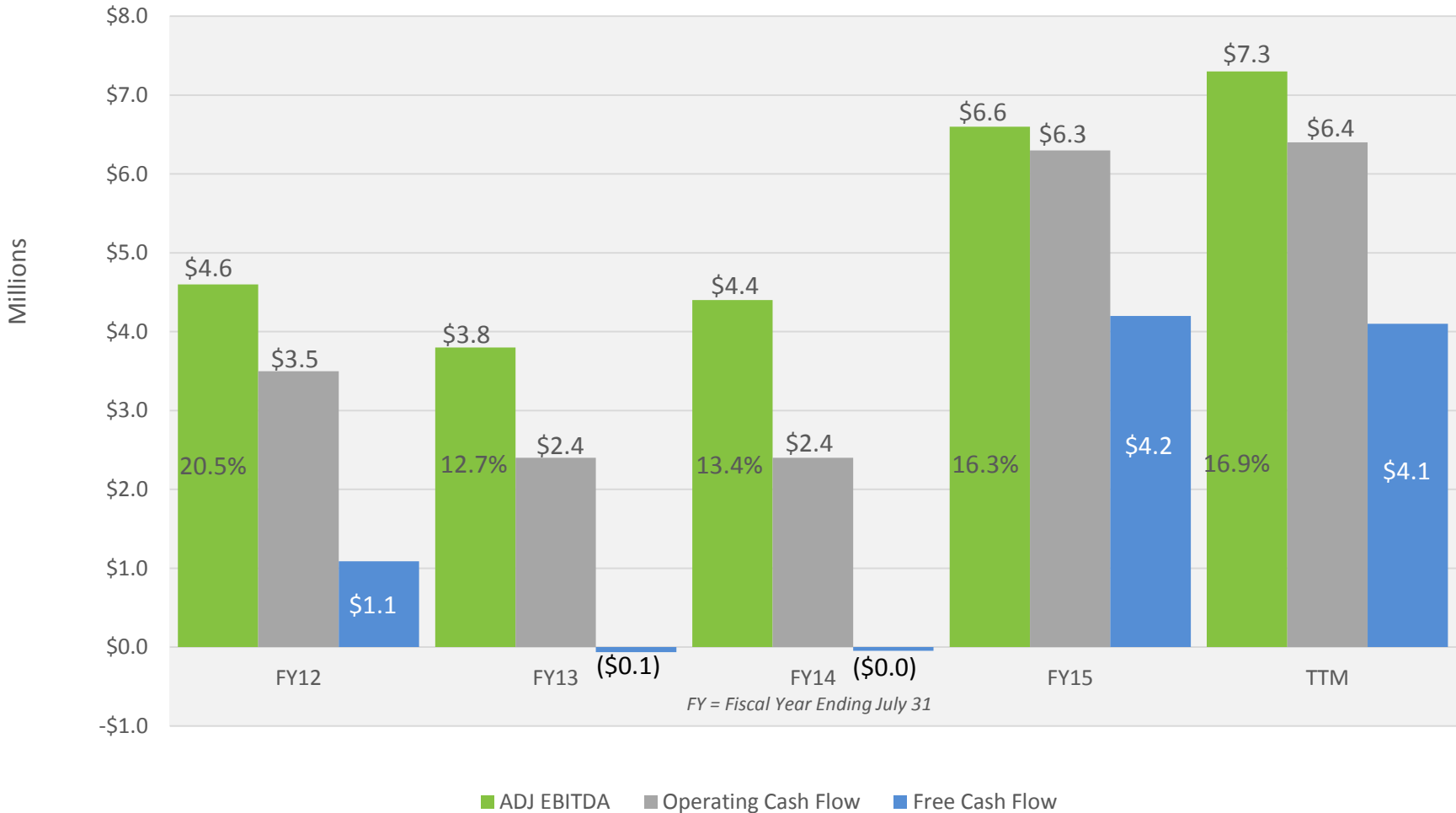


TTM ADJUSTED EBITDA (\$ MIL)



FY = Fiscal Year Ending July 31

ADJUSTED EBITDA AND CASH FLOW (INCLUDES 1Q16 RESULTS)



Free Cash Flow = cash flow from operations less capital expenditures and capitalized software development

Roy W. Olivier – President & CEO

STRATEGY

WHAT DO WE DO?

We provide software and related services to help our customers Sell More Stuff™

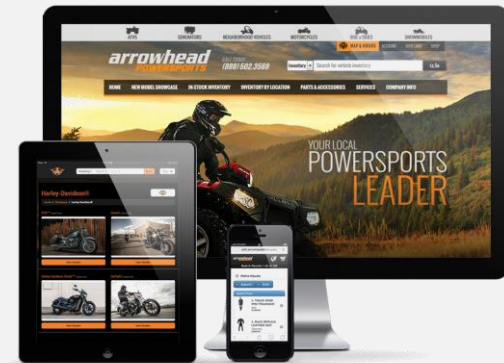
In-Store

- 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)

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>
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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 (7,000+ Dealer Sites).
 - We intend to integrate or own in-store systems (Business Management/Point of Sale).

STRATEGIC GOALS – THE FUTURE

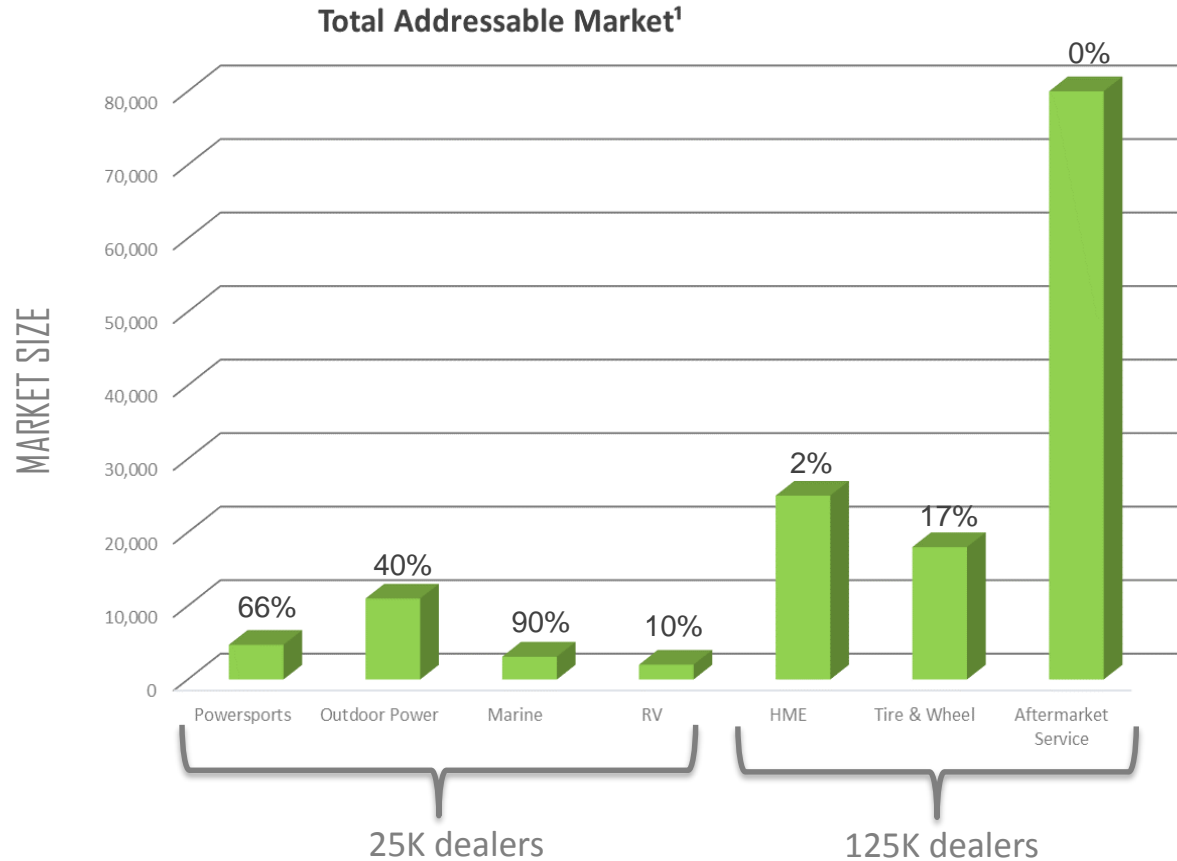
- We intend to be the leader in helping dealers capitalize on the convergence of online and in-store purchases and research.
 - Integrate customer search with the dealership's location via mobile
 - Integrate the customer in-store experience with search and purchasing history via mobile
 - Create personalized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

FOUR POINT GROWTH STRATEGY

- More Markets



¹Total addressable market represented by the green bars. Percentages represent ARI's market share, or the percentage of U.S. dealers that currently use 1 or more of our products. For example, ARI currently has 40% market-share of the OPE vertical; with 40% of those dealers using 1 or more of ARI's products.

²Average revenue per dealer

³Home Medical Equipment

GROWTH DRIVERS

- More Markets
- More Products
 - eCatalog
 - Lead Gen & eCommerce
 - Point of Sale / Dealer Business Mgmt. Systems (POS/DBMS)
 - Digital Marketing Services (DIGMS)

GROWTH DRIVERS

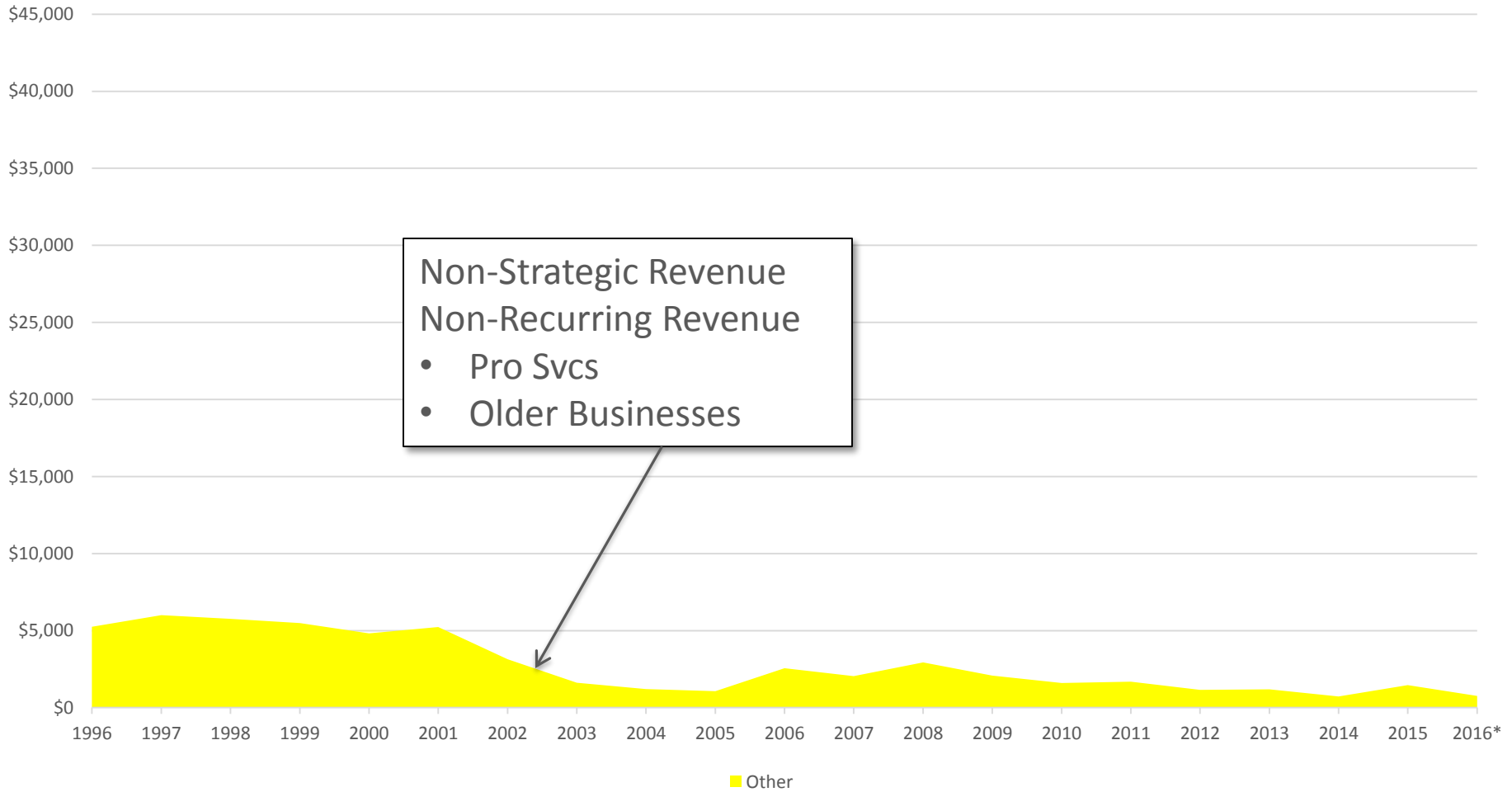
- More Markets
 - More Products
 - Higher ARPD
- eCatalog **\$1,839**
 - LeadGen/eCommerce **\$2,936**
 - POS/DBMS **\$4,766**
 - DIGMS **\$5,065**

GROWTH DRIVERS

- More Markets
 - Completed 14
- More Products
- Higher ARPD
- Acquisitions that align with our core strategy
 - Fragmented markets with many small competitors
 - We partner with over 90 today

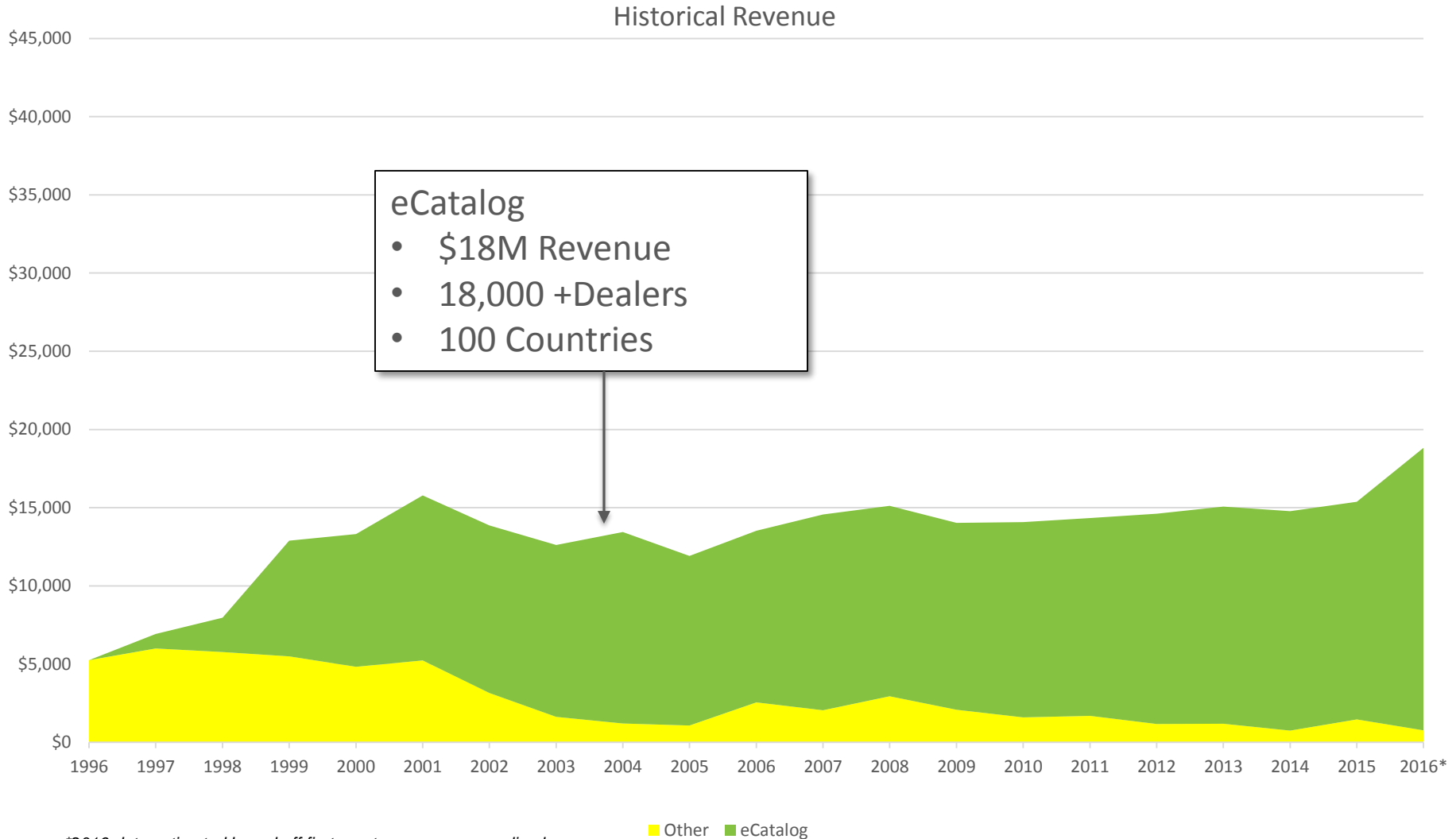
HISTORICAL GROWTH

Historical Revenue



*2016 data estimated based off first quarter revenue annualized.

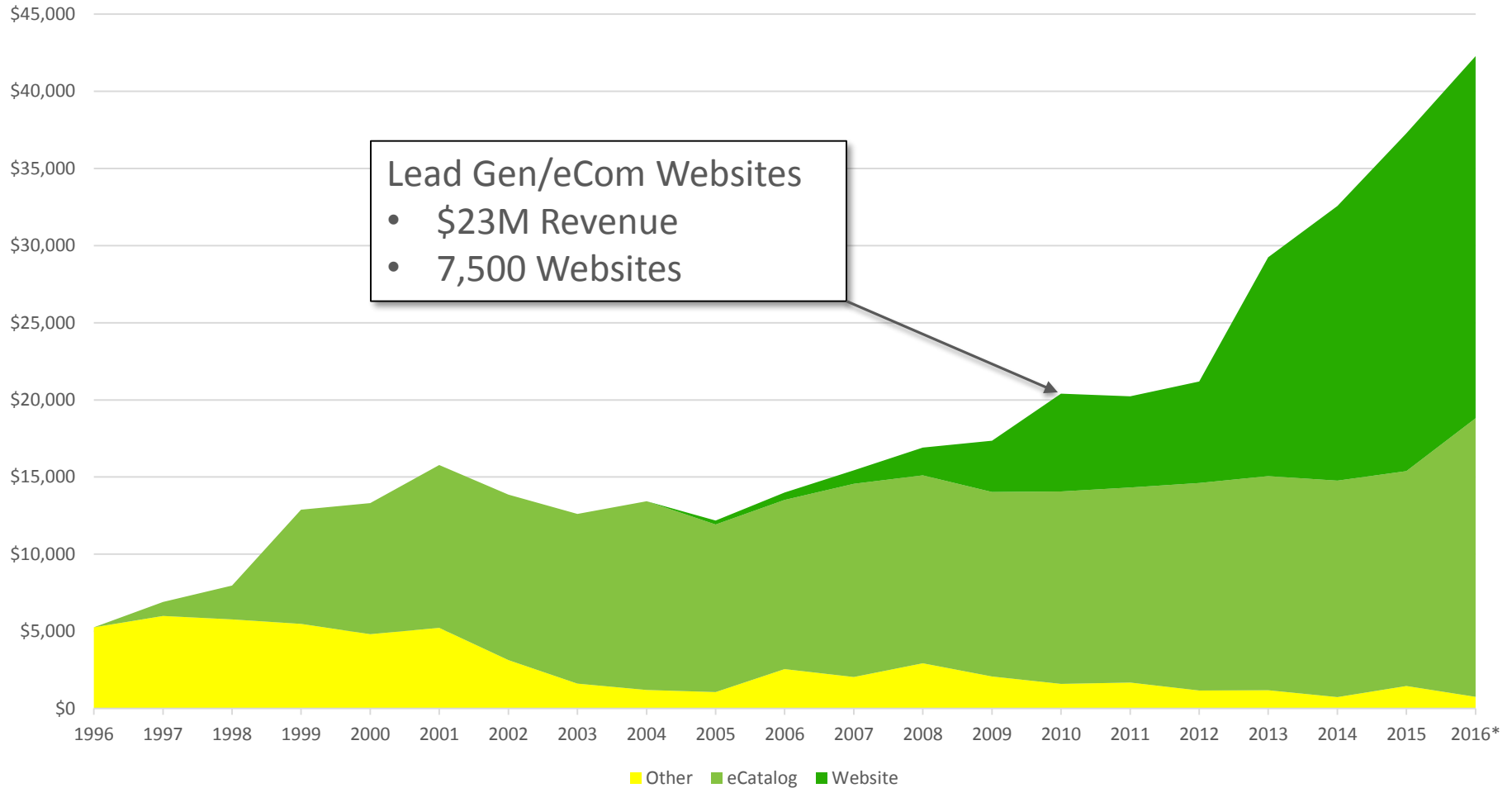
HISTORICAL GROWTH



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HISTORICAL GROWTH

Historical Revenue

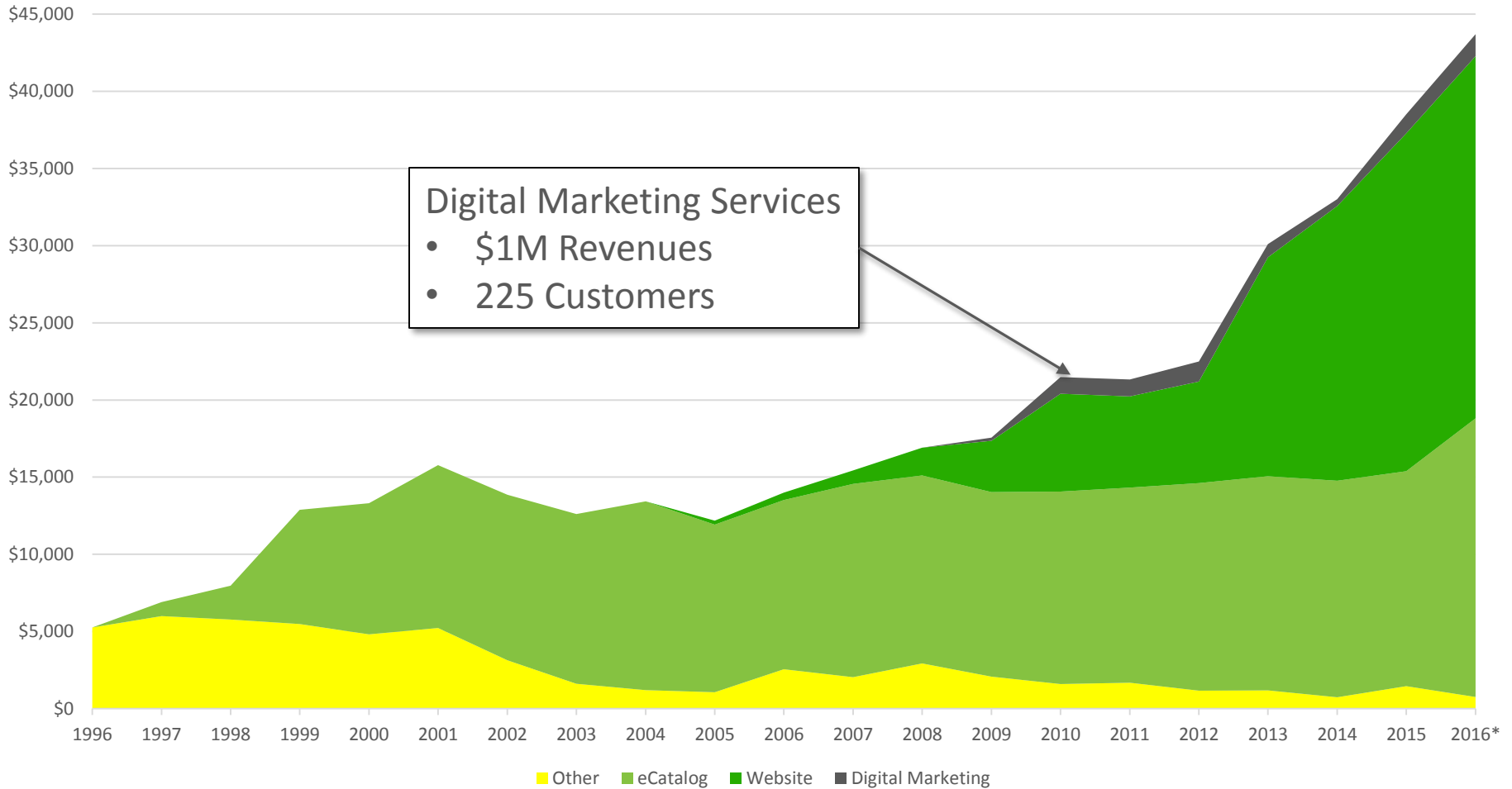


In FY13 Q3 we made a change to our lead generation service business model, eliminating the pass-through cost of purchased ad words from the search engine providers on behalf of our customers.

*2016 data estimated based off first quarter revenue annualized.

HISTORICAL GROWTH

Historical Revenue

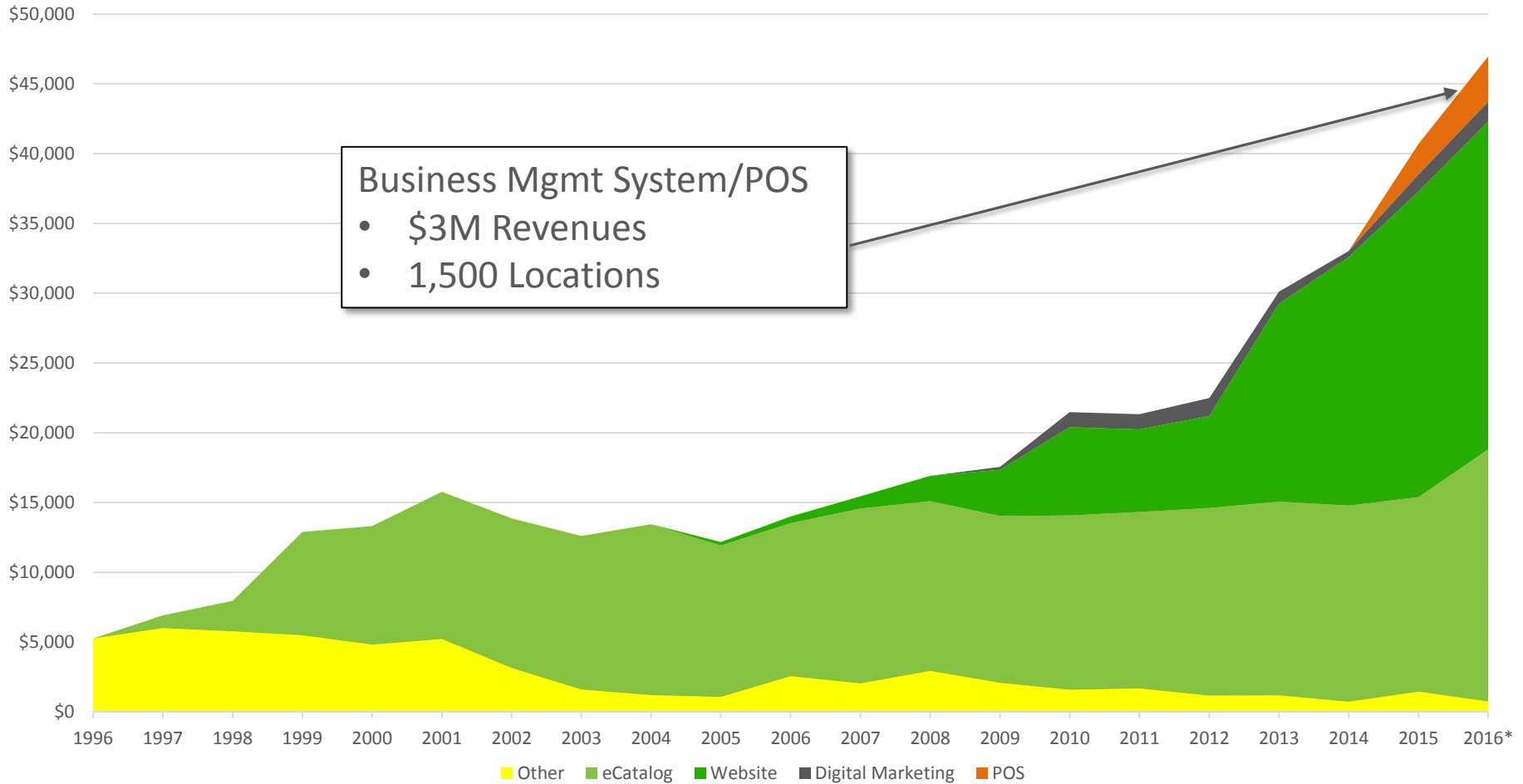


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HISTORICAL GROWTH

Historical Revenue

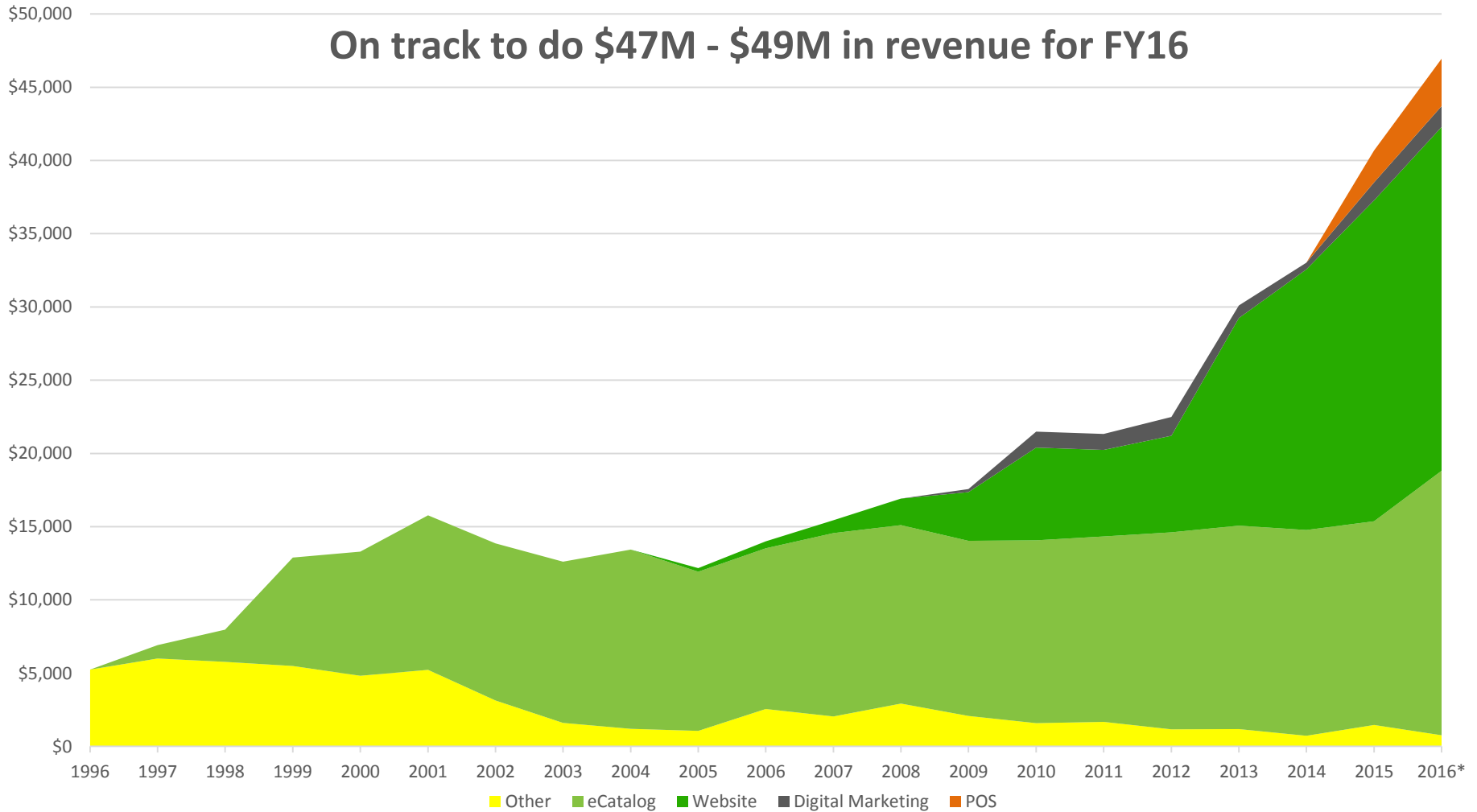


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*2016 data estimated based off first quarter revenue annualized.

HISTORICAL GROWTH

On track to do \$47M - \$49M in revenue for FY16



In FY13 Q3 we made a change to our lead generation service business model, eliminating the pass-through cost of purchased ad words from the search engine providers on behalf of our customers.

*2016 data estimated based off first quarter revenue annualized.

GROWTH OPPORTUNITY

	Customer Count	US TAM # of Customers	ARPD	TAM Dollars
eCatalog	15,901	20,800	\$1,839	\$38M
Lead Gen & eCommerce	7,557	143,800	\$2,936	\$422M
Point of Sale/DBMS	459	143,800	\$4,762	\$685M
Digital Marketing	228	143,800	\$5,065	\$728M
Total US				\$1.9B

After various adjustments we think TAM is \$1.5B

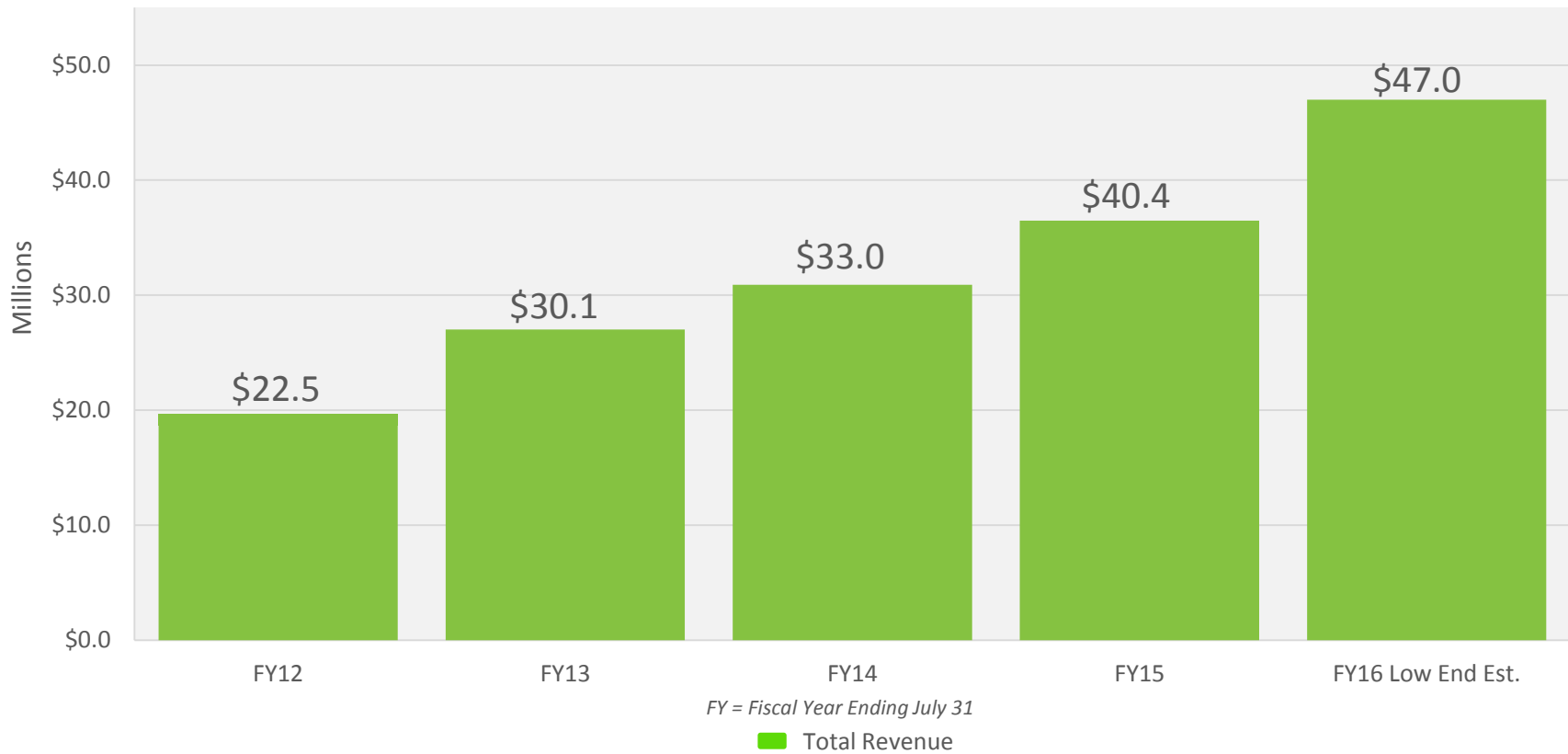
eCat – Total includes “Bulk” license agreements without international dealers. ARPD is for dealers billed directly.

TAM – Total Addressable Market or the number of dealers, service locations or service providers.

ARPD– Average Recurring Revenue per dealer, service locations or service providers. Number for FY16Q1 annualized.

REVENUE GROWTH

5 Year CAGR – 17%
3 Year CAGR – 16%



TARGET OPERATING MODEL

	FY15 Act.	FY16 Q1 Annualized	3 Years FY19	5 Years FY21
Sales	\$40M	\$47M	≅ \$75M	≅ \$100M
Growth CAGR			16.5%	16.5%
Adj. EBITDA %	16.9%	17.2%	18% - 22%	20% - 24%
Adj. EBITDA \$	\$7.3M	\$8M	\$14M - \$17M	\$20M - \$24M

NEAR TERM OUTLOOK

- 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

QUESTIONS?