



A Leading Provider of Marketing Automation Solutions

Investor Presentation

December 2016

Safe Harbor Statement

The information provided in this presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can identify these statements by use of the words "may," "will," "should," "plans," "explores," "expects," "anticipates," "continues," "estimates," "projects," "intends," and similar expressions. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. These risks and uncertainties include, but are not limited to, general economic and business conditions, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing new customer offerings, changes in customer order patterns, changes in customer offering mix, continued success in technological advances and delivering technological innovations, delays due to issues with outsourced service providers, and various other factors beyond the control of SharpSpring, Inc. (the "Company").

This presentation includes statistical and other industry and market data that the Company obtained from industry publications and research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While the Company believes that these industry publications and third-party research, surveys and studies are reliable, the Company has not independently verified such data and the Company does not make any representation as to the accuracy of the information.



Global
provider of
SaaS
marketing
technologies

Marketing
automation
platform that
caters to the
needs of digital
marketing
agencies and SMB
customers

Thousands of
customers
worldwide

SharpSpring at a Glance

Corporate Overview

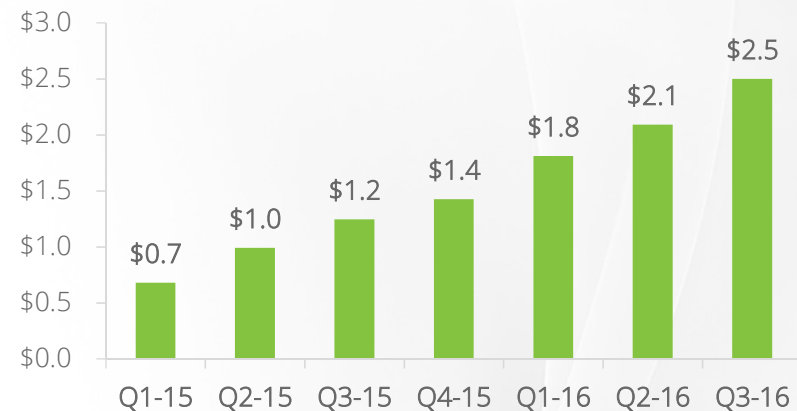
- Founded 1998 (formerly SMTP, Inc.)
- Ticker NASDAQ: SHSP
- Market Cap (11/30/16) \$44 M
- Shares Outstanding 8.4 M
- Q3 2016 Revenue \$3.0 M
- TTM Revenue (Q3 2016) \$8.7 M ⁽¹⁾
- Flagship Product Growth Rate 101% ⁽²⁾
- Q3-16 Gross Margin % 58%
- Q3-16 Adj. EBITDA (\$1.0 M)
- Debt (9/30/16) \$0
- Cash (9/30/16) \$11.6 M

Marketing Automation




- Sophisticated, affordable marketing automation
- Designed for agencies and small and mid-sized businesses
- Winning considerable business against larger competitors such as HubSpot, Act-On and Pardot
- Powerful SharpSpring Mail+ email marketing tool with next generation features







SharpSpring Flagship Product Revenue Growth




Customer Mix







Premium Flagship Product



Email Marketing + Automation

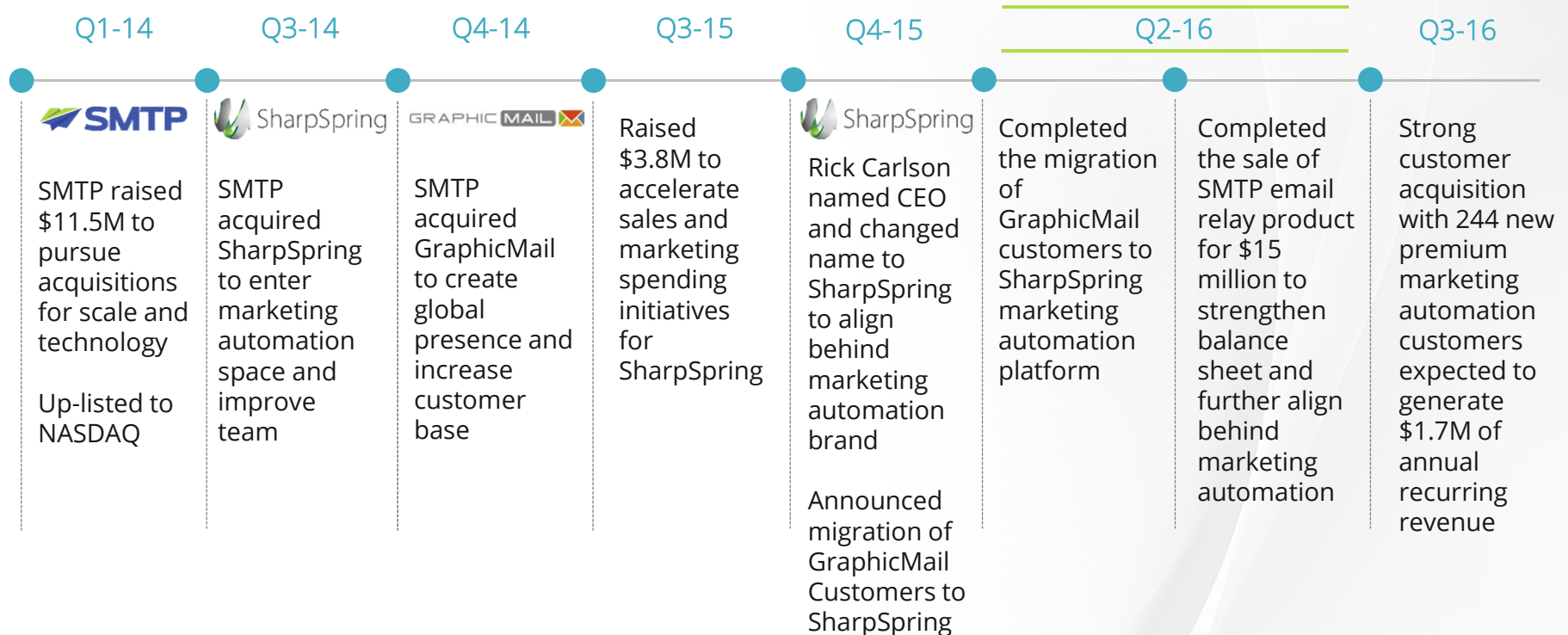
- ✓ Two flavors of marketing automation
- ✓ Diverse group of customers with a focus on digital marketing agencies

(1) From continuing operations which excludes SMTP.com email delivery product results

(2) Represents growth of SharpSpring premium product revenue comparing Q3-16 to Q3-15

Company Timeline

Delivering on Stated Goals



Record of success against growth plan

- ✓ Strategic acquisition of SharpSpring in August 2014
- ✓ Aligned company around key growth driver
- ✓ Divested non-core SMTP email relay business for \$15M (June 2016)
- ✓ Well positioned for future growth

Marketing Automation Overview

What Marketing Automation Does:



**① Drives
More Leads to
Your Business**



**② Converts
More Leads
to Sales**



**③ Measures
Marketing
ROI**

Key Marketing Automation Functionality:

- Behavior-based triggers
- Automated individualized responses
- Deep analytics on customer interactions
- Lead nurturing and scoring
- Marketing campaign management

Marketing Automation is Becoming Critical for Growth:

91% of the most successful users agree that marketing automation is “very important” to the overall success of their marketing across channels⁽²⁾

80% of marketing automation users saw their number of leads increase, and **77%** saw the number of conversions increase⁽¹⁾

Marketers say that the biggest benefits of marketing automation are saving time (**74%**), increased customer engagement (**68%**), and more timely communications (**58%**)⁽³⁾

B2B top Performers are **20%** more likely to currently use marketing automation technology than the average performers⁽⁴⁾

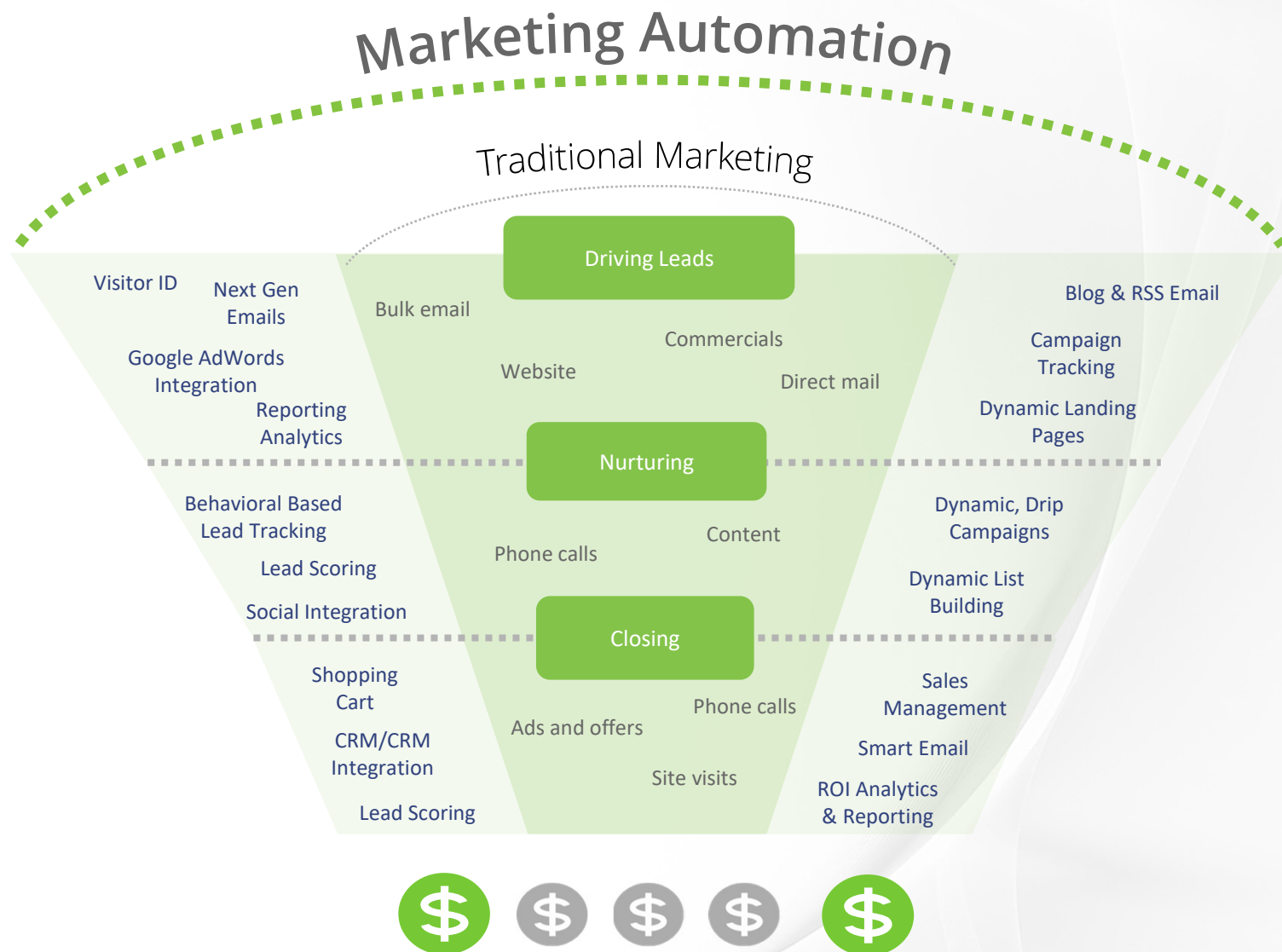
(1) VB Insight 2015

(2) Ascend2 “Marketing Automation Strategies for Sustaining Success” (2015)

(3) “Marketer vs Machine” (2015)

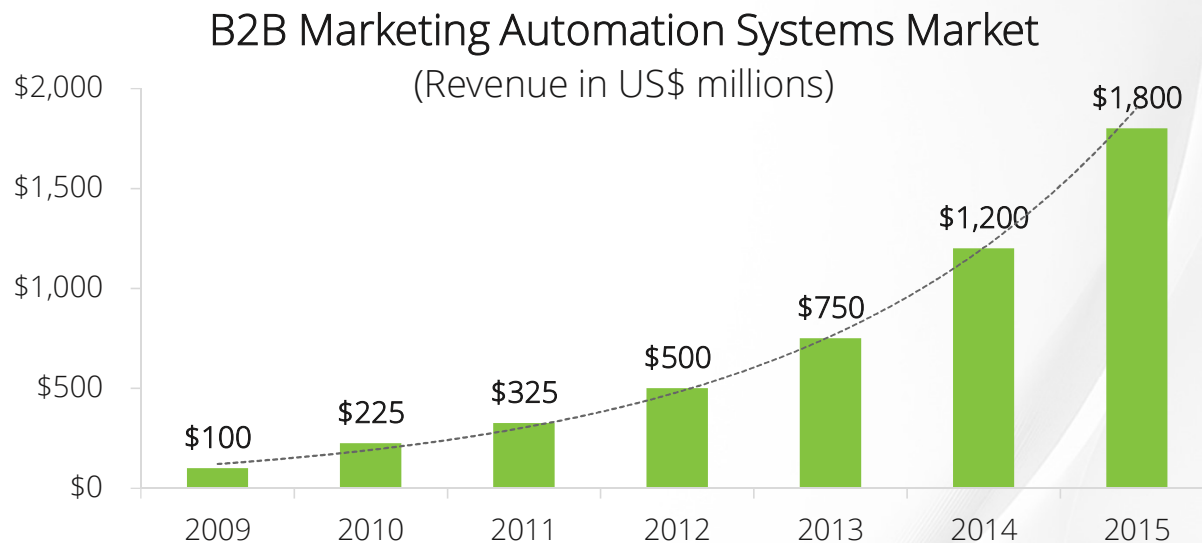
(4) Gleanster Research “Rethinking the Role of Marketing” (2015)

Improving the Marketing Funnel



A Rapidly Growing Market

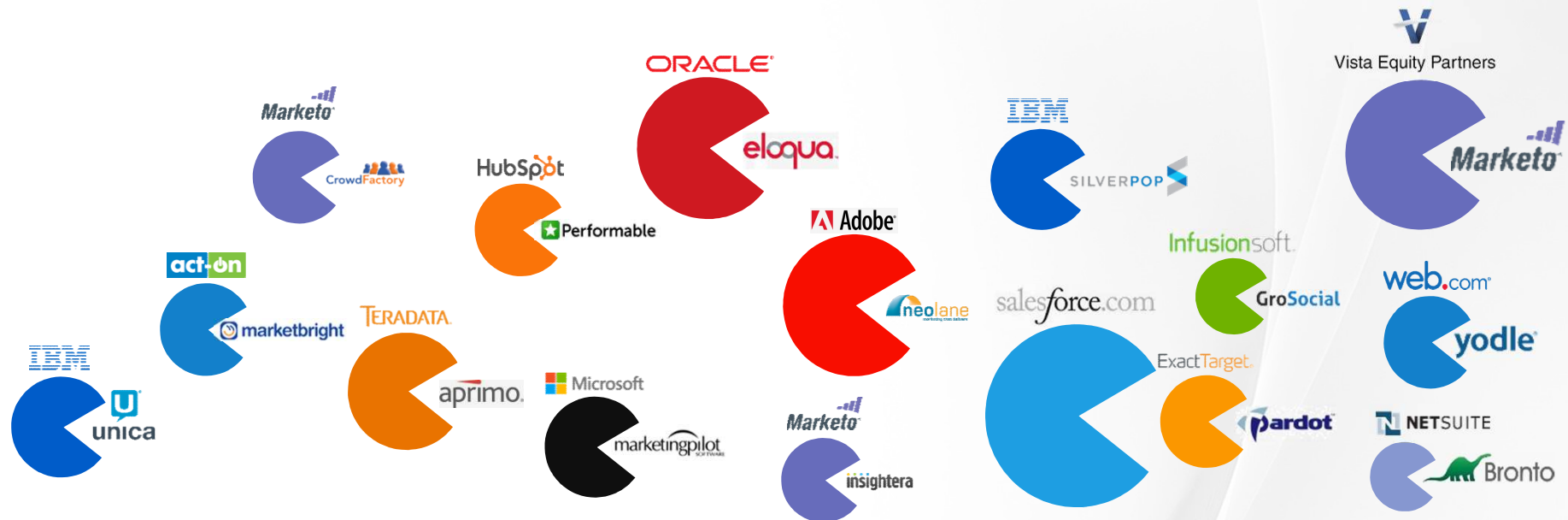
- A \$1.8B market in 2015 **growing 60% annually** ⁽¹⁾
- As of 2015, only 369 of the top 10,000 websites had implemented marketing automation ⁽²⁾
- Strong M&A activity



(1) Raab Associates 2015 VEST
(2) Marketing Automation Insider -- "The Marketing Automation Industry in 2015"

\$6B+ in M&A Activity Since 2010

Notable recent acquisitions:



Recent Marketo acquisition at ~6x Revenues

SharpSpring Target Market



- Raab estimates the SMB at approximately 1.3M entities domestically, with penetration of 3 to 10%
- SharpSpring's low pricing and competitive features allow it to directly and successfully target existing HubSpot and Act-On customers
- SharpSpring's broad functionality can attract interest from Marketo users, and its low price point makes it more attractive to small businesses

Domestic Market Segments and Penetration

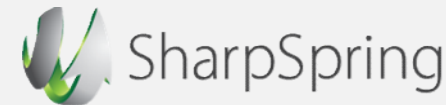
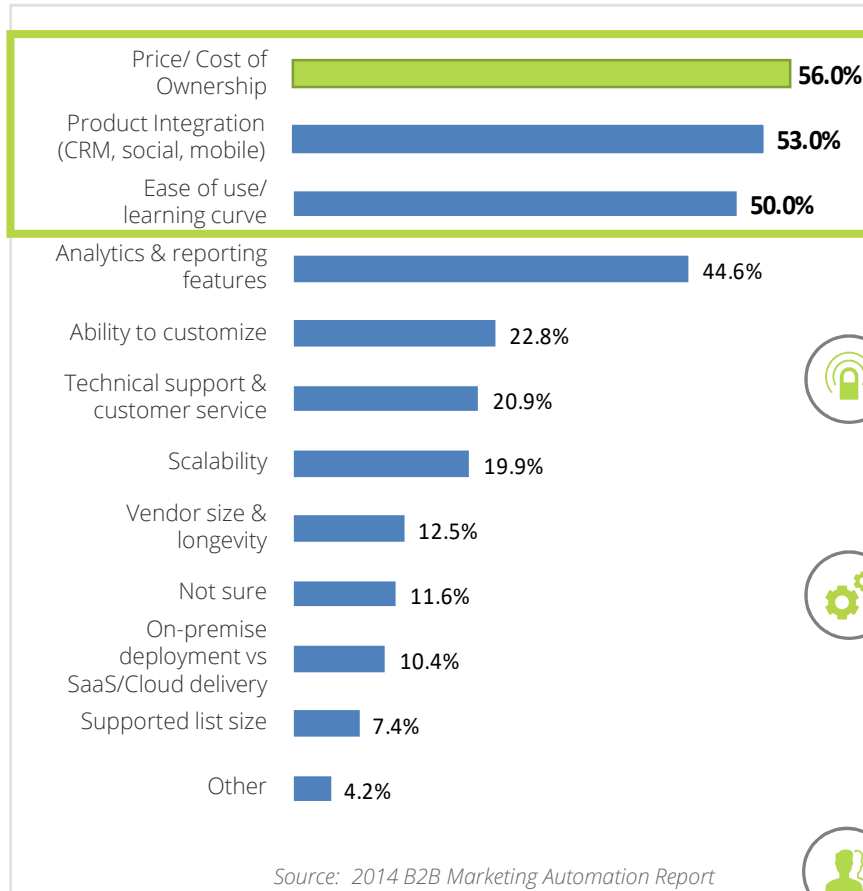
Segment	Annual Revenue	Clients	% Clients	Companies	Penetration
Micro	<\$5 million	31,000	57%	1,000,000	3%
Small	\$5 - \$20 million	12,000	22%	220,000	5%
Mid-size	\$20 - \$500 million	9,000	16%	90,000	10%
Large	\$500+ million	3,000	5%	5,000	60%

Source: Raab Associates 2014 Vest

"SharpSpring ranks as a leader in the small business segment based on both product and vendor strength."

Raab Associates

SharpSpring Addresses Key Customer Pain Points



The vision for SharpSpring was to make powerful, affordable technology that was easier for businesses to adopt and utilize quickly.



We make it easy to switch to SharpSpring

- Works with all web platforms and content management systems (CMS platforms)
- Customers can utilize any form creation tool
- We offer tools for migrating CRM data



Seamlessly integrated solutions – or integrate with external apps

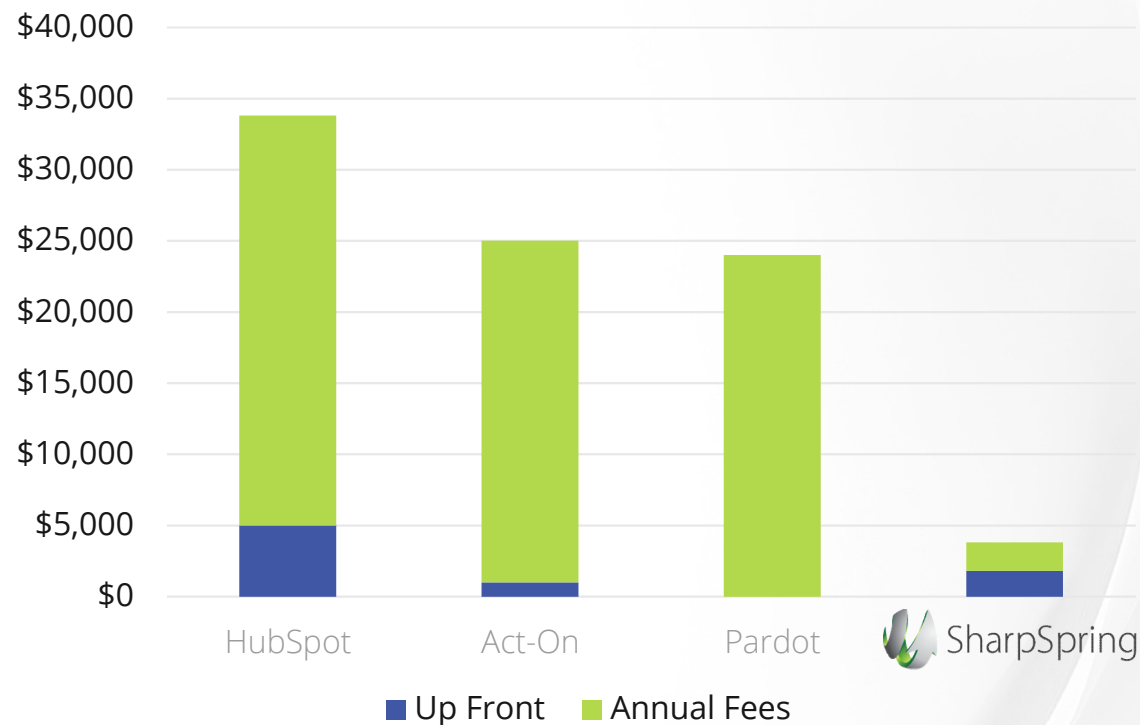
- Fully integrated CRM and call tracking functionality put it ahead of all incumbent technologies in providing 360 degree view of customer interactions
- Customers have option to utilize existing CRM system, to use SharpSpring's built-in CRM, or to mirror data across both
- Seamless integration with a host of external applications



SharpSpring's Ease-Of-Use a Key Advantage

We address the biggest objectives with our product integration & unified technology at a disruptive price

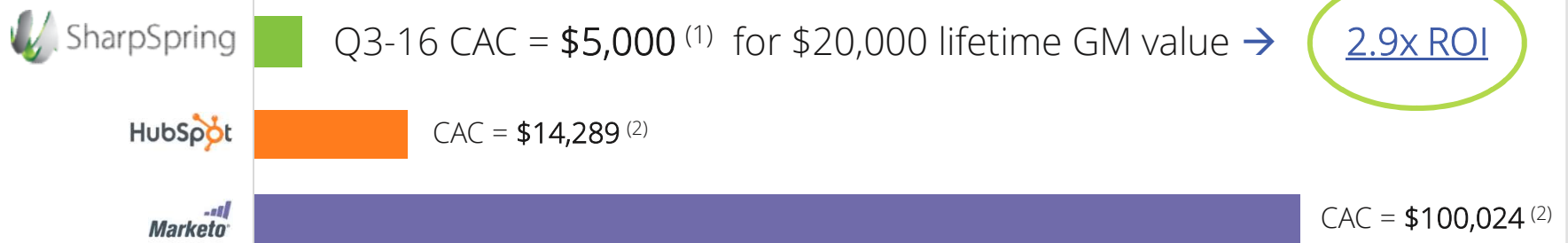
Premium Platform at Affordable Price



SharpSpring offers similar functionality at a fraction of the price

SharpSpring's Financial Model

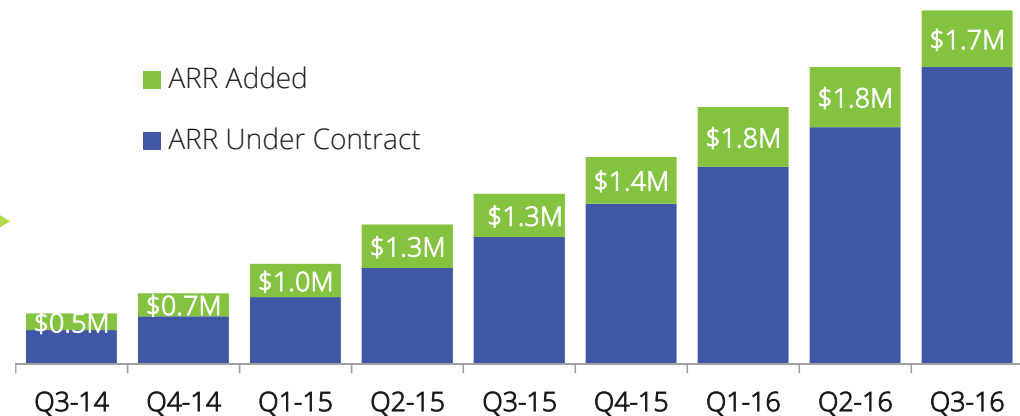
Low Customer Acquisition Costs with Unique Agency Model



Our investments in sales & marketing are expected to be recovered in under 12 months.

Continued New Customer Wins

Continued expansion of the flagship product customer base drives higher levels of annual recurring revenue and profitability



(1) Actual Q3-16 customer acquisition costs (CAC) as reported by the Company

(2) Based on company reported customer counts and uses estimated customer churn of 2% per month to estimate customers acquired in the period

Primary Target Customer: Digital Agencies

- Typically 5-20 employees
- Managing numerous clients simultaneously (usually between 10-100)
- Combination of retainer and project-based clients, with strong preference for retainer-based relationships
- Responsible for generating leads and helping move leads through the sales funnel
- Provide creative services and deliver campaigns including PPC, SEO, email and social
- Need to show the impact of their services in the form of calculated ROI



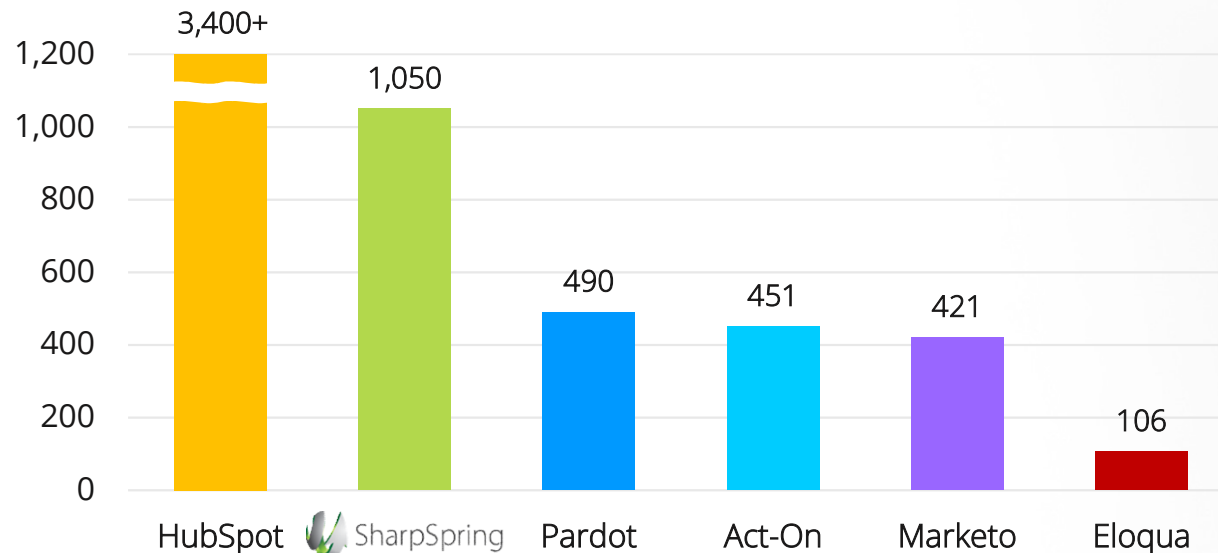
Agencies are regarded as the thought leaders in the digital industry



More than 300,000 businesses turn to digital agencies to address complex needs

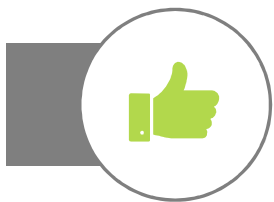
Already #2 in the Agency Vertical in < 3 Years

Agency Customers as of September 30, 2016



Strategic value:

- As technology complexity increases, more firms turn to agencies
- We estimate there are 50,000 digital marketing agencies in the USA alone
- Agencies provide a cost-effective path to end-users of various products & services



Our best prospect is an agency already using a competitor:

- Our pricing allows them to reach customers they can't with other solutions
- Our features are comparable and our flexibility speeds implementations
- We treat agencies as our customers, whereas competitors treat them as product resellers
- An agency may have 20 customers with 2 on a competitor; we want to win the other 18 accounts

Our Long-Term Sustainable Market Position





Financial Overview

Summary Financials



Investing in sales & marketing to accelerate future growth

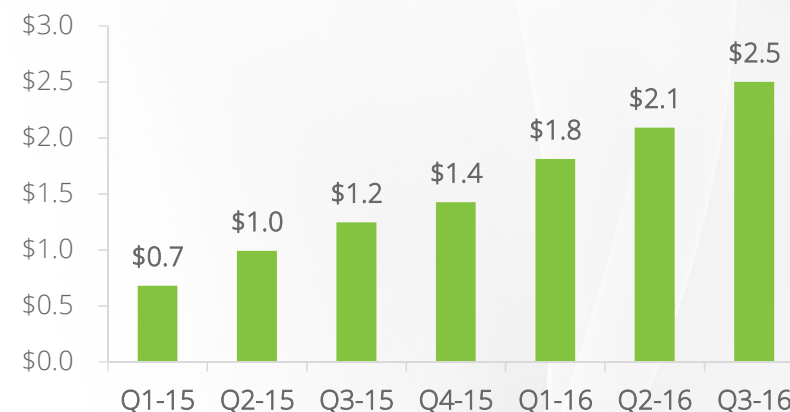


SaaS revenue model



101% growth in flagship product

SharpSpring Flagship Product Revenue Growth



Select Results	2013*	2014*	2015*	Q3 2016
Revenue	\$5,754	\$7,499	\$14,589	\$3,010
Gross Profit (GAAP)	\$4,705	\$5,784	\$10,638	\$1,741
<i>Gross Margin</i>	82%	77%	73%	58%
Adjusted EBITDA	\$2,620	\$1,327	(\$511)	(\$1,035)
<i>Adjusted EBITDA Margin</i>	46%	18%	(4%)	(34%)

* Figures have not been adjusted to split out the operations of the SMTP email relay business, which was sold on June 27, 2016.

Balance Sheet and Capital Structure

BALANCE SHEET

As of September 30, 2016

Cash	\$11.6M
Total Assets	\$29.4M
Total Liabilities	\$4.3M
Shareholders Equity	\$25.0M

SHARES OUTSTANDING

As of September 30, 2016

Basic shares outstanding	8,348,030
Options (<i>weighted avg. exercise price of \$5.12</i>)	1,143,529
Warrants (<i>weighted avg. exercise price of \$6.26</i>)	170,973
Fully diluted shares outstanding	9,662,532

No debt, no preferred equity – 100% owned by common shareholders with recent reinvestment by key executives and shareholders

Investment Highlights

- Growing provider of SaaS marketing technologies
- Transformative activities in recent quarters align product and strategy behind SharpSpring brand
- Rapidly achieved meaningful penetration in agency market while winning customers from HubSpot, Marketo & Act-On today
- Disruptive pricing and customer acquisition costs significantly below peers
- Technology capabilities and agency presence are strategically important in a sector with significant M&A activity

Thank you





Appendix

Experienced Leadership Team



Rick Carlson

Chief Executive Officer & President

- Appointed to CEO in October 2015 after becoming President in August 2015
- Proven executive and entrepreneur; founder of SharpSpring
- Over 15 years of executive management experience in the technology sector, holding president, CEO, general manager, and board positions at several successful internet security companies.
- Prior to founding SharpSpring, Carlson was President of Panda Security US, an internet security company, and was Managing Director of North America Operations at AVG Technologies, leading the expansion of consumer, SMB and OEM channels in the United States and Canada



Ed Lawton

Chief Financial Officer

- Extensive experience in finance, accounting and acquisitions for publicly traded technology companies
- Former Sr. Director of Finance for Bottomline Technologies (NASDAQ: EPAY) helping to complete over 20 acquisitions globally
- Previously held senior roles with publicly-traded Trico Marine and Cabot Corporation



Travis Whitton

Chief Technology Officer

- As a co-founder of SharpSpring, Travis was responsible for the technical design and growth strategy of SharpSpring
- Prior to SharpSpring, Whitton was the primary data storage architect at Grooveshark.com where he implemented solutions to scale the online music streaming service for millions of visitors per day

Our leadership team focuses on accountability and efficiency.
Each of us has long-term equity incentives that are well-aligned with our shareholders.

Reconciliation to Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net income (loss) from continuing operations	\$ (1,224)	\$ (1,627)	\$ (3,048)	\$ (5,255)
Provision (benefit) for income tax	(519)	(581)	(1,335)	(1,785)
Other (income) expense, net	(105)	65	(475)	130
Depreciation & amortization	355	399	1,169	1,202
Non-cash stock compensation	164	205	500	639
Acquisition related charges	-	270	219	2,689
Restructuring charges	294	456	394	469
Adjusted EBITDA	(1,035)	(813)	(2,576)	(1,911)

* These figures have been adjusted to remove the operations of the SMTP email relay business, which was sold on June 27, 2016.