



SPARK NETWORKS® REPORTS THIRD QUARTER 2011 FINANCIAL RESULTS

BEVERLY HILLS, Calif., November 10, 2011 -- Spark Networks, Inc. (NYSE AMEX: LOV), a leading provider of online personals services, today reported financial results for the third quarter ended September 30, 2011.

	<u>Q3 2011</u>	<u>Q3 2010</u>
Revenue	\$12.7 Million	\$9.9 Million
Contribution Margin	49%	75%
Net (Loss)Income	\$(0.2) Million	\$1.2 Million
Net (Loss) Income Per Share	\$(0.01)	\$0.06

"I am proud to report another solid quarter, as our business continues to grow according to plan. Revenue grew 28% on a year-over-year basis and 6% compared to last quarter, marking our fourth consecutive quarter of revenue growth," said Greg Liberman, Spark's President and Chief Executive Officer. "Q3 has historically been seasonally soft for us but, powered by the performance of our Other Affinity Networks segment, company-wide average paying subscribers¹ sequentially grew by 8%. And, when looking at the Other Affinity Networks segment, alone, quarterly revenue and average paying subscribers grew year-over-year by 108% and 84%, respectively, and sequentially by 23% and 19%, respectively."

"Contribution² also sequentially increased 13% during the quarter, marking our first increase in six quarters, as revenue continued to catch up to our expanded marketing spend. That being said, we will continue to take advantage of key marketing opportunities whenever we uncover them, which may cause short-term contribution to fluctuate, but should enhance long-term profitability and shareholder value."

Financial Results

Revenue for the third quarter of 2011 was \$12.7 million, an increase of 28% compared to \$9.9 million for the third quarter 2010, and an increase of 6% compared to \$12.0 million in the prior quarter.

Contribution for the third quarter of 2011 was \$6.2 million, a decrease of 17% compared to \$7.5 million for the third quarter of 2010, and a 13% increase compared to \$5.5 million in the prior quarter.

Total cost and expenses for the third quarter of 2011 were \$12.7 million, a 58% increase compared to \$8.1 million for the third quarter of 2010 and a 4% increase compared to \$12.3 million in the prior quarter. The increase relative to both comparative periods is primarily attributable to increased direct marketing expense.

Net loss for the third quarter of 2011 was \$238,000, or a net loss per share of \$0.01, compared to net income of \$1.2 million, or \$0.06 per share, for the third quarter of 2010 and net loss of \$81,000 or \$0.00 per share for the prior quarter.

Adjusted EBITDA³ for the third quarter of 2011 was \$639,000, a decrease of 74% compared to \$2.4 million for the third quarter of 2010, and an increase of 48% compared to \$432,000 in the prior quarter. The decrease in the third quarter of 2011 relative to the third quarter of 2010 is primarily attributable to increased direct marketing expense.

Average paying subscribers for the Company, as a whole, in the third quarter of 2011 were 206,099, an increase of 30% compared to 158,422 for the third quarter of 2010 and an increase of 8% compared to 190,160 for the prior quarter.

Segment Reporting⁴

Third quarter 2011 revenue for Jewish Networks was \$6.7 million, a decrease of 1% compared to \$6.8 million for the third quarter of 2010 and flat with the prior quarter.

Third quarter 2011 revenue for Other Affinity Networks was \$5.7 million, an increase of 108% compared to \$2.7 million for the third quarter of 2010, and an increase of 23% compared to \$4.7 million in the prior quarter.

Third quarter 2011 revenue for General Market Networks was \$127,000, a decrease of 52% compared to \$264,000 for the third quarter of 2010, and a decrease of 18% compared to \$154,000 in the prior quarter.

Third quarter 2011 revenue for Offline & Other Businesses was \$111,000, a decrease of 22% compared to \$142,000 for the third quarter of 2010, and a decrease of 75% compared to \$449,000 in the prior quarter.

Average paying subscribers for Jewish Networks were 88,976 during the third quarter of 2011, a decrease of 1% compared to 89,792 for the third quarter of 2010, and a decrease of 1% compared to 90,094 for the prior quarter.

Average paying subscribers for Other Affinity Networks were 113,972 during the third quarter of 2011, an increase of 84% compared to 62,026 for the third quarter of 2010 and an increase of 19% compared to 96,071 for the prior quarter.

Average paying subscribers for General Market Networks were 2,702 during the third quarter of 2011, a decrease of 54% compared to 5,888 for the third quarter of 2010, and a decrease of 22% compared to 3,485 for the prior quarter.

Balance Sheet, Cash, Debt

As of September 30, 2011 and December 31, 2010, the Company had cash and cash equivalents of \$14.7 million and \$13.9 million, respectively. As of September 30, 2011, the Company had no outstanding debt.

Investor Conference Call

The Company will discuss its financial results during a live teleconference today at 1:30 p.m. Pacific Time.

Call Title: Spark Networks Q3 '11 Financial Results
Toll-Free (United States): 1-888-337-8169
International: 1-719-325-2473
Confirmation #: 8164094

Digital Replay through November 24, 2011:
Toll-Free (United States): 1-888-203-1112
International: 1-719-457-0820
Confirmation #: 8164094

In addition, the Company will host a webcast of the call which will be accessible in the Investor Relations section of the Company's website under "Conference Calls and Presentations" at: <http://www.spark.net/investor.htm>.

Safe Harbor Statement:

This press release contains forward-looking statements. Any statements in this news release that are not statements of historical fact may be considered to be forward-looking statements. Written words, such as "may," "will," "expect," "believe," "anticipate," "estimate," "intends," "goal," "objective," "seek," "attempt," or variations of these or similar words, identify forward-looking statements. By their nature, forward-looking statements and forecasts involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the near future. There are a number of factors that could cause actual results and developments to differ materially, including, but not limited to our ability to: attract members; convert members into paying subscribers and retain our paying subscribers; develop or acquire new product offerings and successfully implement and expand those offerings; keep pace with rapid technological changes; maintain the strength of our existing brands and maintain and enhance those brands and our dependence upon the telecommunications infrastructure and our networking hardware and software infrastructure; identify and consummate strategic acquisitions and integrate acquired companies or assets; obtain financing on acceptable terms; and successfully implement both cost cutting initiatives and our current long-term growth strategy. For a discussion of these and further risks and uncertainties, please see our filings with the Securities and Exchange Commission. We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information that we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our public filings with the SEC also are available from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>.

SPARK NETWORKS, INC.
BALANCE SHEET
(in thousands, except share data)

	September 30,	December 31,
	2011	2010
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 14,667	\$ 13,901
Restricted cash	926	996
Accounts receivable	962	847
Deferred tax asset – current	43	43
Prepaid expenses and other.....	1,199	911
Total current assets	17,797	16,698
Property and equipment, net.....	2,670	2,520
Goodwill	8,864	9,156
Intangible assets, net.....	3,086	3,017
Deferred tax asset – non-current.....	4,882	4,882
Deposits and other assets.....	490	295
Total assets	\$ 37,789	\$ 36,568
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 587	\$ 1,371
Accrued liabilities.....	4,337	3,635
Deferred revenue.....	5,419	4,331
Total current liabilities	10,343	9,337
Deferred tax liability.....	875	825
Other liabilities non-current.....	1,036	1,036
Total liabilities	12,254	11,198
Commitments and contingencies.....		
Stockholders' equity:		
Authorized capital stock consists of 100,000,000 Common Stock, \$0.001 par value; issued and outstanding 20,594,670 and 20,587,336 at September 30, 2011 and December 31, 2010, respectively, at stated values of:.....	22	21
Additional paid-in-capital	52,761	52,020
Accumulated other comprehensive income.....	699	773
Accumulated deficit.....	(27,947)	(27,444)
Total stockholders' equity	25,535	25,370
Total liabilities and stockholders' equity	\$ 37,789	\$ 36,568

SPARK NETWORKS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenue	\$ 12,677	\$ 9,916	\$ 35,632	\$ 30,742
Cost and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	7,373	3,206	20,535	9,747
Sales & marketing	923	774	2,660	2,708
Customer service	531	403	1,441	1,181
Technical operations	336	252	1,086	930
Development	643	773	2,067	2,332
General and administrative	2,435	2,316	6,997	7,641
Depreciation	341	242	977	699
Amortization of intangible assets	90	98	281	324
Impairment of long-lived assets and other assets	45	—	45	121
Total cost and expenses	12,717	8,064	36,089	25,683
Operating (loss) income	(40)	1,852	(457)	5,059
Interest expense (income) and other, net	120	(182)	18	18
Income (loss) before income taxes	(160)	2,034	(475)	5,041
Provision for income taxes	78	808	28	1,963
Net (loss) income	<u>\$ (238)</u>	<u>\$ 1,226</u>	<u>\$ (503)</u>	<u>\$ 3,078</u>
Net (loss) income per share – basic and diluted	<u>\$ (0.01)</u>	<u>\$ 0.06</u>	<u>\$ (0.02)</u>	<u>\$ 0.15</u>
Weighted average shares outstanding – basic	20,595	20,587	20,592	20,585
Weighted average shares outstanding – diluted	20,595	20,590	20,592	20,588

Stock-Based Compensation (in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	Cost of revenue	\$ 2	\$ 3	\$ 6
Sales and marketing	17	39	65	198
Customer service	0	0	0	1
Technical operations	30	30	88	134
Development	10	14	32	42
General and administrative	124	172	532	857

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net (loss) income	\$ (238)	\$ 1,226	\$ (503)	\$ 3,078
Interest	13	54	89	155
Taxes	78	808	28	1,963
Depreciation	341	242	977	699
Amortization	90	98	281	324
EBITDA	284	2,428	872	6,219
Stock-based compensation	183	258	723	1,240
Impairment of long-lived assets and other assets	45	-	45	121
Non-cash currency translation adjustments	374	(254)	205	(136)
Non-repetitive property possession	(247)	-	(247)	-
Adjusted EBITDA	\$ 639	\$ 2,432	\$ 1,598	\$ 7,444

SPARK NETWORKS, INC.
SEGMENT RESULTS FROM OPERATIONS
(in thousands except subscriber information)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenue				
Jewish Networks	\$ 6,724	\$ 6,766	\$ 20,354	\$ 20,509
Other Affinity Networks.....	5,715	2,744	14,140	8,496
General Market Networks	127	264	471	932
Offline & Other Businesses	111	142	667	805
Total Revenue.....	<u>\$ 12,677</u>	<u>\$ 9,916</u>	<u>\$ 35,632</u>	<u>\$ 30,742</u>
Direct Marketing Expenses				
Jewish Networks	\$ 936	\$ 696	\$ 2,460	\$ 1,735
Other Affinity Networks.....	5,526	1,601	14,819	4,855
General Market Networks	18	121	347	407
Offline & Other Businesses	32	39	463	473
Total Direct Marketing Expenses	<u>\$ 6,512</u>	<u>\$ 2,457</u>	<u>\$ 18,089</u>	<u>\$ 7,470</u>
Contribution				
Jewish Networks	\$ 5,788	\$6,070	\$ 17,894	\$ 18,774
Other Affinity Networks.....	189	1,143	(679)	3,641
General Market Networks	109	143	124	525
Offline & Other Businesses	79	103	204	332
Total Contribution	<u>\$ 6,165</u>	<u>\$7,459</u>	<u>\$ 17,543</u>	<u>\$ 23,272</u>
Average Paying Subscribers				
Jewish Networks	88,976	89,792	90,205	90,694
Other Affinity Networks.....	113,972	62,026	97,311	64,744
General Market Networks	2,702	5,888	3,465	6,712
Offline & Other Businesses	449	716	537	681
Total Average Paying Subscribers.....	<u>206,099</u>	<u>158,422</u>	<u>191,518</u>	<u>162,831</u>