



SPARK NETWORKS® REPORTS SECOND QUARTER FINANCIAL RESULTS

- **Total revenue growth of 17%**
 - **Christian Networks revenue growth of 37%**
- **Jewish Networks revenue grew for second time since 2008**
 - **10 consecutive quarters of revenue growth**
- **Average paying subscriber¹ growth of 20% to 302,000**

LOS ANGELES, Calif., August 08, 2013 -- Spark Networks, Inc. (NYSE MKT: LOV), a leader in creating niche-focused brands that build and strengthen the communities they serve, today reported financial results for the second quarter ended June 30, 2013.

Q2 2013 Highlights

	<u>Q2 2012</u>	<u>Q2 2013</u>
Revenue	\$15.0 Million	\$17.6 Million
Contribution Margin ²	33%	21%
Net Loss	\$(1.0) Million	\$(3.3) Million
Net Loss Per Share	\$(0.05)	\$(0.15)

Management Commentary

"Coming off the best first quarter in our company's history, the second quarter represented another record-breaking one for us," said Greg Liberman, Spark Networks' Chief Executive Officer. "Year-over-year revenue increased for the tenth consecutive quarter, growing 17% to a record \$17.6 million and average paying subscribers grew another 20% to exceed the 300,000 threshold for the first time. While our category-leading Christian Networks segment, and its 37% increase in revenue and 43% increase in subscribers, was the biggest driver of that growth, our Jewish Networks segment also played a meaningful role. Jewish Networks' revenue and subscriber bases grew for only the second time since 2008 while maintaining its nearly 90% contribution margin.

"Immediately after our first quarter earnings call, we embarked on a multi-city roadshow that culminated in a successful follow-on offering. Not only did we raise approximately \$12 million of primary proceeds but, with the addition of the secondary shares in the offering, we were also able to increase our liquidity profile post-offering, as reflected by both our increased average daily trading volume and average daily trading value. The follow-on offering also served as a catalyst for expanding our institutional investor base, as we added a number of terrific new stockholders. Going forward, we remain confident in the long-term growth prospects of our business and look forward to further expanding investor awareness of Spark Networks."

Q2 2013 Financial Results

Revenue was \$17.6 million, an increase of 17% compared to \$15.0 million in the second quarter of 2012. The Christian Networks segment was the primary driver of that growth.

Contribution³ was \$3.8 million, a decrease of 23% compared to \$4.9 million in the second quarter of 2012.

Total cost and expenses were \$20.8 million, an increase of 28% compared to \$16.2 million in the second quarter of 2012. The higher costs primarily reflect a \$3.7 million increase in Christian Networks direct marketing expenses, reflecting the company's continued focus on meaningfully growing its subscriber base in this segment.

Net loss was \$3.3 million, or \$0.15 per share, compared to a net loss of \$1.0 million, or \$0.05 per share, in the second quarter of 2012.

Adjusted EBITDA⁴ was a loss of \$2.3 million, compared to a loss of \$592,000 in the second quarter of 2012.

Average paying subscribers for the Jewish Networks, Christian Networks and Other Networks segments were 302,268, an increase of 20% compared to 250,934 in the second quarter of 2012.

Balance Sheet, Cash, Debt

As of June 30, 2013, the Company had cash and cash equivalents of \$18.4 million, an increase of 76% from \$10.5 million at December 31, 2012. As of June 30, 2013, the Company had no outstanding debt.

SPARK NETWORKS, INC.
SEGMENT⁵ RESULTS FROM OPERATIONS
(in thousands except subscriber and ARPU information)

	<u>Q2 2012</u>	<u>Q3 2012</u>	<u>Q4 2012</u>	<u>Q1 2013</u>	<u>Q2 2013</u>	<u>Q2 '13 v. Q2 '12</u>
Net Revenue						
Jewish Networks	\$ 6,452	\$ 6,385	\$ 6,617	\$ 6,452	\$ 6,460	0.1%
Christian Networks	7,505	8,495	8,721	9,908	10,260	36.7%
Other Networks	995	903	836	815	775	-22.1%
Offline & Other Businesses	<u>94</u>	<u>88</u>	<u>97</u>	<u>88</u>	<u>86</u>	<u>-8.5%</u>
Total Net Revenue	\$15,046	\$15,871	\$16,271	\$17,263	\$17,581	16.8%
Direct Mktg. Exp.						
Jewish Networks	\$ 647	\$ 829	\$ 834	\$ 751	\$ 776	19.9%
Christian Networks	9,205	10,920	11,480	11,722	12,866	39.8%
Other Networks	251	213	201	199	152	-39.4%
Offline & Other Businesses	<u>37</u>	<u>29</u>	<u>69</u>	<u>26</u>	<u>31</u>	<u>-16.2%</u>
Total Direct Mktg. Exp.	\$10,140	\$11,991	\$12,584	\$12,698	\$13,825	36.3%
Contribution						
Jewish Networks	\$ 5,805	\$ 5,556	\$ 5,783	\$ 5,701	\$ 5,684	-2.1%
Christian Networks	(1,700)	(2,425)	(2,759)	(1,814)	(2,606)	-53.3%
Other Networks	744	690	635	616	623	-16.3%
Offline & Other Businesses	<u>57</u>	<u>59</u>	<u>28</u>	<u>62</u>	<u>55</u>	<u>-3.5%</u>
Total Contribution	\$ 4,906	\$ 3,880	\$ 3,687	\$ 4,565	\$ 3,756	-23.4%
Average Paying Subs.						
Jewish Networks	84,348	84,650	85,736	85,200	84,487	0.2%
Christian Networks	137,768	154,747	168,394	186,896	196,598	42.7%
Other Networks	<u>28,818</u>	<u>26,678</u>	<u>25,130</u>	<u>23,435</u>	<u>21,183</u>	<u>-26.5%</u>
Total Avg. Paying Subs.⁶	250,934	266,075	279,260	295,531	302,268	20.5%
ARPU						
Jewish Networks	\$ 24.77	\$ 24.61	\$ 24.93	\$ 24.86	\$ 25.15	1.5%
Christian Networks	17.13	17.26	16.43	16.84	16.55	-3.4%
Other Networks	<u>10.36</u>	<u>10.61</u>	<u>10.36</u>	<u>10.84</u>	<u>11.49</u>	<u>10.9%</u>
Total ARPU⁷	\$ 18.92	\$ 18.93	\$ 18.49	\$ 18.68	\$ 18.60	-1.7%

Investor Conference Call

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

Toll-Free (United States): 1-877-407-0789
International: 1-201-689-8562

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 at www.spark.net or by clicking <http://investor.spark.net>.

A replay will begin approximately three hours after completion of the call and run until August 22, 2013.

Replay
Toll-Free (United States): 1-877-870-5176
International: 1-858-384-5517
Passcode: 418527

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; continue to depend upon the telecommunications infrastructure and our networking hardware and software infrastructure; estimate on-going general and administrative costs, and obtain financing on acceptable terms. 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 current 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>.

About Spark Networks, Inc.:

The Spark Networks portfolio of consumer Web sites includes, among others, JDate®.com (www.jdate.com), ChristianMingle®.com (www.christianmingle.com), Spark®.com (www.spark.com), BlackSingles.com® (www.blacksingles.com), and SilverSingles®.com (www.silversingles.com).

For More Information

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¹ "Average paying subscribers" are defined as individuals who have paid a monthly fee for access to communication and Web site features beyond those provided to our members. Average paying subscribers for each month are calculated as the sum of the paying subscribers at the beginning and end of the month, divided by two. Average paying subscribers for periods longer than one month are calculated as the sum of the average paying subscribers for each month, divided by the number of months in such period.

² "Contribution Margin" is defined as Contribution divided by revenue, net of credits and credit card chargebacks.

³ "Contribution" is defined as revenue, net of credits and credit card chargebacks, less direct marketing.

⁴ The Company reports Adjusted EBITDA as a supplemental measure to generally accepted accounting principles ("GAAP"). This measure is one of the primary metrics by which we evaluate the performance of our businesses, budget, forecast and compensate management. We believe this measure provides management and investors with a consistent view, period to period, of the core earnings generated from on-going operations and excludes the impact of: (i) non-cash items such as stock-based compensation, asset impairments, non-cash currency translation adjustments related to an inter-company loan and (ii) one-time items that have not occurred in the past two years and are not expected to recur in the next two years. Adjusted EBITDA should not be construed as a substitute for net income (loss) (as determined in accordance with GAAP) for the purpose of analyzing our operating performance or financial position, as Adjusted EBITDA is not defined by GAAP.

"Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation, impairment of long-lived assets, non-cash currency translation adjustments for an inter-company loan and the income (loss) recognized from non-cash assets received in connection with a legal judgment.

⁵ In accordance with Segment Reporting guidance, the Company's financial reporting includes detailed data on four separate operating segments. The Jewish Networks segment consists of the Company's JDate.com, JDate.co.il, JDate.fr, JDate.co.uk and Cupid.co.il Web sites and their respective co-branded Web sites. The Christian Networks segment consists of the Company's ChristianMingle.com, ChristianMingle.co.uk, ChristianMingle.com.au, Believe.com, ChristianCards.net, ChristianDating.com, DailyBibleVerse.com and Faith.com Web sites. The Other Networks segment consists of Spark.com and related other general market Web sites as well as other properties which are primarily composed of sites targeted towards various religious, ethnic, geographic and special interest groups. The Offline & Other Businesses segment consists of revenue generated from offline activities and HurryDate events and subscriptions.

⁶ Total Average Paying Subscribers excludes results from the Company's HurryDate business due to its relative size.

⁷ ARPU is defined as average revenue per user per month. Total ARPU excludes results from the Company's HurryDate business due to its relative size.

(Consolidated financial statements to follow)

**SPARK NETWORKS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)**

	<u>December 31,</u>	<u>June 30,</u>
	<u>2012</u>	<u>2013</u>
		(unaudited)
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 10,458	\$ 18,407
Restricted cash	1,232	1,363
Accounts receivable	1,510	1,330
Deferred tax asset, net – current	8	10
Prepaid expenses and other	861	1,455
Total current assets	<u>14,069</u>	<u>22,565</u>
Property and equipment, net	3,133	3,623
Goodwill.....	8,861	9,029
Intangible assets, net	2,143	2,147
Deferred tax asset, net – non-current	5	4
Other assets.....	153	328
Total assets	<u>\$ 28,364</u>	<u>\$ 37,696</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,093	\$ 1,263
Accrued liabilities	5,339	4,512
Deferred revenue	8,128	9,024
Deferred tax liability - current	257	257
Total current liabilities	<u>14,817</u>	<u>15,056</u>
Deferred tax liability - non-current.....	1,413	1,582
Other liabilities.....	588	1,438
Total liabilities.....	<u>16,818</u>	<u>18,076</u>
Commitments and contingencies		
Stockholders' equity:		
Authorized capital stock consists of 100,000,000 shares of Common Stock, \$0.001 par value; issued and outstanding: 23,574,416 shares at June 30, 2013 and 20,945,364 shares at December 31, 2012:.....		
Additional paid-in-capital	21	24
Additional paid-in-capital	54,857	69,122
Accumulated other comprehensive income.....	712	734
Accumulated deficit	(44,044)	(50,260)
Total stockholders' equity	<u>11,546</u>	<u>19,620</u>
Total liabilities and stockholders' equity	<u>\$ 28,364</u>	<u>\$ 37,696</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Revenue	\$ 15,046	\$ 17,581	\$ 29,601	\$ 34,844
Cost and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	10,976	14,770	22,824	28,427
Sales and marketing	983	1,287	1,956	2,549
Customer service	622	688	1,235	1,391
Technical operations	355	267	705	599
Development	844	793	1,690	1,584
General and administrative	2,052	2,274	4,290	5,208
Depreciation	413	472	816	925
Amortization of intangible assets	-	-	13	-
Impairment of long-lived assets	-	265	-	265
Total cost and expenses	16,245	20,816	33,529	40,948
Operating loss	(1,199)	(3,235)	(3,928)	(6,104)
Interest expense (income) and other, net	113	(43)	(14)	(96)
Loss before income taxes	(1,312)	(3,192)	(3,914)	(6,008)
(Benefit) provision for income taxes	(311)	84	(1,200)	208
Net loss	<u>\$ (1,001)</u>	<u>\$ (3,276)</u>	<u>\$ (2,714)</u>	<u>\$ (6,216)</u>
Net loss per share—basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.15)</u>	<u>\$ (0.13)</u>	<u>\$ (0.29)</u>
Weighted average shares outstanding – basic and diluted	<u>20,625</u>	<u>22,485</u>	<u>20,611</u>	<u>21,745</u>

Stock-based compensation:
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Cost of revenue	\$ 2	\$ -	\$ 4	\$ -
Sales and marketing	18	37	38	71
Customer service	1	-	1	-
Technical operations	30	1	60	2
Development	10	3	21	7
General and administrative	138	153	279	302

Reconciliation of Net Loss to Adjusted EBITDA:
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2013	2012	2013
Net loss	(\$1,001)	(\$3,276)	(\$2,714)	(\$6,216)
Interest	15	19	27	34
Taxes	(311)	84	(1,200)	208
Depreciation	413	472	816	925
Amortization	-	-	13	-
EBITDA	(884)	(2,701)	(3,058)	(5,049)
Stock-based compensation	199	194	403	382
Impairment of long-lived assets	-	265	-	265
Non-cash currency translation adjustments	244	(37)	119	(116)
Non-repetitive property possession	(151)	-	(151)	-
Adjusted EBITDA	<u>(\$592)</u>	<u>(\$2,279)</u>	<u>(\$2,687)</u>	<u>(\$4,518)</u>