



SPARK NETWORKS® REPORTS THIRD QUARTER FINANCIAL RESULTS

- Total revenue growth of 25%
- Christian Networks revenue growth of 84%
- Average paying subscribers¹ increase 29% to 266,000

BEVERLY HILLS, Calif., November 13, 2012 -- Spark Networks, Inc. (NYSE MKT: LOV), a leading provider of online personals services, today reported financial results for the third quarter ended September 30, 2012.

Q3 2012 Highlights

	<u>Q3 2011</u>	<u>Q3 2012</u>
Revenue	\$12.7 Million	\$15.9 Million
Contribution Margin	49%	24%
Net Loss	\$(0.2) Million	\$(1.7) Million
Net Loss Per Share	\$(0.01)	\$(0.08)

Management Commentary

"I am pleased to report that the positive momentum from the first half of the year continued into the third quarter, as we delivered our eighth consecutive quarter of revenue and subscriber growth," said Greg Liberman, Spark Networks' President and Chief Executive Officer. "Revenue increased 25% year-over-year, to \$15.9 million, hitting its highest level in nineteen quarters and average paying subscribers grew 29%, to more than 266,000, setting another all-time high. Once again, our Christian Networks segment powered that growth, with an 84% increase in revenue, driven by an 89% jump in average paying subscribers¹."

"In addition to the meaningful growth posted by our Christian Networks segment, we also saw a solid quarter in our Jewish Networks segment, where average paying subscribers grew for the first time since the first quarter of 2011. Throughout the remainder of the year, we will continue to focus on fortifying our iconic position in the Jewish community while we further strengthen and grow our leadership position in the Christian space. And, as we execute against our strategic growth plan, we will share those results with the investment community."

Q3 2012 Financial Results

Revenue was \$15.9 million, an increase of 25% compared to \$12.7 million in the third quarter of 2011, and an increase of 5% compared to \$15.0 million in the prior quarter. Growth from the Christian Networks segment drove the year-over-year and sequential gains.

Contribution² was \$3.9 million, a decrease of 37% compared to \$6.2 million in the third quarter of 2011, and a decrease of 21% compared to \$4.9 million in the prior quarter. A 114% year-over-year and 19% quarter-over-quarter increase in our Christian Networks direct marketing investment was responsible for the decline in contribution.

Total cost and expenses were \$18.5 million, a 45% increase compared to \$12.7 million in the third quarter of 2011, and a 14% increase compared to \$16.2 million in the prior quarter. Higher Christian Networks direct marketing investments drove the majority of growth in total cost and expenses.

Net loss was \$1.7 million, or \$0.08 per share, compared to a net loss of \$238,000 or \$0.01 per share, in the third quarter of 2011 and a net loss of \$1.0 million or \$0.05 per share in the prior quarter.

Adjusted EBITDA³ was a loss of \$2.0 million, compared to a profit of \$639,000 in the third quarter of 2011 and a loss of \$592,000 in the prior quarter.

Average paying subscribers for the Jewish Networks, Christian Networks and Other Networks segments were 266,075, an increase of 29% compared to 205,650 in the third quarter of 2011 and an increase of 6% compared to 250,934 in the prior quarter.

Segment Reporting⁴

During the first quarter of 2012, the Company changed its financial reporting to include data on two newly-defined operating segments, leaving two of the previous operating segments intact. The two new segments are Christian Networks and Other Networks. Christian Networks consists of ChristianMingle.com, ChristianMingle.co.uk, ChristianMingle.com.au, Believe.com, ChristianCards.net, ChristianDating.com, DailyBibleVerse.com, and Faith.com. Other Networks 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 composition of our Jewish Networks and Offline and Other Businesses segments remain unchanged.

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

	<u>Q3 2011</u>	<u>Q4 2011</u>	<u>Q1 2012</u>	<u>Q2 2012</u>	<u>Q3 2012</u>	<u>Q3 '12 v. Q3 '11</u>	<u>Q3 '12 v. Q2 '12</u>
Net Revenue							
Jewish Networks	\$6,724	\$6,700	\$6,580	\$6,452	\$6,385	-5.0%	-1%
Christian Networks	4,624	4,952	6,853	7,505	8,495	83.7%	13%
Other Networks	1,218	1,104	1,031	995	903	-25.9%	-9%
Offline & Other Businesses	111	105	91	94	88	-20.7%	-6%
Total Net Revenue	\$12,677	\$12,861	\$14,555	\$15,046	\$15,871	25.2%	5%
Direct Marketing Expenses							
Jewish Networks	\$936	\$929	\$801	\$647	\$829	-11.4%	28%
Christian Networks	5,112	6,303	9,795	9,205	10,920	113.6%	19%
Other Networks	432	354	312	251	213	-50.7%	-15%
Offline & Other Businesses	32	49	30	37	29	-9.4%	-22%
Tot. Direct Mktg. Expenses	\$6,512	\$7,635	\$10,938	\$10,140	\$11,991	84.1%	18%
Contribution							
Jewish Networks	\$5,788	\$5,771	\$5,779	\$5,805	\$5,556	-4.0%	-4%
Christian Networks	(488)	(1,351)	(2,942)	(1,700)	(2,425)	-396.9%	-43%
Other Networks	786	750	719	744	690	-12.2%	-7%
Offline & Other Businesses	79	56	61	57	59	-25.3%	4%
Total Contribution	\$6,165	\$5,226	\$3,617	\$4,906	\$3,880	-37.1%	-21%
Average Paying Subscribers							
Jewish Networks	88,976	87,101	86,433	84,348	84,650	-4.9%	0%
Christian Networks	81,987	93,357	124,158	137,768	154,747	88.7%	12%
Other Networks	34,687	31,940	30,115	28,818	26,678	-23.1%	-7%
Total Avg. Paying Subscribers⁵	205,650	212,398	240,706	250,934	266,075	29.4%	6%
ARPU							
Jewish Networks	\$ 24.71	\$ 25.12	\$ 24.99	\$ 24.77	\$ 24.61	-0.4%	-1%
Christian Networks	17.64	16.44	17.35	17.13	17.26	-2.1%	1%
Other Networks	11.07	10.74	10.77	10.36	10.61	-4.2%	2%
Total ARPU⁶	\$ 19.59	\$ 19.14	\$ 19.27	\$ 18.92	\$ 18.93	-3.4%	0%

Balance Sheet, Cash, Debt

As of September 30, 2012, the Company had cash and cash equivalents of \$11.0 million, a decrease of 27% from \$15.1 million at December 31, 2011. As of September 30, 2012, 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.

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 November 27, 2012.

Replay
Toll-Free (United States): 1- 877-870-5176
International: 1-858-384-5517
Passcode: 401386

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 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

Investors:

Addo Communications

Laura Foster, Kimberly Esterkin

lauraf@addocommunications.com; kimberlye@addocommunications.com

310-829-5400

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” is defined as revenue, net of credits and credit card chargebacks, less direct marketing. “Contribution Margin” is defined as Contribution divided by revenue, net of credits and credit card chargebacks.

³ 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, such as the Scheme of Arrangement. 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 inter-company loans and the income (loss) recognized from non-cash assets received in connection with a legal judgment.

⁴ 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.

⁵ Total Average Paying Subscribers excludes results from the Company’s HurryDate business due to its relative size.

⁶ Total ARPU excludes results from the Company’s HurryDate business due to its relative size. ARPU is defined as average revenue per user.

(Consolidated financial statements to follow)

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

	<u>December 31,</u> <u>2011</u>	<u>September 30,</u> <u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,106	\$ 10,974
Restricted cash	958	1,175
Accounts receivable	1,146	1,418
Deferred tax asset – current	44	45
Prepaid expenses and other	1,164	1,093
Total current assets	<u>18,418</u>	<u>14,705</u>
Property and equipment, net	2,839	3,138
Goodwill	8,683	8,576
Intangible assets, net	1,900	2,142
Deferred tax asset – non-current	5,641	6,950
Deposits and other assets	455	155
Total assets	<u>\$ 37,936</u>	<u>\$ 35,666</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 952	\$ 549
Accrued liabilities	4,046	3,375
Deferred revenue	5,723	7,773
Deferred tax liability - current	203	203
Total current liabilities	<u>10,924</u>	<u>11,900</u>
Deferred tax liability	1,219	1,312
Other liabilities non-current	1,141	1,141
Total liabilities	<u>13,284</u>	<u>14,353</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: 20,594,670 shares at December 31, 2011 and 20,769,471 shares at September 30, 2012:	21	21
Additional paid-in-capital	53,014	54,129
Accumulated other comprehensive income	672	669
Accumulated deficit	(29,055)	(33,506)
Total stockholders' equity	<u>24,652</u>	<u>21,313</u>
Total liabilities and stockholders' equity	<u>\$ 37,936</u>	<u>\$ 35,666</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2012	2011	2012
Revenue	\$ 12,677	\$ 15,871	\$ 35,632	\$ 45,472
Cost and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	7,373	12,901	20,535	35,725
Sales and marketing	923	1,020	2,660	2,976
Customer service.....	531	652	1,441	1,887
Technical operations	336	362	1,086	1,067
Development.....	643	859	2,067	2,549
General and administrative	2,435	2,260	6,997	6,550
Depreciation	341	426	977	1,242
Amortization of intangible assets	90	-	281	13
Impairment of long-lived assets and other assets	45	-	45	-
Total cost and expenses.....	12,717	18,480	36,089	52,009
Operating loss	(40)	(2,609)	(457)	(6,537)
Interest expense (income) and other, net	120	(36)	18	(50)
Loss before income taxes	(160)	(2,573)	(475)	(6,487)
Provision (benefit) for income taxes	78	(836)	28	(2,036)
Net loss	<u>\$ (238)</u>	<u>\$ (1,737)</u>	<u>\$ (503)</u>	<u>\$ (4,451)</u>
Net loss per share—basic and diluted.....	<u>\$ (0.01)</u>	<u>\$ (0.08)</u>	<u>\$ (0.02)</u>	<u>\$ (0.22)</u>
Weighted average shares outstanding – basic and diluted	<u>20,595</u>	<u>20,699</u>	<u>20,592</u>	<u>20,683</u>

Stock-based compensation:
(in thousands)

	Three Months Ended September 30,		Nine Months Ended June 30,	
	2011	2012	2011	2012
Cost of revenue	\$ 2	\$ 2	\$ 6	\$ 6
Sales and marketing	17	17	65	55
Customer service	-	-	-	1
Technical operations	30	29	88	89
Development	10	10	32	31
General and administrative	124	138	532	417

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

	Three Months Ended		Nine Months Ended	
	September 30, 2011	2012	September 30, 2011	2012
Net loss	\$ (238)	\$ (1,737)	\$ (503)	\$ (4,451)
Interest	13	16	89	43
Taxes	78	(836)	28	(2,036)
Depreciation	341	426	977	1,242
Amortization	90	0	281	13
EBITDA	284	(2,131)	872	(5,189)
Stock-based compensation	183	196	723	599
Impairment of long-lived assets and other assets	45	0	45	0
Non-cash currency translation adjustments	374	(42)	205	77
Non-repetitive property possession	(247)	0	(247)	(151)
Adjusted EBITDA	\$ 639	\$ (1,977)	\$ 1,598	\$ (4,664)