



SPARK NETWORKS® REPORTS FIRST QUARTER FINANCIAL RESULTS

- **Total revenue growth of 33%**
- **Christian Networks revenue growth of 161%**
- **Average paying subscribers increase 36% to 241,000**

BEVERLY HILLS, Calif., May 10, 2012 -- Spark Networks, Inc. (NYSE AMEX: LOV), a leading provider of online personals services, today reported financial results for the first quarter ended March 31, 2012.

Q1 2012 Highlights

	<u>Q1 2011</u>	<u>Q1 2012</u>
Revenue	\$11.0 Million	\$14.6 Million
Contribution Margin	54%	25%
Net Loss	\$(0.2) Million	\$(1.7) Million
Net Loss Per Share	\$(0.01)	\$(0.08)

Management Commentary

"2012 is off to a strong start, as evidenced by the continued acceleration in our revenue and average paying subscriber¹ growth," said Greg Liberman, Spark Networks' President and Chief Executive Officer. "Capitalizing on the momentum we built throughout 2011, first quarter revenue and average paying subscriber growth reached new five-year highs, increasing 33% and 36% year-over-year, respectively. Driving that growth is the strength of our Christian Networks segment, which posted a 161% gain in revenue powered by a 163% increase in average paying subscribers."

"The first quarter also marks the unveiling of our new Christian Networks segment. Over 15 years ago, we entered the Jewish dating market with the establishment of JDate.com, widely recognized today as the most successful targeted online dating community ever created. And as you can see from today's numbers, we've successfully leveraged our Jewish Networks experience to build the undisputed leader in the Christian dating space, which has an addressable market we believe is at least 30x that of our Jewish Networks segment."

Q1 2012 Financial Results

Revenue for the first quarter of 2012 was \$14.6 million, an increase of 33% compared to \$11.0 million for the first quarter of 2011, and an increase of 13% compared to \$12.9 million in the prior quarter. Growth from our Christian Networks segment drove the year-over-year and sequential gains.

Contribution² for the first quarter of 2012 was \$3.6 million, a decrease of 39% compared to \$5.9 million for the first quarter of 2011, and a 31% decrease compared to \$5.2 million in the prior quarter. Our investment in Christian Networks drove the year-over-year and sequential decline in contribution, as we increased direct marketing expenses 185% and 55%, respectively, in this segment.

Total cost and expenses for the first quarter of 2012 were \$17.3 million, a 56% increase compared to \$11.1 million in the first quarter of 2011, and a 28% increase

compared to \$13.5 million in the prior quarter. The growth in Christian Networks direct marketing investment accounted for a substantial portion of both the year-over-year and sequential increases in total cost and expenses.

Net loss for the first quarter of 2012 was \$1.7 million, or \$0.08 per share, compared to a net loss of \$184,000 or \$0.01 per share, for the first quarter of 2011 and a net loss of \$1.1 million or \$0.05 per share for the prior quarter.

Adjusted EBITDA³ for the first quarter of 2012 was a loss of \$2.1 million, compared to \$527,000 for the first quarter of 2011 and \$1.0 million in the prior quarter.

Average paying subscribers for the Jewish Networks, Christian Networks and Other Networks segments in the first quarter of 2012 were 240,706, an increase of 36% compared to 177,641 for the first quarter of 2011 and a 13% increase compared to 212,398 for 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 and Believe.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 information)

	<u>Q1 2011</u>	<u>Q2 2011</u>	<u>Q3 2011</u>	<u>Q4 2011</u>	<u>Q1 2012</u>	<u>Q1 '12 v. Q1 '11</u>
Net Revenue						
Jewish Networks	\$6,899	\$6,731	\$6,724	\$6,700	\$6,580	-5%
Christian Networks	2,623	3,543	4,624	4,952	6,853	161%
Other Networks	1,331	1,272	1,218	1,104	1,031	-23%
Offline & Other Businesses	107	449	111	105	91	-15%
Total Net Revenue	<u>\$10,960</u>	<u>\$11,995</u>	<u>\$12,677</u>	<u>\$12,861</u>	<u>\$14,555</u>	<u>33%</u>
Direct Marketing Expenses						
Jewish Networks	\$659	\$865	\$936	\$929	\$801	22%
Christian Networks	3,433	4,508	5,112	6,303	9,795	185%
Other Networks	918	763	432	354	312	-66%
Offline & Other Businesses	30	401	32	49	30	0%
Tot. Direct Mktg. Expenses	<u>\$5,040</u>	<u>\$6,537</u>	<u>\$6,512</u>	<u>\$7,635</u>	<u>\$10,938</u>	<u>117%</u>
Contribution						
Jewish Networks	\$6,240	\$5,866	\$5,788	\$5,771	\$5,779	-7%
Christian Networks	(810)	(965)	(488)	(1,351)	(2,942)	263%
Other Networks	413	509	786	750	719	74%
Offline & Other Businesses	77	48	79	56	61	-21%
Total Contribution	<u>\$5,920</u>	<u>\$5,458</u>	<u>\$6,165</u>	<u>\$5,226</u>	<u>\$3,617</u>	<u>-39%</u>
Average Paying Subscribers						
Jewish Networks	91,545	90,094	88,976	87,101	86,433	-6%
Christian Networks	47,134	62,764	81,987	93,357	124,158	163%
Other Networks	38,962	36,792	34,687	31,940	30,115	-23%
Total Avg. Paying Subscribers⁵	<u>177,641</u>	<u>189,650</u>	<u>205,650</u>	<u>212,398</u>	<u>240,706</u>	<u>36%</u>
ARPU						
Jewish Networks	\$ 24.62	\$ 24.46	\$ 24.71	\$ 25.12	\$ 24.99	1%
Christian Networks	17.87	18.08	17.64	16.44	17.35	-3%
Other Networks	11.02	10.99	11.07	10.74	10.77	-2%
Total ARPU⁶	<u>\$ 19.85</u>	<u>\$ 19.73</u>	<u>\$ 19.59</u>	<u>\$ 19.14</u>	<u>\$ 19.27</u>	<u>-3%</u>

Balance Sheet, Cash, Debt

As of March 31, 2012, the Company had cash and cash equivalents of \$12.5 million, a decrease of 17% compared to \$15.1 million at December 31, 2011. As of March 31, 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): 1-877-941-2321
International: 1-480-629-9666

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:
<http://www.spark.net/investor.htm>.

A replay will begin approximately three hours after completion of the call and run until May 24, 2012.

Replay
Toll-Free (United States): 1-877-870-5176
International: 1-858-384-5517
Passcode: 4535328

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 websites 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” 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 and Believe.com Web sites. The Other Networks segment consists of the Company’s Spark.com Web site and other properties which are primarily made up 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)

	December 31,	March 31,
	2011	2012
		(Unaudited)
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 15,106	\$ 12,517
Restricted cash.....	958	1,095
Accounts receivable.....	1,146	1,003
Deferred tax asset – current	44	44
Prepaid expenses and other	1,164	1,129
Total current assets	18,418	15,788
Property and equipment, net	2,839	3,025
Goodwill.....	8,683	8,859
Intangible assets, net	1,900	1,911
Deferred tax asset – non-current	5,641	5,639
Deposits and other assets	455	426
Total assets	\$ 37,936	\$ 35,648
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable.....	\$ 952	\$ 880
Accrued liabilities	4,046	2,191
Deferred revenue.....	5,723	6,753
Deferred tax liability - current.....	203	203
Total current liabilities	10,924	10,027
Deferred tax liability	1,219	1,293
Other liabilities non-current.....	1,141	1,141
Total liabilities.....	13,284	12,461
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 20,596,857 shares at March 31, 2012:	21	21
Additional paid-in-capital.....	53,014	53,224
Accumulated other comprehensive income	672	710
Accumulated deficit	(29,055)	(30,768)
Total stockholders' equity	24,652	23,187
Total liabilities and stockholders' equity.....	\$ 37,936	\$ 35,648

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

	Three Months Ended March 31,	
	2011	2012
Revenue	\$ 10,960	\$ 14,555
Cost and expenses:		
Cost of revenue (exclusive of depreciation shown separately below)	5,815	11,848
Sales and marketing	900	973
Customer service	461	613
Technical operations.....	414	350
Development	745	846
General and administrative	2,363	2,238
Depreciation.....	290	403
Amortization of intangible assets	98	13
Total cost and expenses.....	11,086	17,284
Operating loss	(126)	(2,729)
Interest and other (income) expenses, net.....	(57)	(127)
Loss before income taxes.....	(69)	(2,602)
Provision (benefit) for income taxes	115	(889)
Net loss	\$ (184)	\$ (1,713)
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.08)
Weighted average shares outstanding – basic and diluted.....	20,587	20,596

Stock-Based Compensation (in thousands)	Three Months Ended March 31,	
	2011	2012
Cost of revenue	\$ 2	\$ 2
Sales and marketing	34	20
Technical operations	31	30
Development	12	11
General and administrative	182	141

Reconciliation of Net Loss to Adjusted EBITDA	Three Months Ended March 31,	
	<u>2011</u>	<u>2012</u>
(in thousands)		
Net loss	\$ (184)	\$ (1,713)
Interest	31	12
Taxes	115	(889)
Depreciation	290	403
Amortization	98	13
EBITDA	<u>350</u>	<u>(2,174)</u>
Stock-based compensation	261	204
Non-cash currency translation adjustments	(84)	(125)
Adjusted EBITDA	<u>\$ 527</u>	<u>\$ (2,095)</u>