



SPARK NETWORKS® REPORTS FIRST QUARTER FINANCIAL RESULTS

- **Total revenue growth of 19%**
 - **Christian Networks revenue growth of 45%**
- **10 consecutive quarters of sequential revenue growth**
- **Average paying subscriber¹ growth of 23% to 296,000**

BEVERLY HILLS, Calif., April 23, 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 first quarter ended March 31, 2013.

Q1 2013 Highlights

	<u>Q1 2012</u>	<u>Q1 2013</u>
Revenue	\$14.6 Million	\$17.3 Million
Contribution Margin ²	25%	26%
Net Loss	\$(1.7) Million	\$(2.9) Million
Net Loss Per Share	\$(0.08)	\$(0.14)

Management Commentary

"The momentum we generated in 2012 continued in the first quarter of 2013, which represented yet another record-setting quarter for us," said Greg Liberman, President and Chief Executive Officer of Spark Networks. "Company-wide revenue increased 19%, to mark our ninth consecutive quarter of year-over-year revenue growth and average paying subscribers hit an all-time high of almost 296,000. Our category-leading Christian Networks segment continued to drive that growth, as revenue increased another 45% on the back of a 51% increase in average paying subscribers. At the same time, our Jewish Networks segment delivered another solid quarter, generating contribution margins of nearly 90%."

"Going forward, we will continue to execute against our long-term strategic plan by strengthening our brands and leadership positions in the Christian and Jewish markets. 2013 is off to a strong start, and we look forward to continuing to build upon our momentum throughout the remainder of the year."

Q1 2013 Financial Results

Revenue was \$17.3 million, an increase of 19% compared to \$14.6 million in the first quarter of 2012, and an increase of 6% compared to \$16.3 million in the prior quarter. The Christian Networks segment was the primary driver of that growth.

Contribution³ was \$4.6 million, an increase of 26% compared to \$3.6 million in the first quarter of 2012, and an increase of 24% compared to \$3.7 million in the prior quarter.

Total cost and expenses were \$20.1 million, an increase of 16% compared to \$17.3 million in the first quarter of 2012, and an increase of 6% compared to \$18.9 million in the prior quarter. The higher costs in the first quarter of 2013 reflect an increase in direct marketing investments, higher legal fees associated with certain litigation

matters, fees associated with certain SEC filings and accounting fees associated with some specific tax planning projects. The Company has made progress in the litigation matters and does not anticipate incurring similar increases in legal fees for the remainder of the year. Additionally, the Company does not believe it will incur any significant additional costs associated with its SEC filings or tax planning projects. In the first quarter of 2013, the total costs associated with litigation legal fees, SEC filing and special tax planning projects added approximately \$552,000 to general and administrative expenses.

Net loss was \$2.9 million, or \$0.14 per share, compared to a net loss of \$1.7 million or \$0.08 per share, in the first quarter of 2012 and a net loss of \$10.5 million or \$0.51 per share in the prior quarter.

Adjusted EBITDA⁴ was a loss of \$2.2 million, compared to a loss of \$2.1 million in the first quarter of 2012.

Average paying subscribers for the Jewish Networks, Christian Networks and Other Networks segments were 295,531, an increase of 23% compared to 240,706 in the first quarter of 2012 and an increase of 6% compared to 279,260 in the prior quarter.

Balance Sheet, Cash, Debt

As of March 31, 2013, the Company had cash and cash equivalents of \$8.0 million, a decrease of 24% from \$10.5 million at December 31, 2012. As of March 31, 2013, the Company had no outstanding debt.

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

	<u>Q1 2012</u>	<u>Q2 2012</u>	<u>Q3 2012</u>	<u>Q4 2012</u>	<u>Q1 2013</u>	<u>Q1 '13 v. Q1 '12</u>
Net Revenue						
Jewish Networks	\$ 6,580	\$ 6,452	\$ 6,385	\$ 6,617	\$ 6,452	-1.9%
Christian Networks	6,853	7,505	8,495	8,721	9,908	44.6%
Other Networks	1,031	995	903	836	815	-21.0%
Offline & Other Businesses	91	94	88	97	88	-3.3%
Total Net Revenue	\$ 14,555	\$15,046	\$15,871	\$16,271	\$17,263	18.6%
Direct Mktg. Exp.						
Jewish Networks	\$ 801	\$ 647	\$ 829	\$ 834	\$ 751	-6.2%
Christian Networks	9,795	9,205	10,920	11,480	11,722	19.7%
Other Networks	312	251	213	201	199	-36.2%
Offline & Other Businesses	30	37	29	69	26	-13.3%
Total Direct Mktg. Exp.	\$ 10,938	\$10,140	\$11,991	\$12,584	\$12,698	16.1%
Contribution						
Jewish Networks	\$ 5,779	\$ 5,805	\$ 5,556	\$ 5,783	\$ 5,701	-1.3%
Christian Networks	(2,942)	(1,700)	(2,425)	(2,759)	(1,814)	38.3%
Other Networks	719	744	690	635	616	-14.3%
Offline & Other Businesses	61	57	59	28	62	1.6%
Total Contribution	\$ 3,617	\$ 4,906	\$ 3,880	\$ 3,687	\$ 4,565	26.2%
Average Paying Subs.						
Jewish Networks	86,433	84,348	84,650	85,736	85,200	-1.4%
Christian Networks	124,158	137,768	154,747	168,394	186,896	50.5%
Other Networks	30,115	28,818	26,678	25,130	23,435	-22.2%
Total Avg. Paying Subs.⁶	240,706	250,934	266,075	279,260	295,531	22.8%
ARPU						
Jewish Networks	\$ 24.99	\$ 24.77	\$ 24.61	\$ 24.93	\$ 24.86	-0.5%
Christian Networks	17.35	17.13	17.26	16.43	16.84	-2.9%
Other Networks	10.77	10.36	10.61	10.36	10.84	0.6%
Total ARPU⁷	\$ 19.27	\$ 18.92	\$ 18.93	\$ 18.49	\$ 18.68	-3.1%

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 May 7, 2013.

Replay
Toll-Free (United States): 1-877-870-5176
International: 1-858-384-5517
Passcode: 411734

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; 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, 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.

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>March 31,</u>
	<u>2012</u>	<u>2013</u>
		(unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,458	\$ 7,972
Restricted cash	1,232	1,327
Accounts receivable.....	1,510	1,372
Deferred tax asset, net – current	8	8
Prepaid expenses and other.....	861	1,282
Total current assets.....	<u>14,069</u>	<u>11,961</u>
Property and equipment, net	3,133	3,231
Goodwill.....	8,861	8,976
Intangible assets.....	2,143	2,147
Deferred tax asset, net – non-current.....	5	4
Other assets.....	153	895
Total assets.....	<u>\$ 28,364</u>	<u>\$ 27,214</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,093	\$ 1,107
Accrued liabilities	5,339	4,610
Deferred revenue	8,128	9,388
Deferred tax liability - current.....	257	257
Total current liabilities.....	<u>14,817</u>	<u>15,362</u>
Deferred tax liability - non-current	1,413	1,520
Other liabilities	588	1,352
Total liabilities.....	<u>16,818</u>	<u>18,234</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: 20,997,489 shares at March 31, 2013 and 20,945,364 shares at December 31, 2012:.....		
Additional paid-in-capital.....	21	21
Additional paid-in-capital.....	54,857	55,211
Accumulated other comprehensive income	712	732
Accumulated deficit	(44,044)	(46,984)
Total stockholders' equity.....	<u>11,546</u>	<u>8,980</u>
Total liabilities and stockholders' equity.....	<u>\$ 28,364</u>	<u>\$ 27,214</u>

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

	Three Months Ended	
	March 31,	
	2012	2013
Revenue.....	\$ 14,555	\$ 17,263
Cost and expenses:		
Cost of revenue (exclusive of depreciation shown separately below)	11,848	13,657
Sales and marketing.....	973	1,262
Customer service	613	703
Technical operations.....	350	332
Development.....	846	791
General and administrative	2,238	2,934
Depreciation.....	403	453
Amortization of intangible assets.....	13	0
Total cost and expenses	17,284	20,132
Operating loss.....	(2,729)	(2,869)
Interest income and other, net.....	(127)	(53)
Loss before income taxes	(2,602)	(2,816)
(Benefit) provision for income taxes.....	(889)	124
Net loss.....	<u>\$ (1,713)</u>	<u>\$ (2,940)</u>
Net loss per share—basic and diluted	<u>\$ (0.08)</u>	<u>\$ (0.14)</u>
Weighted average shares outstanding – basic and diluted.....	<u>20,596</u>	<u>20,960</u>

Stock-based compensation:
(in thousands)

	Three Months Ended	
	March 31,	
	2012	2013
Cost of revenue	\$ 2	\$ -
Sales and marketing	20	34
Technical operations	30	1
Development	11	4
General and administrative	141	149

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

	Three Months Ended	
	March 31,	
	2012	2013
Net loss	\$ (1,713)	\$ (2,940)
Interest	12	15
Taxes	(889)	124
Depreciation	403	453
Amortization	13	0
EBITDA	(2,174)	(2,348)
Stock-based compensation	204	188
Non-cash currency translation adjustments	(125)	(79)
Adjusted EBITDA	<u>\$ (2,095)</u>	<u>\$ (2,239)</u>