

May 09, 2016

Snap Interactive Reports Results for the Quarter Ended March 31, 2016

NEW YORK, NY--(Marketwired - May 9, 2016) - Snap Interactive, Inc. ("SNAP," the "Company," "we," "our" or "us") (OTCQB: STVI), a leading online dating provider, today announced financial and operational results for the quarter ended March 31, 2016.

Highlights:

- Total revenue for the first quarter of 2016 of \$2.7 million was approximately flat as compared to revenue of \$2.7 million for the quarter ended December 31, 2015. Bookings of \$2.5 million were slightly higher in the first quarter of 2016 than the \$2.4 million achieved in the fourth quarter of 2015;
- Total revenues decreased 16.0% for the first quarter of 2016 relative to the comparable period in 2015, primarily driven by a decrease in the number of active subscribers, which we believe is the result of a decrease in advertising expense for FirstMet of 33.3%;
- Advertising revenue increased by \$113 thousand, or 199.6%, for the first quarter of 2016 when compared with the same period in 2015;
- Total expenses were reduced by \$1.2 million in the first quarter of 2016 as compared to the same period in 2015, a 28% decrease;
- Net cash used in operating activities was approximately \$281 thousand for the three months ended March 31, 2016, representing an improvement of \$772 thousand as compared to the same period in 2015; and
- Adjusted EBITDA for the three months ended March 31, 2016 was a loss of approximately \$138 thousand, an improvement of approximately \$474 thousand as compared to the same period in 2015.

Financial Highlights

| Statement of Operations and Cash Flow Results (unaudited) | Three Months Ended | | % |
|--|---------------------------|-----------------|---------------|
| | March 31, | | |
| | 2016 | 2015 | Change |
| Subscription revenue | \$ 2,507,148 | \$ 3,129,310 | (19.9)% |
| Advertising revenue | \$ 170,119 | \$ 56,773 | 199.6 % |
| Total revenue | \$ 2,677,267 | \$ 3,186,083 | (16.0)% |
| Sales and marketing expense | \$ 1,292,164 | \$ 1,781,506 | (27.5)% |
| Total expenses | \$ 3,006,022 | \$ 4,168,858 | (27.9)% |
| Net loss | \$ (1,501,004) | \$ (1,219,179) | 23.1 % |
| Net cash used in operating activities | \$ (281,188) | \$ (1,052,770) | (73.3)% |
| Non-GAAP Results (unaudited) | | | |
| Bookings | \$ 2,500,751 | \$ 3,157,566 | (28.8)% |
| Adjusted EBITDA | \$ (138,466) | \$ (612,465) | (77.4)% |

| | March 31, 2016 | December 31, 2015 |
|--|---------------------------|------------------------------|
| Balance Sheet Results (unaudited) | | |
| | (unaudited) | |
| Cash and cash equivalents | \$ 1,824,642 | \$ 2,131,262 |
| Deferred subscription revenue | \$ 1,499,465 | \$ 1,505,862 |
| Non-GAAP Results (unaudited) | | |
| Active subscribers (at period end) | 81,600 | 84,000 |

Management Commentary

Growth and New Initiatives

In the first quarter of 2016 we achieved important milestones in growth and new initiatives, including:

- *Growth in Bookings* - First sequential increase in bookings since 2014, reflecting business stabilization and potential for future growth;
- *Rebrand of Core Product* - Rebranded AYI to FirstMet in March;
- *Board of Directors* - Appointed an independent director to our Board of Directors in March;
- *Reengaged Users* - Reactivated 621 thousand users from the AYI database via targeted email campaigns; and
- *Mobile App Relaunch* - Relaunched iPhone and Android apps with new, more efficient technology.

SNAP's Chief Executive Officer, Alex Harrington, said, "Q1 was an important quarter for SNAP, during which we reinitiated topline growth, with the first sequential bookings growth since 2014. By stabilizing total revenue and driving bookings growth once again, we believe the Company is turning the corner and is well positioned for future growth. In addition, we achieved several milestones, including a rebrand of our core product to FirstMet, which we believe to be a superior brand that has long term prospects of lower customer acquisition costs and greater retention. Accompanying the rebranding, we initiated email winback programs to reactivate users in our large database, resulting in 621 thousand inactive users engaging with the service again in the first quarter. Looking forward, we expect to continue to derive value from the user database through the release of a new product in the third quarter of 2016. As the next logical step in our portfolio strategy, we are optimistic that the new product will be a meaningful contributor to revenue."

Mr. Harrington added, "Another important initiative was the relaunch of our iPhone and Android apps. The newly launched apps now have a consistent feature set and presentation, but most importantly, they can now be developed in the same programming language as the web properties, lowering the overhead required for maintaining and improving the apps. Usage on mobile platforms already represented approximately 56% of user activity on FirstMet in the first quarter of 2016, and we have big plans to make mobile a larger emphasis at the Company going forward."

Mr. Harrington continued, "We are also thrilled to have added Judy Krandel to the Board of Directors this March. Judy's background as an investment analyst and portfolio manager provides a critical perspective that has made her a tremendous asset to the Board. I believe her knowledge of, and deep relationships with, the small and micro-cap ecosystem will help the Company achieve its strategic objectives."

Liquidity and Cash Flow

- *Cash Balance*: We ended the first quarter of 2016 with approximately \$1.8 million of cash and cash equivalents on our balance sheet;
- *Expense Reductions*: Total expenses were reduced by \$1.2 million in the first quarter of 2016 as compared to the same period in 2015, a 28% decrease ; and
- *Cash Used in Operating Activities*: Net cash used in operating activities was \$281 thousand for the three months ended March 31, 2016, representing an improvement of \$772 thousand as compared to the same period in 2015.

Mr. Harrington concluded, "Capital efficiency and cost controls have been a big focus, and we were pleased to realize a 28% quarterly expense reduction year-over-year. The first quarter is typically our most cash and expense intensive quarter, and though the Company consumed \$281 thousand of cash from operating activities, this was an improvement of \$772 thousand over 2015. A high priority now is seeking financial or strategic alternatives to refinance or retire the Company's convertible debt. However, with \$1.8 million of cash resources, we believe the Company has sufficient funds to pursue our previously announced new product launch and other growth initiatives in 2016."

About Snap Interactive, Inc.

Snap Interactive, Inc. develops, owns and operates dating applications for social networking websites and mobile platforms. The Grade is a patent-pending mobile dating application catering to high-quality singles. SNAP's flagship brand, FirstMet (formerly AYI.com), is a multi-platform online dating site with a large user database of approximately 30 million users.

For more information, please visit <http://www.snap-interactive.com>.

The contents of our website is not part of this press release, and you should not consider the contents of this website in making an investment decision with respect to our common stock.

Facebook is a registered trademark of Facebook Inc. Apple, iTunes and iPhone are registered trademarks of Apple Inc. and App Store is a registered service mark of Apple Inc. Android and Google Play are registered trademarks of Google Inc. FirstMet and The Grade are trademarks and AYI.com is a registered trademark of Snap Interactive, Inc.

Forward-Looking Statements

This press release contains "forward-looking statements." Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words. Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, without limitation, risks and uncertainties associated with general economic, industry and market sector conditions; the Company's ability to meet its current and future debt service obligations; the Company's ability to institute corporate governance standards or achieve compliance with national exchange listing requirements; the Company's future growth and the ability to obtain additional financing to implement the Company's growth strategy; the ability to increase or recognize revenue, decrease expenses and increase the number of active subscribers, new subscription transactions or monthly active users; the ability to enter into new advertising agreements; the ability to diversify new user acquisition channels or improve the conversion of users to paid subscribers; the ability to anticipate and respond to changing user and industry trends and preferences; the intense competition in the online dating marketplace; the ability to release new applications or derive revenue from new applications; and circumstances that could disrupt the functioning of the Company's applications. More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the Securities and Exchange Commission ("SEC"), including the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://www.sec.gov>.

All forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement was made, except to the extent required by applicable securities laws.

SNAP INTERACTIVE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

| | March 31, 2016 | December 31, 2015 |
|---|---------------------------|------------------------------|
| | (unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,824,642 | \$ 2,131,262 |
| Credit card holdback receivable | 156,049 | 165,853 |
| Accounts receivable, net of allowances and reserves of \$61,170 and \$55,468, respectively | 222,425 | 206,547 |
| Prepaid expense and other current assets | 82,141 | 108,871 |
| Total current assets | 2,285,257 | 2,612,533 |
| Fixed assets and intangible assets, net | 359,174 | 387,617 |
| Notes receivable | 81,123 | 81,123 |
| Long term security deposits | 279,410 | 279,410 |
| Investments | 200,000 | 200,000 |
| Total assets | \$ 3,204,964 | \$ 3,560,683 |
| Liabilities and stockholders' deficit | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,246,790 | \$ 1,065,662 |
| Accrued expenses and other current liabilities | 150,710 | 367,018 |
| Deferred subscription revenue | 1,499,465 | 1,505,862 |
| Convertible note payable, net of discount | 1,936,696 | - |
| Total current liabilities | 4,833,661 | 2,938,542 |
| Deferred rent, net of current portion | 106,147 | 99,595 |
| Convertible note payable, net of discount | - | 1,636,585 |
| Derivative liabilities | 1,220,000 | 473,425 |
| Capital lease obligations, net of current portion | 55,410 | 75,560 |
| Total liabilities | 6,215,218 | 5,223,707 |
| Commitments and Contingencies | | |
| Stockholders' deficit: | | |
| Preferred stock, \$0.001 par value, 10,000,000 shares authorized, none issued and outstanding | - | - |
| Common stock, \$0.001 par value, 100,000,000 shares authorized, 50,017,826 and 50,007,826 shares issued, respectively, and 39,692,826 and 39,682,826 shares outstanding, respectively | 39,693 | 39,693 |
| Additional paid-in capital | 13,128,183 | 12,974,409 |
| Accumulated deficit | (16,178,130) | (14,677,126) |
| Total stockholders' deficit | (3,010,254) | (1,663,024) |
| Total liabilities and stockholders' deficit | \$ 3,204,964 | \$ 3,560,683 |

SNAP INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | Three Months Ended | |
|---|---------------------------|------------------------|
| | March 31, | |
| | 2016 | 2015 |
| Revenues: | | |
| Subscription revenue | \$ 2,507,148 | \$ 3,129,310 |
| Advertising revenue | 170,119 | 56,773 |
| Total revenues | <u>2,677,267</u> | <u>3,186,083</u> |
| Costs and expenses: | | |
| Cost of revenue | 435,658 | 450,346 |
| Sales and marketing expense | 1,292,164 | 1,781,506 |
| Product development expense | 445,548 | 629,775 |
| General and administrative expense | 832,652 | 1,307,231 |
| Total costs and expenses | <u>3,006,022</u> | <u>4,168,858</u> |
| Loss from operations | (328,755) | (982,775) |
| Interest expense, net | (425,674) | (236,404) |
| Change in fair value of derivative liabilities | (746,575) | - |
| Loss before provision for income taxes | <u>(1,501,004)</u> | <u>(1,219,179)</u> |
| Provision for income taxes | - | - |
| Net loss | <u>\$ (1,501,004)</u> | <u>\$ (1,219,179)</u> |
| Net loss per share of common stock: | | |
| Basic and diluted | <u>\$ (0.04)</u> | <u>\$ (0.03)</u> |
| Weighted average number of shares of common stock used in calculating net loss per share of common stock: | | |
| Basic and diluted | <u>39,692,826</u> | <u>39,413,824</u> |

SNAP INTERACTIVE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three Months Ended | |
|--|---------------------------|---------------------|
| | March 31, | |
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net loss | \$ (1,501,004) | \$ (1,219,179) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 36,515 | 60,819 |
| Lease obligation interest expense | - | 7,778 |
| Stock-based compensation expense | 153,774 | 229,863 |
| Loss on disposal of fixed assets | - | 79,628 |
| Amortization of debt issuance cost | 38,743 | 21,023 |
| Amortization of debt discount | 261,369 | 133,589 |
| Change in fair value of derivative liabilities | 746,575 | - |
| Changes in operating assets and liabilities: | | |
| Credit card holdback receivable | 9,804 | 432,846 |
| Accounts receivable | (15,878) | (28,390) |
| Security deposits | - | (110,511) |
| Prepaid expenses and other current assets | 26,730 | (16,352) |
| Accounts payable, accrued expenses and other current liabilities | (37,971) | (683,598) |
| Deferred rent | 6,552 | 4,099 |
| Deferred subscription revenue | (6,397) | 28,256 |
| Deferred advertising revenue | - | 7,359 |
| Net cash used in operating activities | <u>(281,188)</u> | <u>(1,052,770)</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (8,072) | (26,192) |
| Proceeds from sale of fixed assets | - | 6,000 |
| Notes receivable | - | (634) |
| Net cash used in investing activities | <u>(8,072)</u> | <u>(20,826)</u> |
| Cash flows from financing activities: | | |
| Payments of capital lease obligations | (17,360) | (22,734) |
| Repayment of promissory notes | - | (400,000) |
| Payment of financing costs | - | (314,249) |
| Proceeds received under Securities Purchase Agreement | - | 3,000,000 |
| Net cash (used in) provided by financing activities | <u>(17,360)</u> | <u>2,263,017</u> |
| Net (decrease) increase in cash and cash equivalents | <u>(306,620)</u> | <u>1,189,421</u> |
| Balance of cash and cash equivalents at beginning of period | <u>2,131,262</u> | <u>1,138,385</u> |
| Balance of cash and cash equivalents at end of period | <u>\$ 1,824,642</u> | <u>\$ 2,327,806</u> |
| Non-cash investing and financing activities: | | |
| Compound embedded derivative under the Note and Securities Purchase Agreement recorded as derivative liabilities (See Note 5) | \$ - | \$ 1,748,000 |
| Warrants issued under the Advisory Services Agreement as additional consideration for the Note and recorded as derivative liabilities (See Note 5) | \$ - | \$ 342,000 |
| Common stock issued under the Advisory Services Agreement as additional consideration for the Note | \$ - | \$ 30,000 |

SNAP INTERACTIVE, INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(Unaudited)

| | Three Months Ended | | |
|---|---------------------------|---------------------|---------------------|
| | March 31, | | December 31, |
| | 2016 | 2015 | 2015 |
| Reconciliation of Subscription Revenue to Bookings | | | |
| Subscription revenue | \$ 2,507,148 | \$ 3,129,310 | \$ 2,571,374 |
| Change in deferred subscription revenue | (6,397) | 28,256 | (149,484) |
| Bookings | <u>\$ 2,500,751</u> | <u>\$ 3,157,566</u> | <u>\$ 2,421,890</u> |

| | Three Months Ended | |
|---|----------------------|----------------------|
| | March 31, | |
| | 2016 | 2015 |
| Reconciliation of Net loss to Adjusted EBITDA: | | |
| Net loss | \$ (1,501,004) | \$ (1,219,179) |
| Interest expense (income), net | 425,674 | 236,404 |
| Loss on disposal of fixed assets | -- | 79,628 |
| Depreciation and amortization expense | 36,515 | 60,819 |
| Change in fair value of derivative liabilities | 746,575 | -- |
| Stock-based compensation expense | 153,774 | 229,863 |
| Adjusted EBITDA | <u>\$ (138,466)</u> | <u>\$ (612,465)</u> |

Non-GAAP Financial Measures

The Company has provided in this release certain non-GAAP financial information including bookings and Adjusted EBITDA to supplement the condensed consolidated financial statements, which are prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). The Company defines Adjusted EBITDA as net loss adjusted to exclude interest income (expense), net, depreciation and amortization expense, gain (loss) on change in fair value of derivative liabilities, loss on disposal of fixed assets and stock-based compensation expense. The Company calculates bookings as subscription revenue recognized during the period plus the change in deferred subscription revenue recognized during the period.

Management uses these non-GAAP financial measures internally in analyzing the Company's financial results to assess operational performance and to determine the Company's future capital requirements. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared in accordance with GAAP. The Company believes that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. The Company believes these non-GAAP financial measures are useful to investors and others to understand and evaluate the Company's operating results and it allows for a more meaningful comparison between the Company's performance and that of competitors.

Some limitations of bookings and Adjusted EBITDA as financial measures include that:

- Bookings does not reflect that we recognize subscription revenue from subscription fees over the length of the subscription term and subscription revenue from micro-transactions over a two-month period;
- Adjusted EBITDA does not (i) reflect cash capital expenditure requirements for assets underlying depreciation and amortization expense that may need to be replaced or for new capital expenditures; (ii) the Company's working capital requirements; (iii) consider the potentially dilutive impact of stock-based compensation; (iv) reflect interest expense or interest payments on our outstanding indebtedness; and (v) reflect the change in fair value of warrants; and
- Other companies, including companies in our industry, may calculate bookings or Adjusted EBITDA differently or choose not to calculate bookings or Adjusted EBITDA at all, which reduces their usefulness as comparative measures.

Because of these limitations, you should consider this non-GAAP financial information along with other financial performance measures, including total revenues, subscription revenue, deferred revenue, net income (loss), cash and cash equivalents, restricted cash, net cash used in operating activities and our financial results presented in accordance with GAAP.

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