

*August 11, 2016*

# **Snap Interactive Reports Results for the Quarter Ended June 30, 2016**

---

NEW YORK, NY--(Marketwired - Aug 11, 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 June 30, 2016.

## **Highlights:**

- Total revenue of \$2.6 million for the second quarter of 2016 decreased slightly by \$63 thousand compared to the first quarter of 2016;
- Total revenues decreased 18.0% for the second 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 FirstMet advertising expense of 15.4%;
- Advertising revenue increased by \$42 thousand, or 37.0%, for the second quarter of 2016 when compared with the same period in 2015;
- Total expenses were reduced by \$509 thousand in the second quarter of 2016 as compared to the same period in 2015, a 15% decrease; and
- Net cash used in operating activities was approximately \$239 thousand for the three months ended June 30, 2016, representing a reduction of \$155 thousand as compared to the same period in 2015.

## **Financial Highlights**

<i>Current quarter versus last year same period</i>		<b>Three Months Ended</b>		<b>%</b>
		<b>June 30,</b>		
<b>Statement of Operations and Cash Flow Results (unaudited)</b>	<b>2016</b>	<b>2015</b>	<b>Change</b>	
Subscription revenue	\$ 2,459,633	\$ 3,075,868	(20.0) %	
Advertising revenue	\$ 154,329	\$ 112,671	37.0 %	
Total revenue	\$ 2,613,962	\$ 3,188,539	(18.0) %	
Sales and marketing expense	\$ 1,210,103	\$ 1,399,117	(13.5) %	
Total expenses	\$ 2,917,789	\$ 3,426,914	(14.9) %	
Net loss	\$ (841,133 )	\$ (258,986 )	224.8 %	
Net cash used in operating activities	\$ (239,247 )	\$ (393,872 )	(39.3) %	
<b>Financial Metrics (unaudited)</b>				
Bookings	\$ 2,368,594	\$ 2,918,409	(18.8) %	
Adjusted EBITDA (a non-GAAP measure)	\$ (131,300 )	\$ 73,405	(278.9) %	

	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Balance Sheet Results (unaudited)</b>	(unaudited)	
Cash and cash equivalents	\$ 1,561,917	\$ 2,131,262
Deferred subscription revenue	\$ 1,408,426	\$ 1,505,862
<b>Financial Metrics (unaudited)</b>		
Active subscribers (at period end)	78,700	98,000

<i>Current quarter versus last quarter</i>	<b>Three Months Ended</b>		
	<b>June 30,</b>	<b>March 31,</b>	<b>%</b>
	<b>2016</b>	<b>2016</b>	<b>Change</b>
<b>Statement of Operations and Cash Flow Results (unaudited)</b>			
Subscription revenue	\$ 2,459,633	\$ 2,507,148	(1.9) %
Advertising revenue	\$ 154,329	\$ 170,119	(9.3) %
Total revenue	\$ 2,613,962	\$ 2,677,267	(2.4) %
Sales and marketing expense	\$ 1,210,103	\$ 1,292,164	(6.4) %
Total expenses	\$ 2,917,789	\$ 3,006,022	(2.9) %
Net loss	\$ (841,133 )	\$ (1,501,004 )	(44.0) %
Net cash used in operating activities	\$ (239,247 )	\$ (281,188 )	(14.9) %
<b>Financial Metrics (unaudited)</b>			
Bookings	\$ 2,368,594	\$ 2,500,751	(5.3) %
Adjusted EBITDA (a non-GAAP measure)	\$ (131,300 )	\$ (138,466 )	(5.2) %

## Management Commentary

### Growth and New Initiatives

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

- *New Product Kickoff* - Initiated development of a new product targeting users over 50 years of age;
- *Foreign Language Translation* - Translated all or portions of the FirstMet service into nine additional languages to test opportunities in international markets; and
- *Reengaged Users* - Reactivated approximately 647 thousand users from the AYI database via targeted email campaigns.

SNAP's Chief Executive Officer, Alex Harrington, said, "In the second quarter of 2016 we focused on forward-looking strategic initiatives. Most prominently, we kicked-off development on a new product in the Snap portfolio, which we expect to launch commercially in the fourth quarter. This is the cornerstone of our internal growth strategy building upon Snap's large user database. By cross selling users across our product array, we expect to increase the value we derive from each user acquired. We are also excited to announce that the new product will focus on users 50 years and older, which is an age group that has shown one of the fastest adoption rates of dating products in recent years. This niche is also a good fit for Snap's portfolio since FirstMet has long targeted users 35 and older, and therefore users over 50 represent a significant portion of our database."

Mr. Harrington continued, "We have made significant progress on several other initiatives as well. Our foreign language translation efforts have opened up testing in large emerging markets like Brazil and Turkey, and we have also achieved remarkable user adoption in smaller markets such as Greece. Email winback programs continue to build on the momentum that began with the rebranding, with FirstMet successfully reengaging approximately 647 thousand inactive users, up 4.2% from the first quarter of 2016. Mobile usage of FirstMet also continued to represent more than 50% of activity across all platforms, which we believe to be a direct result of the continued focus on mobile product enhancements and emphasis on mobile advertising in our marketing budget."

### Liquidity and Cash Flow

- *Cash Balance*: We ended the second quarter of 2016 with approximately \$1.6 million of cash and cash equivalents on our balance sheet;
- *Expense Reductions*: Total expenses were reduced by \$0.5 million in the second quarter of 2016 as compared to the same period in 2015, a 15% decrease; and
- *Cash Used in Operating Activities*: Net cash used in operating activities was \$239 thousand for the three months ended June 30, 2016, representing a reduction of \$155 thousand as compared to the same period in 2015.

Mr. Harrington concluded, "Capital efficiency and cost controls continue to be a key focus, and we were pleased to realize a 15% quarterly expense reduction year-over-year. The first half of the year is typically cash and expense intensive, and though the Company consumed \$239 thousand of cash from operating activities in the second quarter of 2016, this was an improvement of \$155 thousand over the comparable period in 2015. On July 18, 2016, we entered into a term note allowing us to borrow up to \$250,000 and borrowed \$200,000 thereunder, strengthening our cash and liquidity position. A high priority now is seeking a financial alternative or a strategic business combination to refinance or retire the Company's convertible debt. However, with approximately \$1.6 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."

**IR Contact:**

[IR@snap-interactive.com](mailto:IR@snap-interactive.com)

**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, 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 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.

<b>SNAP INTERACTIVE, INC.</b>		
<b>CONDENSED CONSOLIDATED BALANCE SHEETS</b>		
	<b>June 30, 2016</b>	<b>December 31, 2015</b>
	<b>(unaudited)</b>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,561,917	\$ 2,131,262
Credit card holdback receivable	162,819	165,853
Accounts receivable, net of allowances and reserves of \$64,853 and \$55,468, respectively	188,475	206,547
Prepaid expense and other current assets	63,341	108,871
<b>Total current assets</b>	<b>1,976,552</b>	<b>2,612,533</b>
Fixed assets and intangible assets, net	328,035	387,617
Notes receivable	82,452	81,123
Long term security deposits	279,410	279,410
Investments	200,000	200,000
<b>Total assets</b>	<b>\$ 2,866,449</b>	<b>\$ 3,560,683</b>
<b>Liabilities and stockholders' deficit</b>		
Current liabilities:		
Accounts payable	\$ 1,287,037	\$ 1,065,662
Accrued expenses and other current liabilities	169,282	367,018
Deferred subscription revenue	1,408,426	1,505,862
Convertible note payable, net of discount	2,240,144	-
<b>Total current liabilities</b>	<b>5,104,889</b>	<b>2,938,542</b>
Deferred rent, net of current portion	111,193	99,595
Convertible note payable, net of discount	-	1,636,585
Derivative liabilities	1,330,000	473,425
Capital lease obligations, net of current portion	34,495	75,560
<b>Total liabilities</b>	<b>6,580,577</b>	<b>5,223,707</b>
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, 500,000,000 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	13,265,441	12,974,409
Accumulated deficit	(17,019,262 )	(14,677,126 )
<b>Total stockholders' deficit</b>	<b>(3,714,128 )</b>	<b>(1,663,024 )</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 2,866,449</b>	<b>\$ 3,560,683</b>

<b>SNAP INTERACTIVE, INC.</b>				
<b>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</b>				
<b>(Unaudited)</b>				
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues:</b>				
Subscription revenue	\$ 2,459,633	\$ 3,075,868	\$ 4,966,781	\$ 6,205,178
Advertising revenue	154,329	112,671	324,448	169,444
Total revenues	<u>2,613,962</u>	<u>3,188,539</u>	<u>5,291,229</u>	<u>6,374,622</u>
<b>Costs and expenses:</b>				
Cost of revenue	405,965	430,913	841,623	881,259
Sales and marketing expense	1,210,103	1,399,117	2,502,268	3,180,623
Product development expense	440,451	541,026	885,999	1,170,801
General and administrative expense	<u>861,270</u>	<u>1,055,858</u>	<u>1,693,923</u>	<u>2,363,089</u>
Total costs and expenses	<u>2,917,789</u>	<u>3,426,914</u>	<u>5,923,813</u>	<u>7,595,772</u>
Loss from operations	(303,827 )	(238,375 )	(632,584 )	(1,221,150 )
Interest expense, net	(427,306 )	(430,611 )	(852,977 )	(667,015 )
Change in fair value of derivative liabilities	<u>(110,000 )</u>	<u>410,000</u>	<u>(856,575 )</u>	<u>410,000</u>
Loss before provision for income taxes	(841,133 )	(258,986 )	(2,342,136 )	(1,478,165 )
Provision for income taxes	-	-	-	-
Net loss	<u>\$ (841,133 )</u>	<u>\$ (258,986 )</u>	<u>\$ (2,342,136 )</u>	<u>\$ (1,478,165 )</u>
<b>Net loss per share of common stock:</b>				
Basic and diluted	\$ (0.02 )	\$ (0.01 )	\$ (0.06 )	\$ (0.04 )
<b>Weighted average number of shares of common stock used in calculating net loss per share of common stock:</b>				
Basic and diluted	39,692,826	39,682,826	39,692,826	39,550,411

*The accompanying notes are an integral part of these condensed consolidated financial statements*

<b>SNAP INTERACTIVE, INC.</b>		
<b>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</b>		
<b>(Unaudited)</b>		
	<b>Six Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (2,342,136 )	\$ (1,478,165 )
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	71,784	96,007
Stock-based compensation expense	291,032	506,455
Loss on disposal of fixed assets	-	79,628
Amortization of debt issuance cost	77,917	60,198
Amortization of debt discount	525,644	397,863
Change in fair value of derivative liabilities	856,575	(410,000 )
Changes in operating assets and liabilities:		
Credit card holdback receivable	3,034	419,599
Accounts receivable	18,072	(43,213 )
Security deposits	-	(85,555 )
Prepaid expenses and other current assets	45,530	(22,210 )
Accounts payable, accrued expenses and other current liabilities	17,951	(873,646 )
Deferred rent	11,598	49,027
Deferred subscription revenue	(97,436 )	(129,203 )
Deferred advertising revenue	-	(13,427 )
Net cash used in operating activities	<u>(520,435 )</u>	<u>(1,446,642 )</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(12,204 )	(37,007 )
Proceeds from sale of fixed assets	-	6,000
Issuance to employees of note receivable and accrued interest	(1,329 )	(1,280 )
Notes receivable	-	-
Net cash used in investing activities	<u>(13,533 )</u>	<u>(32,287 )</u>
<b>Cash flows from financing activities:</b>		
Payments of capital lease obligations	(35,377 )	(30,479 )
(Repayment of) proceeds from promissory notes	-	(400,000 )
Payment of financing costs	-	(314,249 )
Proceeds from issuance of promissory notes	-	3,000,000
Net cash (used in) provided by financing activities	<u>(35,377 )</u>	<u>2,255,272</u>
Net increase (decrease) in cash and cash equivalents	(569,345 )	776,343
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>\$ 1,561,917</u>	<u>\$ 1,914,728</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid in interest and taxes	\$ 180,000	\$ 90,000
Non-cash investing and financing activities:		
Compound embedded derivative under the Senior 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 Senior Note and recorded as derivative liabilities (See Note 5)	\$ -	\$ 342,000
Common stock issued under the Advisory Services Agreement as additional consideration for the Senior Note	\$ -	\$ 30,000

<b>SNAP INTERACTIVE, INC.</b>			
<b>RECONCILIATION OF ADJUSTED EBITDA</b>			
<b>(Unaudited)</b>			
	<b>Three Months Ended</b>		
	<b>June 30,</b>		<b>March 31,</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>
<b>Reconciliation of Net loss to Adjusted EBITDA:</b>			
Net loss	\$ (841,133 )	\$ (258,986 )	\$ (1,501,004 )
Interest expense (income), net	427,306	430,611	425,674
Loss on disposal of fixed assets	--	--	--
Depreciation and amortization expense	35,269	35,188	36,515
Change in fair value of derivative liabilities	110,000	(410,000 )	746,545
Stock-based compensation expense	137,258	276,592	153,774
Adjusted EBITDA (a non-GAAP measure)	<u>\$ (131,300 )</u>	<u>\$ 73,405</u>	<u>\$ (138,466 )</u>

### Non-GAAP Financial Measures and Key Metrics

The Company has provided in this release certain non-GAAP financial measures, including Adjusted EBITDA, and other key metrics, including bookings, 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 financial metrics 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 financial metrics in assessing our performance and when planning, forecasting and analyzing future periods. The Company believes these financial metrics 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; or (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 these financial metrics 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.

**IR Contact:**

Snap Interactive, Inc.

[IR@snap-interactive.com](mailto:IR@snap-interactive.com)

---

News powered by iR Direct — Copyright © 2016 Issuer Direct Corporation.  
All Rights Reserved.