

Snap Interactive, Inc. (OTCQB: STVI)  
FY 2016 Earnings Call & Business Update  
March 28, 2017



# Safe Harbor

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This presentation is for discussion purposes only. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such.

Certain statements in this presentation constitute “forward-looking statements” relating to Snap Interactive, Inc. (“SNAP,” “Snap Interactive” or the “Company”) made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are based on current expectations, estimates, forecasts and assumptions and are subject to risks and uncertainties. In some cases, you can identify these statements by words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “optimistic,” “potential,” “future” or “continue,” and variations of such words and other comparable terminology. All forward-looking statements speak only as of the date on which they are made. Readers are specifically directed to the Company’s filings with the Securities and Exchange Commission for a description of certain risks, uncertainties and assumptions and to the discussion under “Risk Factors” in the Company’s most recently filed Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other Securities and Exchange Commission filings. These risks and uncertainties, as well as other risks and uncertainties of which the Company is not aware of or which the Company does not currently believe to be material, may cause actual future results to be materially different than those expressed by these forward-looking statements. In addition, there can be no assurance that actual results will meet expectations. Actual results could differ materially because of a number of factors, including, without limitation, factors such as:

- the Company’s ability to successfully integrate the operations of Snap and A.V.M. Software, Inc. (d/b/a Paltalk);
- the Company’s heavy reliance on a limited number of third party platforms to run the Company’s applications;
- the Company’s ability to obtain additional capital or financing to execute its business plan;
- the Company’s reliance on its executive officers;
- the intense competition in the Company’s industry;
- the Company’s ability to release new applications or improve upon existing applications and derive revenue therefrom;
- the Company’s ability to develop, establish and maintain strong brands;
- the Company’s ability to update its applications to respond to trends and preferences;
- the Company’s ability to adapt or modify the Company’s applications for the international market and derive revenue therefrom; and
- the Company’s ability to generate subscribers through advertising and marketing agreements with third party advertising and marketing providers.

The Company’s actual results, performance and achievements may differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. All forward-looking statements speak only as of the date on which they are made. We do not assume responsibility for the accuracy or completeness of any forward-looking statement and you should not rely on forward-looking statements as predictions of future events. We do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed herein, except to the extent required by applicable securities laws.



# Agenda

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✓ **Opening Remarks**

✓ **Strategic Overview**

✓ **SNAP FY 2016 Highlights**

✓ **Q&A**

# STRATEGIC OVERVIEW



# The New SNAP

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The merger between Snap Interactive and A.V.M. Software, Inc. created a leading provider of live video social networking and interactive dating applications

## Key Investment Themes:

**High Growth Market**: Live video market represents an explosive growth opportunity

**Enabling Platform**: we have the key ingredients to capitalize: proprietary live video technology, a global footprint, significant user scale

**Build and Buy**: Experienced acquirer with an attractive platform for accretive transactions



# SNAP Is a World-Leading Collection of Live Video Communities



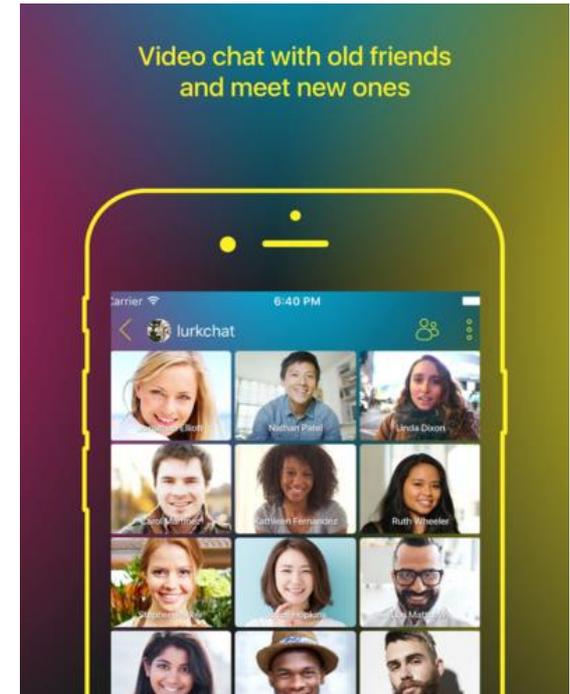
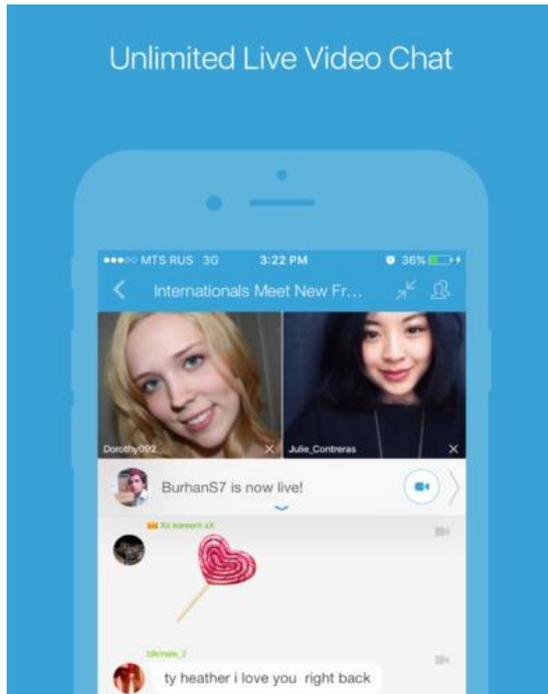
US-focused, worldwide video chat community targeting users over 35



Asia-centric video chat community targeting users from 18-35



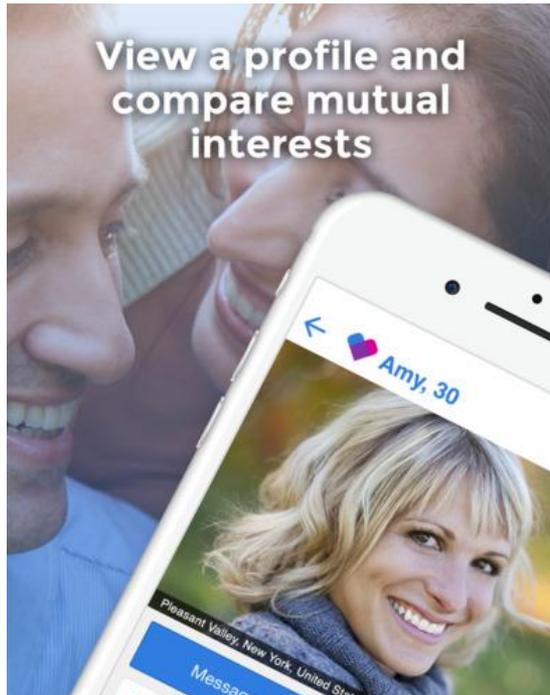
US-focused video chat community targeting users 18-35



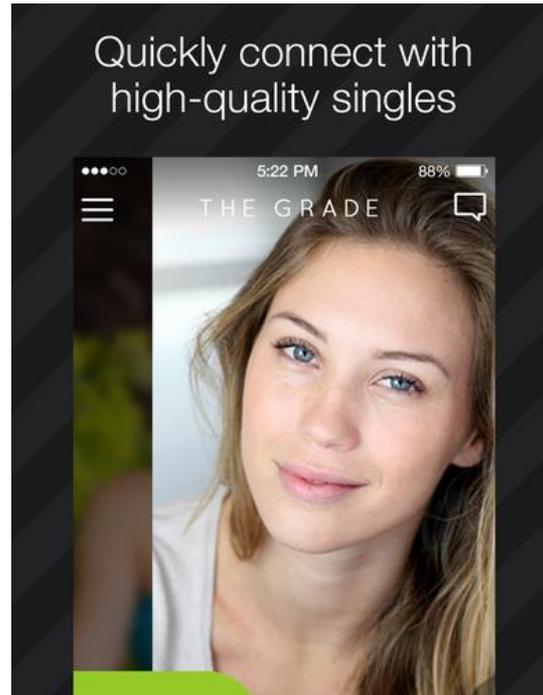
# SNAP Is a Prominent Portfolio of Interactive Dating Applications



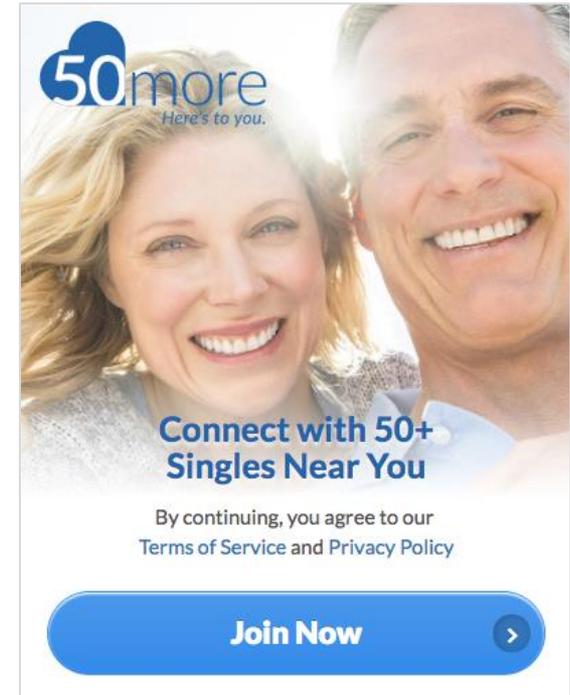
Prominent, game-like dating app targeting users over 35



Launched in 2014, female-friendly swiping app targeting Millennials



Recently launched in beta, provides high quality matches for 50+ singles



# SNAP is a Commercial and Technology Platform

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SNAP's substantial commercial and technology platform enable us to capitalize on emerging growth trends in video:

- Battle-tested proprietary technology platform for live video
  - Supports one-to-one, one-to-many, and many-to-many
  - Millions of users broadcasting or consuming live video streams
  - Supported by a portfolio of 25 issued patents
  - Tech talent centers in two US locations, plus Russia and India
- Large active subscriber count of 183,000 as of March 12, 2017
  - Subscriptions and virtual gifts make up 89% of revenue in 2016
- Global footprint in over 180 countries
  - Strength in English-speaking world, Southeast Asia and the Middle East
- A.V.M. Founder, seasoned entrepreneur and live video pioneer Jason Katz in the COO/chairman role



**To be a leader in social products  
delivering live video experiences  
in a mobile world**

# Opportunity: Live Video is Driving Massive Change

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## Anecdotal evidence of the disruptive effect of live video:

- Mark Zuckerberg: “I see video as a mega-trend, same order as mobile.”
- According to a 2016 report from Cisco, by 2019, online video will be responsible for 80% of global Internet traffic.
- “We’re thrilled to launch the most requested [Facebook] Messenger feature ever – the ability to video chat in groups.” – FB Newsroom
- “Video chat app Houseparty racks up VC interest. Ultimately, Sequoia Capital won... and it has led a [\$50MM] round of funding.”  
-WSJ
- “Millennials in China are [taking] social media and live streaming to new monetary heights. Youngsters are cashing in on a live streaming boom by broadcasting their everyday lives.” CNBC.com

# Interactive Dating and Video Intersect with Live Streaming

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- Live Streaming is a rapidly emerging form of video entertainment
  - Users become broadcasters and develop a peer fan base, who express appreciation by sending virtual gifts
  - Broadcasters receive a cash revenue share of gift proceeds
  - \$5bln market in China (2016 Cisco report), rapidly growing elsewhere
- Dating companies in Asia and beyond are leaders in Live Streaming
  - Large user databases with similarities in user interactions
  - Both powered by virtual gift economy
- Successful and promising examples abound:
  - MOMO: Q4 2017 revenue up 6x, live video now 79% of revenue, up from 2.5%
  - Paktor acquired controlling stake in livestreaming platform 17 Media
  - MeetMe launching live streaming business in 2017

# SNAP's Live Video Strategy

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- We believe live video technology will remake the landscape for social and communication apps
- Snap is targeting three segments, based on market growth and our present strengths:
  - Live Video Social Networking
  - Live Video Social Discovery
  - Live Streaming Entertainment

# SNAP's Strategy: Live Video Social Networking

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- Snap operates live video-centric social networks, gathering people around common interests



- This is presently an area of disruptive innovation, with emerging mobile-centric models that may become standard forms of group interaction
  - New group video chat app Houseparty hits 2MM MAUs in November 2016, raises \$50MM VC round from Sequoia Capital
  - Facebook Live reported experiencing 400% usage growth between May and October in 2016
- We have a mobile-first live group chat product in development for launch in 2017

# SNAP's Strategy: Live Video Social Discovery

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- Social discovery services, such as interactive dating apps, will evolve to incorporate video, and ultimately become video-centric
- SNAP's position as a leader in live video will facilitate the adaptation of the Company's dating portfolio to emerging video models



- SNAP is pursuing this evolution in three steps:
  1. Integrate dating features into video chat
  2. Introduce video capabilities into our mainstream dating apps
  3. Launch new video-centric dating and social discovery app(s)

# SNAP's Strategy: Live Streaming Entertainment

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- Live streaming is a big business in Asia and growing elsewhere
  - SNAP has a global footprint to pursue this opportunity in Asia and the emerging western market
- SNAP operates three video apps that are poised to capitalize on live streaming growth trends:
  - Ribbit Live, a video streaming app, with a concentration of users in southeast Asia
  - Tynychat, a social video app with a large audience of millennials in the US
  - Firetalk, a recently launched video streaming app designed for content creators

# Intellectual Property May Aid in Funding Growth Strategy

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- Defense of issued patents has yielded tens of millions of dollars of licensing income in the past
  - Previous licensees include Microsoft, Activision/Blizzard, and Sony
- Initiated 2 new enforcement actions in December 2016
  - Riot Games (League of Legends)
  - Valve Corporation (Defense of the Ancients 2)

## Build *and* Buy: SNAP Intends to Leverage M&A

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- The Company has historically grown through acquisitions
- High degree of fragmentation in video and dating industries
- Public vehicle gives us a currency and affords targets with liquidity opportunity

### M&A Criteria:

- Increase financial scale (revenue, EBITDA)
- Deepen technology advantage and product portfolio
- Deepen leadership bench

# SNAP Q4 2016 HIGHLIGHTS



## 2016 Financial Highlights

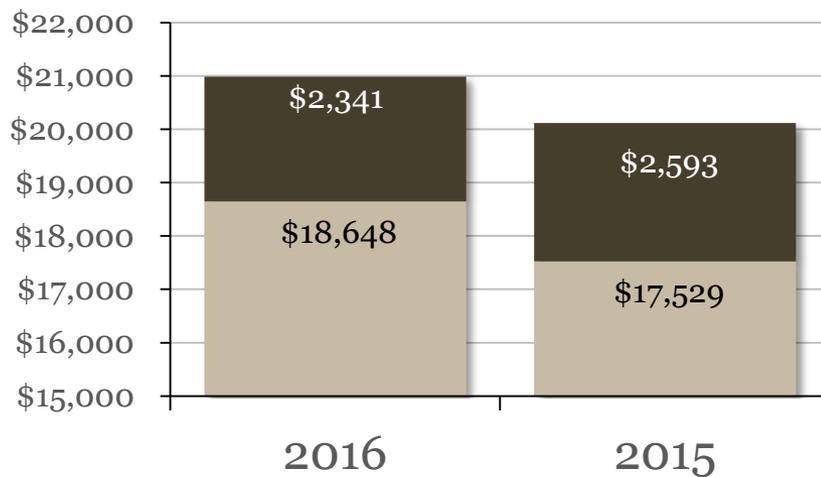
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- Resumed revenue growth in 2016
- 2016 \$1MM of Adjusted EBITDA, after adding back one time merger-related expenses
- Solid, debt-free balance sheet
  - Cash bank balances increasing in Q1 2017, indicating a return to GAAP positive cash flow
- Undertook critical steps towards the goal of listing on a national exchange
- Merger cost reductions underway

# Revenues: Year Ended December 31, 2016

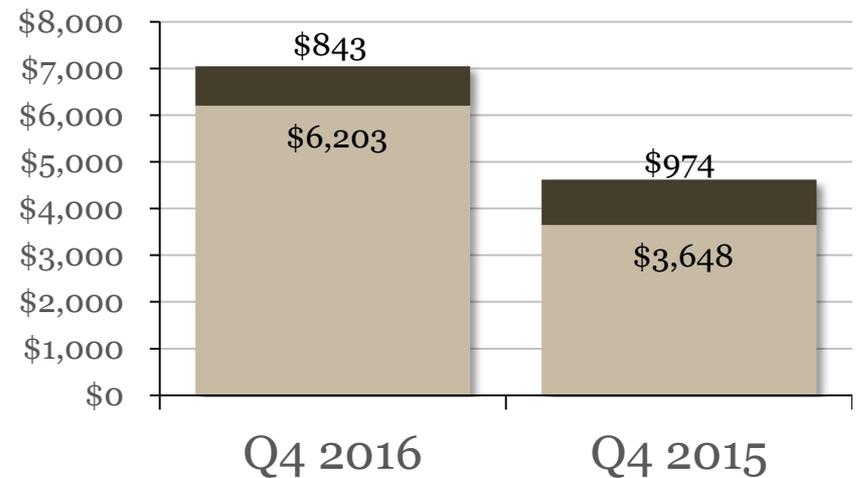
- Revenue increase of 4.3% in 2016, as compared to 2015
- Q4 2016 revenue increased by 51.5%, as compared to pre-merger revenues in Q4 2015

YE Revenues  
(in 1000s)



■ Subscription Revenue ■ Advertising Revenue

Quarterly Revenues  
(in 1000s)

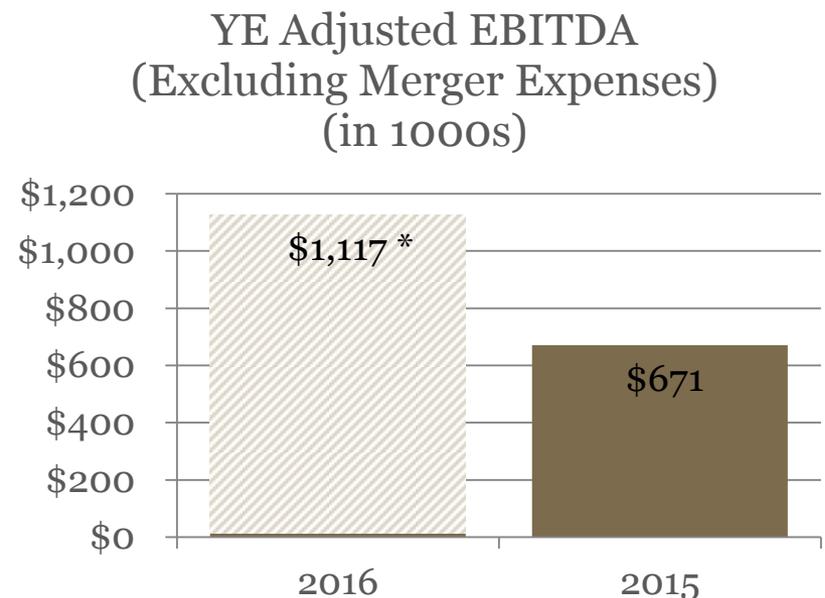
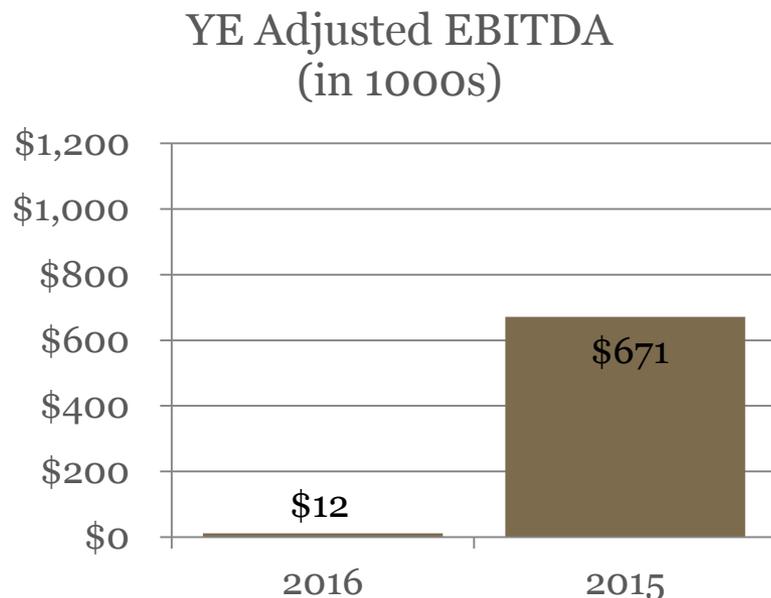


■ Subscription Revenue ■ Advertising Revenue

## Adjusted EBITDA: Year Ended December 31, 2016

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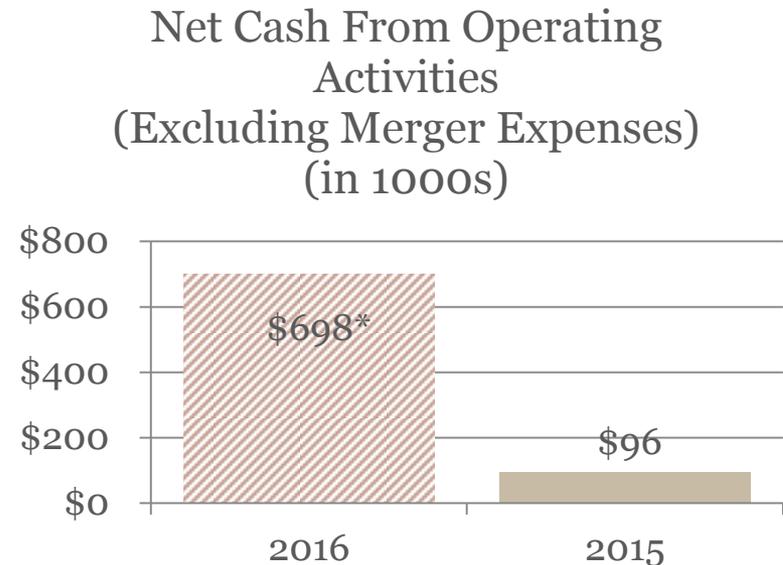
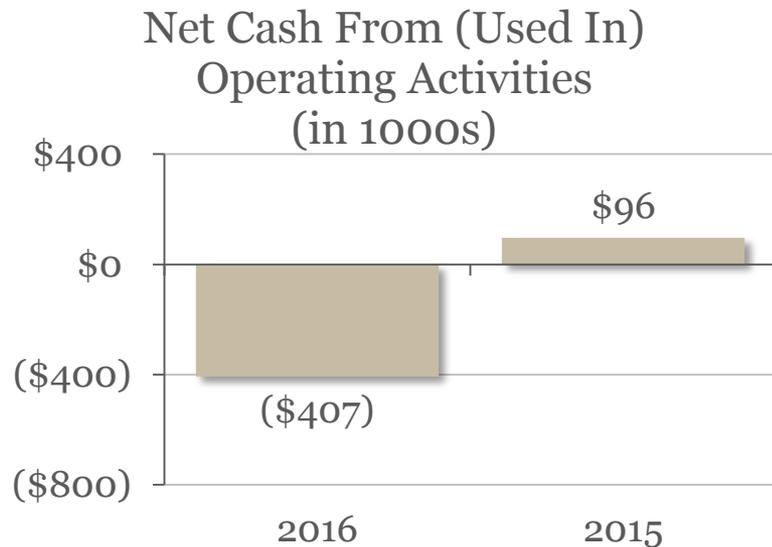
- Adjusted EBITDA for 2016 was lower, when taking into consideration non-recurring merger-related expenses in 2016
- Excluding non-recurring merger expenses in 2016, Adjusted EBITDA as a percent of revenues increased to 5.2% in 2016 from 3.3% in 2015



\*Excludes non-recurring merger related expenses for 2016 of \$1.1 million

# Cash Flow: Year Ended December 31, 2016

- Net cash used in operations was \$503 thousand lower in YTD 2016 as compared to the same period in 2015
- 2016 net cash from operations was positive and increased by \$502 thousand as compared to 2015, excluding non-recurring merger expenses



\*Excludes non-recurring merger related expenses for 2016 of \$1.1 million

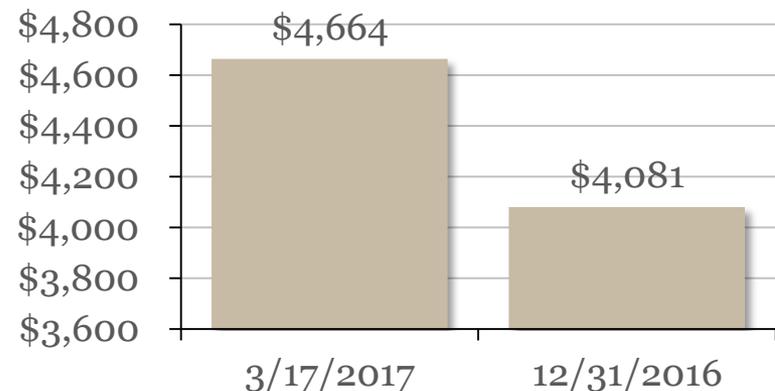
# Debt-Free Balance Sheet, with Expectation of Positive Cash Flow

- 2016 cash decreased by approximately \$2.5 million, as compared to 2015 balances driven largely by the merger
  - Repayment of \$3MM convertible note, extinguishing all debt
  - \$1.1MM in one-time merger related expenses
- Bank balances in Q1 2017 reflect a cash increase of approximately \$583 thousand; management expects positive cash flow to resume

Cash and cash equivalents  
(in 1000s)



Bank cash balance  
(in 1000s)



# SNAP Is Seeking a Listing on a National Securities Exchange

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- The Company is pursuing the benefits of a listing on a national securities exchange
  - Credibility ascribed to high standards already maintained by the Company
  - Liquidity
  - Form S-3 eligibility
- Recent initiatives to enhance qualifications
  - Hired CFO
  - 1-for-35 reverse stock split
  - Expansion of Board of Directors
  - Formation of Audit and Compensation committees

# SNAP Expects Further Benefits of Merger Integration in 2017

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- Revenue enhancements
  - Cross-selling opportunities
  - Best practice sharing (e.g., analytics, cyber security)
- Cost reductions
  - Real estate
  - Discontinued use of a high cost data center
  - Consolidating vendor contracts
- Deeper management bench
- Unified organizational structure and co-location
- Expanded Board of Directors with broader experience and enhanced corporate governance

# Conclusion: Strong Platform in a Growth Sector

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- Strategic Highlights:
  - Live video is an attractive market, driving innovation and growth
  - Strong proprietary technology and commercial platform offers new product growth avenues
  - Build *and* buy strategy is expected to leverage market fragmentation to accelerate growth
- Financial highlights
  - 2016 revenue growth resumed, 2017 positive cash flow resumed
  - Greater revenue scale and diversification, with further synergies and cost savings expected
  - Stronger, debt-free balance sheet
  - Prospect of listing on a national securities exchange

# Q&A

# Non-GAAP Reconciliation: ADJUSTED EBITDA

## Non-GAAP Financial Measures

Adjusted EBITDA is defined 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. Adjusted EBITDA excluding Merger costs is defined as Adjusted EBITDA excluding non-recurrent expenses incurred in connection with our Merger with A.V.M. Software, Inc. The Company presents Adjusted EBITDA because it is a key measure used by the Company's management and its Board of Directors to understand and evaluate the Company's core operating performance and trends, to develop short- and long-term operational plans, and to allocate resources to expand the Company's business. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of the cash operating income generated by the Company's business. The Company believes that Adjusted EBITDA is 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. Management also presents Adjusted EBITDA excluding merger expenses because the Company believes that excluding expenses related to the merger is useful to investors for comparing our Adjusted EBITDA for the fiscal year ended December 31, 2016 to our Adjusted EBITDA reported for other periods. 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.

Some limitations of Adjusted EBITDA and Adjusted EBITDA excluding Merger costs as financial measures include that:

- 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) reflect 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 Adjusted EBITDA differently or choose not to calculate Adjusted EBITDA at all, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider this non-GAAP financial information along with other financial performance measures reported in our filings with the Securities and Exchange Commission, 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.

The following unaudited table presents a reconciliation of net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA for the year:

	Year Ended	
	12/31/16	12/31/15
Reconciliation of Net Income (Loss) to Adjusted EBITDA:		
Net loss	\$ (1,452,776)	\$ (265,926)
Interest expense (income), net	60,030	-
Other expense (income), net	(351,102)	(33,145)
Income tax expense (benefit)	-	(171,584)
Depreciation and amortization expense	1,402,533	935,500
Stock compensation expense	353,120	206,571
<b>Reported Adjusted EBITDA</b>	<b>\$ 11,805</b>	<b>\$ 671,416</b>
Non-recurring merger costs	1,105,000	
<b>Adjusted EBITDA excluding merger costs</b>	<b>\$ 1,116,805</b>	

