

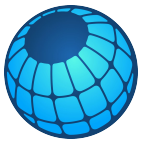


PEERSTREAM

Q2 2019 EARNINGS PRESENTATION

PeerStream, Inc. | OTCQB: PEER

August 2019



Safe Harbor

This presentation is for discussion purposes only. Certain material is based upon third party 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 PeerStream, Inc. (“PEER,” “PeerStream”, the “Company”, “we”, “our”, or “us”) 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. Words such as “anticipate,” “assume,” “began,” “believe,” “budget,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “would” and variations of such words and similar expressions are intended to identify such forward-looking statements. All forward-looking statements speak only as of the date on which they are made. Such forward-looking statements are subject to certain risks, uncertainties and assumptions relating to factors that could cause actual results to differ materially from those anticipated in such statements, including, without limitation, the following:

- our increasing focus on the use of new and novel technologies, such as blockchain, to enhance our applications, and our ability to timely complete development of applications using new technologies;
- our ability to effectively market and generate revenue from our software licensing and technology implementation services;
- our ability to generate and maintain active subscribers and to maintain engagement with our user base;
- the intense competition in the industries in which our business operates and our ability to effectively compete with existing competitors and new market entrants;
- legal and regulatory requirements related to us investing in cryptocurrencies and accepting cryptocurrencies as a method of payment for our services;
- risks related to our holdings of digital tokens, including risks related to the volatility of the trading price of the digital tokens and our ability to convert digital tokens into fiat currency;
- risk associated with our termination agreement with ProximaX Limited (“ProximaX”) including that ProximaX may make certain future payments to us in digital tokens that have a speculative value;
- our ability to develop functional new cybersecurity technologies that will be accepted by the marketplace, including PeerStream Protocol;
- our ability to obtain additional capital or financing to execute our business plan, including through offerings of debt or equity;
- our ability to develop, establish and maintain strong brands;
- the effects of current and future government regulation, including laws and regulations regarding the use of the internet, privacy and protection of user data and blockchain and cryptocurrency technologies when and if necessary;
- our ability to manage our partnerships and strategic alliances;
- our reliance on our executive officers and consultants; and
- our ability to release new applications on schedule or at all, as well as our ability to improve upon existing applications.

For a more detailed discussion of these and other factors that may affect our business, see our filings with the Securities and Exchange Commission, including the discussion under “Risk Factors” set forth in our latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. We caution that the foregoing list of factors is not exclusive, and new factors may emerge, or changes to the foregoing factors may occur, that could impact our business. We do not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this report, except to the extent required by applicable securities laws.



PEERSTREAM

OTCQB:PEER

A communications software innovator developing enhanced security and privacy solutions for multimedia communication and data transmission, targeting consumer, government and enterprise clients.



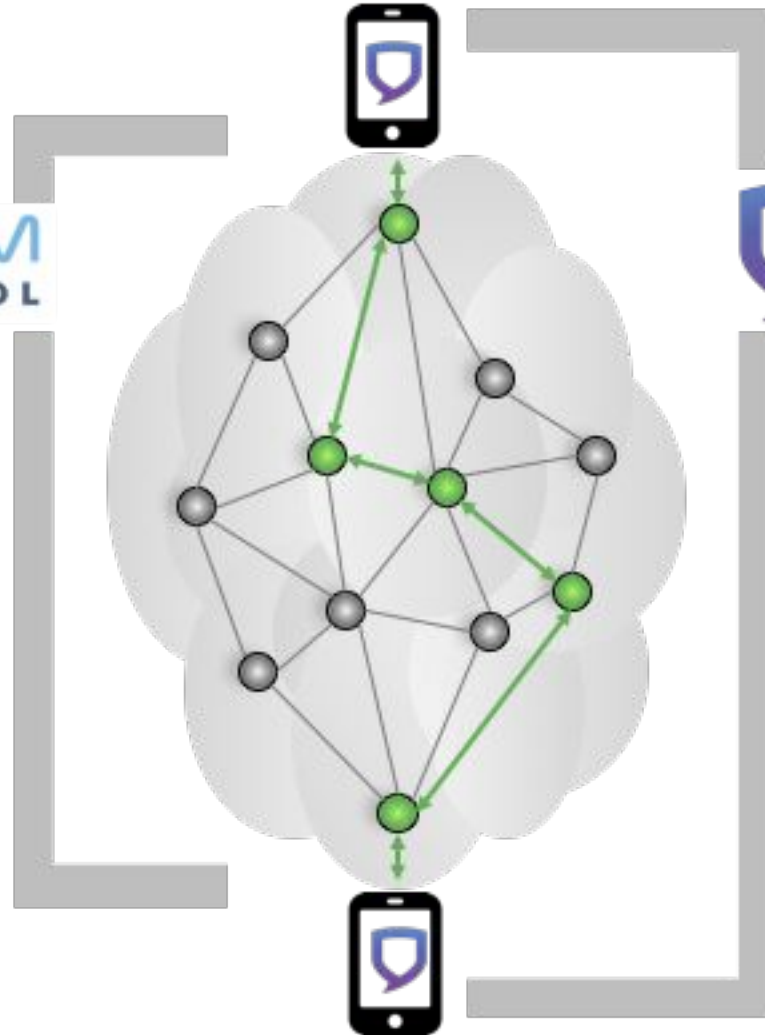
Our Innovative Communications Security Suite

PSP and Backchannel offer network transport level and end-user experience security solutions, respectively, which we believe address security shortcomings of popular industry communications solutions

PEERSTREAM PROTOCOL

Intelligent Routing and Encryption for Communications and Data Transport

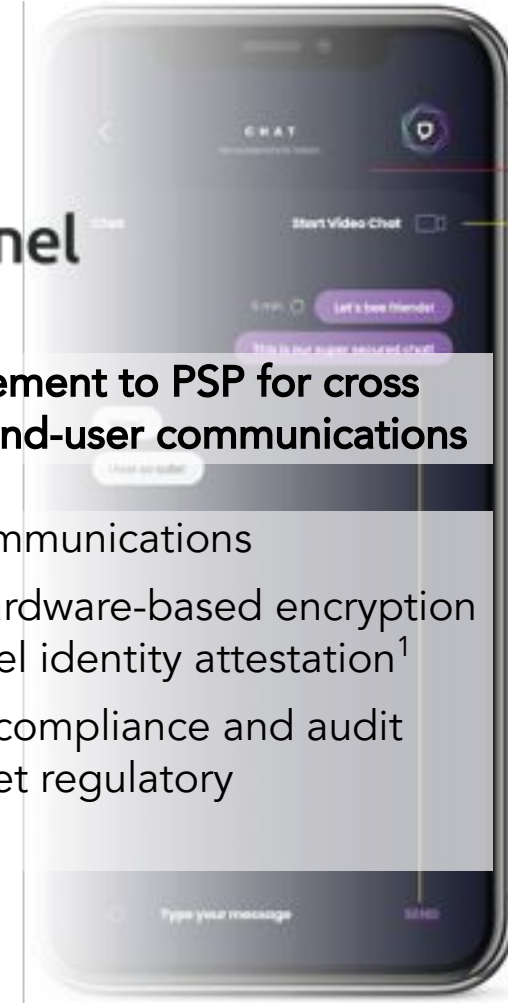
- Secure end-to-end encryption assures confidentiality
- Multi-layer transport encryption based on onion routing
- Intelligent routing similar to TOR hidden services protects end-point/user identity and geolocation



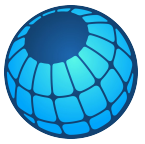
backchannel

Front-end complement to PSP for cross platform secure end-user communications

- Ephemeral communications
- Developing hardware-based encryption and carrier-level identity attestation¹
- Capability for compliance and audit options to meet regulatory requirements



1. Hardware encryption via partnership with Rivetz. Carrier identity attestation through partnership with Telefonica.



Go-to-Market Strategy in \$45Bln¹ Data Security Market

Capability-Expanding Partnerships

- Live ProximaX implementation of PSP
- Telefonica/Rivetz partnership offers hardware-based encryption
- Building strategic partnerships offers access to clients and complementary capabilities

Building Sales Pipeline

- Over 40 active sales dialogs:
- Government: military, intelligence, law enforcement, emergency response
 - Enterprise: telecom, financial services, healthcare
 - We expect to be ready to enter into commercial licenses with new clients as soon as Q4 '19

Software Commercial Readiness

- Adapting PSP to anticipated customer use cases
- Hardening security for a broadening capabilities set
- Building capabilities for ease of integration

¹Source: Software solutions subsegment of the overall data security market, per Gartner



Consumer Apps Business: Social Video Apps

One of the world's leading live video chat communities with 20 years of history enabling users to connect and communicate across multiple devices, offering:



**A PLATFORM FOR
FREE EXPRESSION**



**CONNECTION TO
FAMILY/FRIENDS**



**24/7
ENTERTAINMENT**

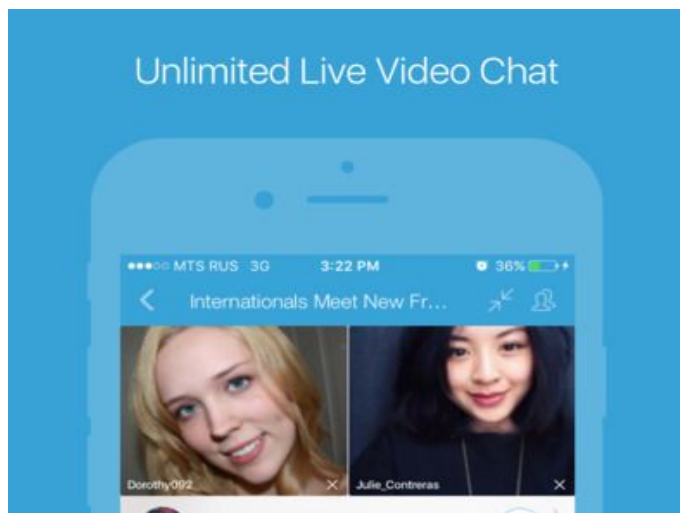


**SHARED
COMMON INTERESTS**

Billions of multimedia messages sent to nearly half a billion users



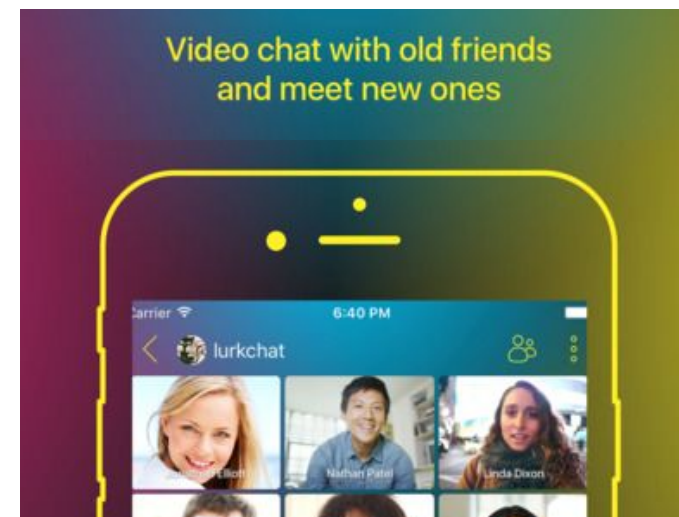
US-focused, worldwide video chat community targeting users over 35

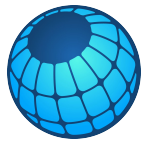


Asia-centric video chat community targeting users from 18-35



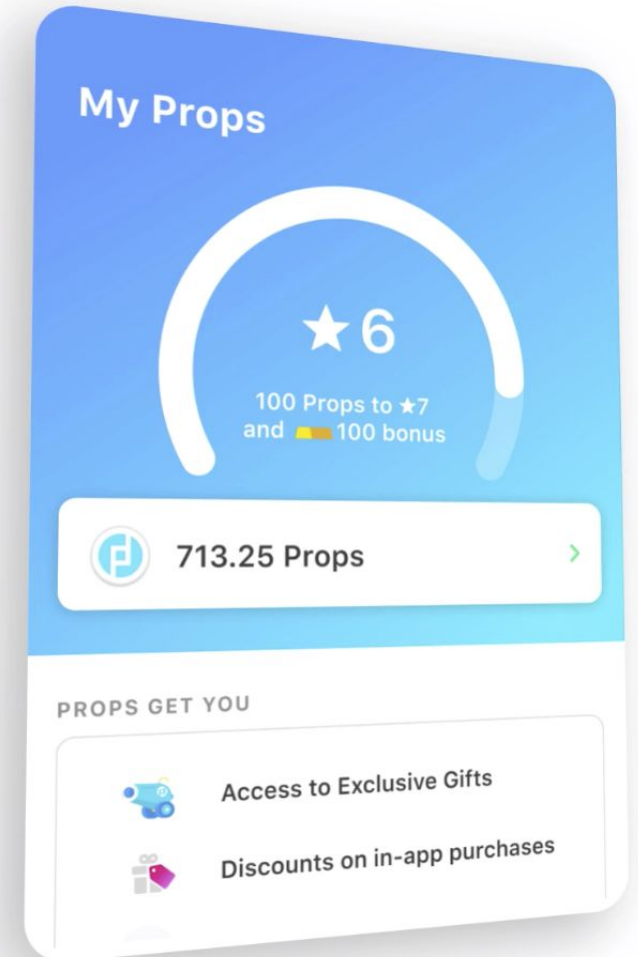
US-focused video chat community targeting users 18-35





Paltalk and Camfrog Integration with Props

- Paltalk and Camfrog will be among the first apps to integrate YouNow's Props token-based user reward system
- We anticipate using Props tokens to reward app users for beneficial community-building activities, potentially improving user retention and monetization
- PeerStream will earn Props tokens for its participation, directly obtaining a potentially valuable stake in the network



About Props



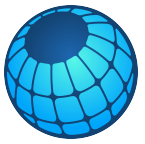
- The Props Token is designed to enable an independent network of apps to share a currency that rewards end-users who create, consume and engage with content and services
- The SEC has qualified YouNow's Reg A+ offering of Props Tokens, the first consumer token offering to attain this qualification



Recent Development & Financial Presentation

On January 31, 2019, we entered into an Asset Purchase Agreement with The Dating Company, LLC, pursuant to which we sold substantially all of the assets related to our online dating services business (the “Dating Services Business”).

During the first quarter of 2019, we began to separately report the results of the Dating Services Business as a discontinued operation in our consolidated statements of operations for current and past periods.



Revenue: Year-over-Year Quarterly Comparison

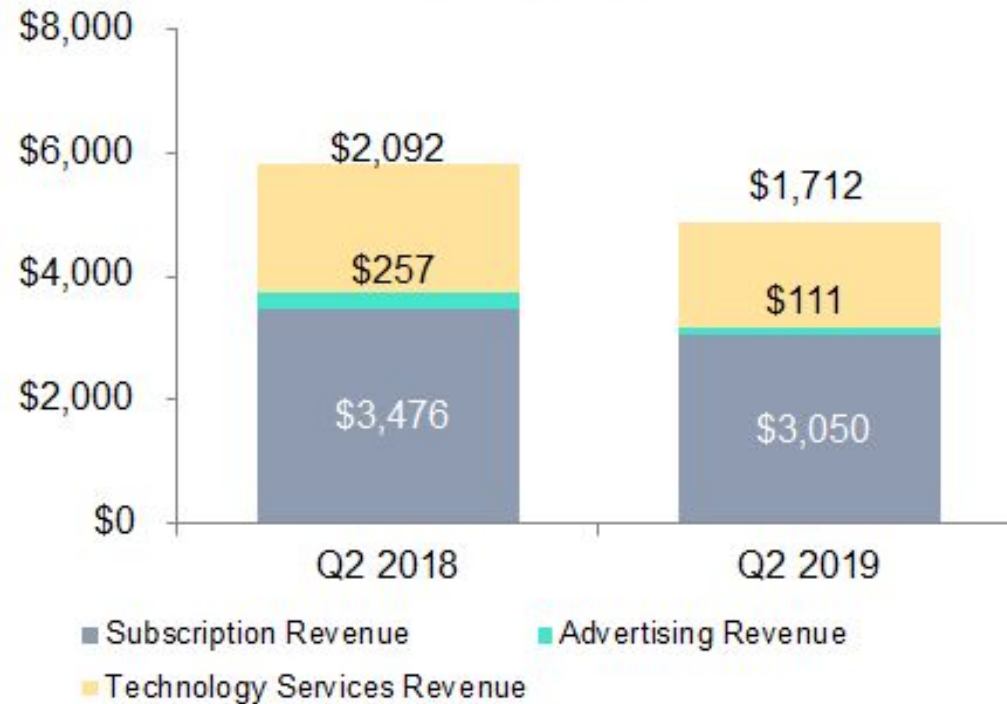
- Q2 2019 revenue of \$4.9MM decreased 16.3% vs. Q2 2018
- Q2 2019 subscription revenue was down 12.3% vs. Q2 2018

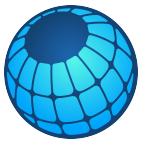
06/30/19

\$4.9MM
quarterly
total revenue

\$1.7MM
quarterly
technology services
revenue

Year-over-Year Revenue
(\$ in 000s)





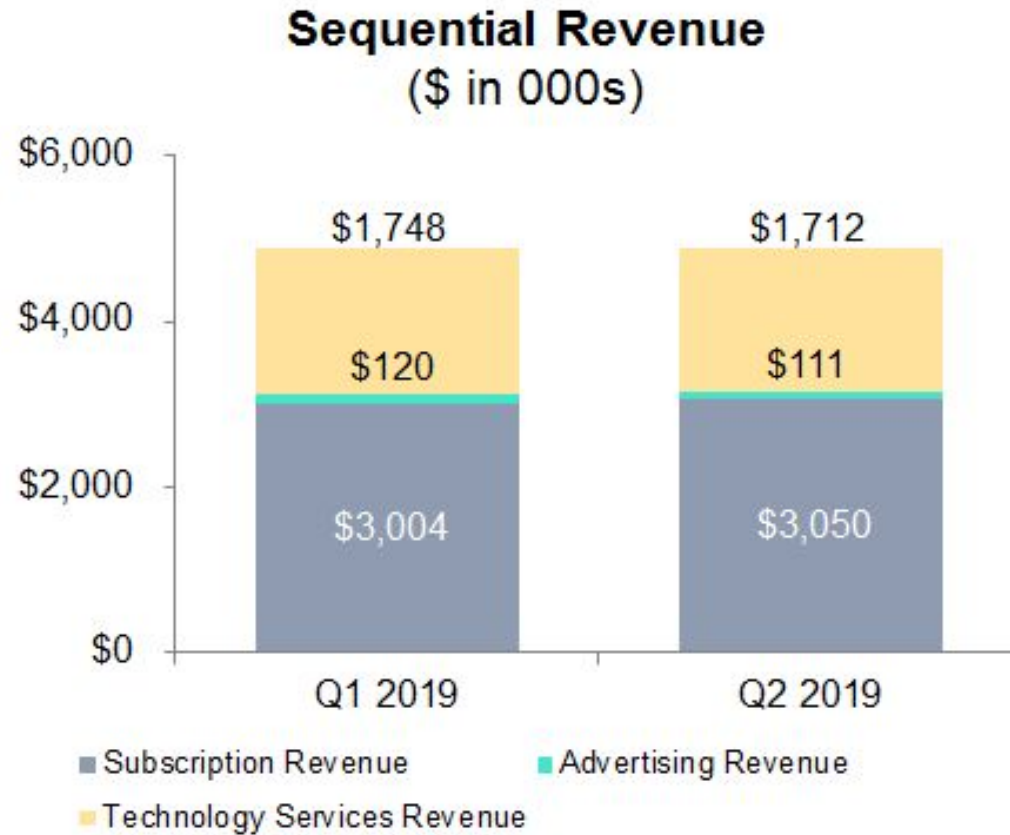
Revenue: Sequential Quarterly Comparison

- Q2 2019 total revenue of \$4.9MM remained stable vs. Q1 2019
- Q2 2019 subscription revenue was up 1.5% vs. Q1 2019

06/30/19

\$4.9MM
quarterly
total revenue

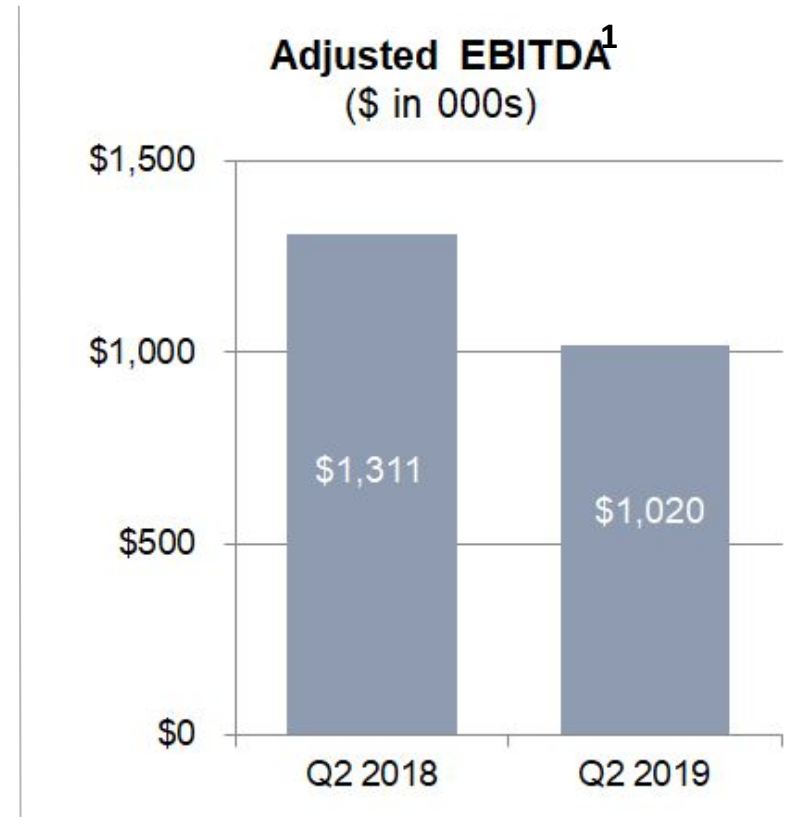
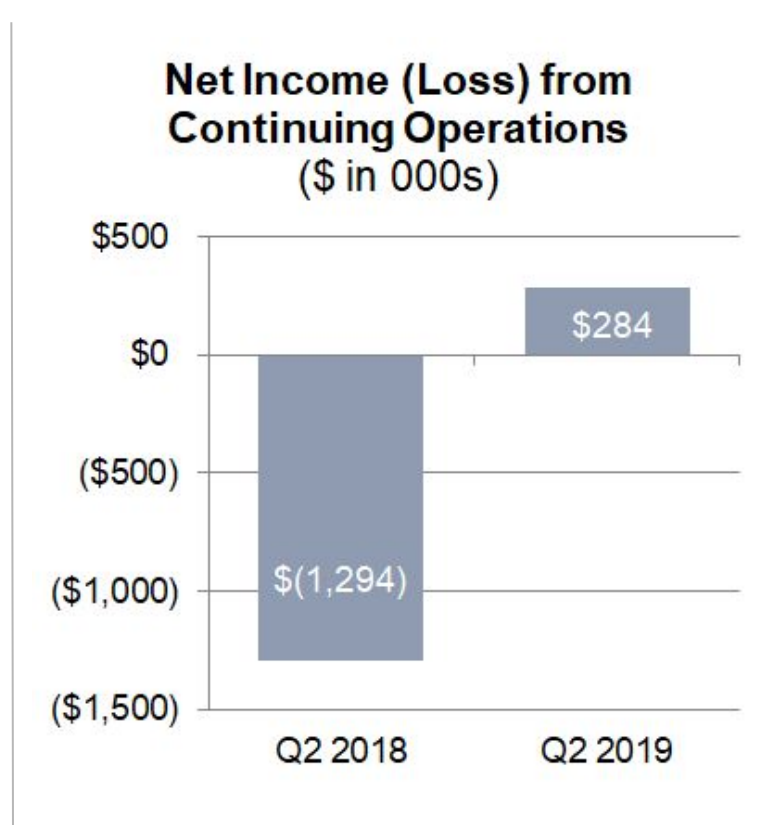
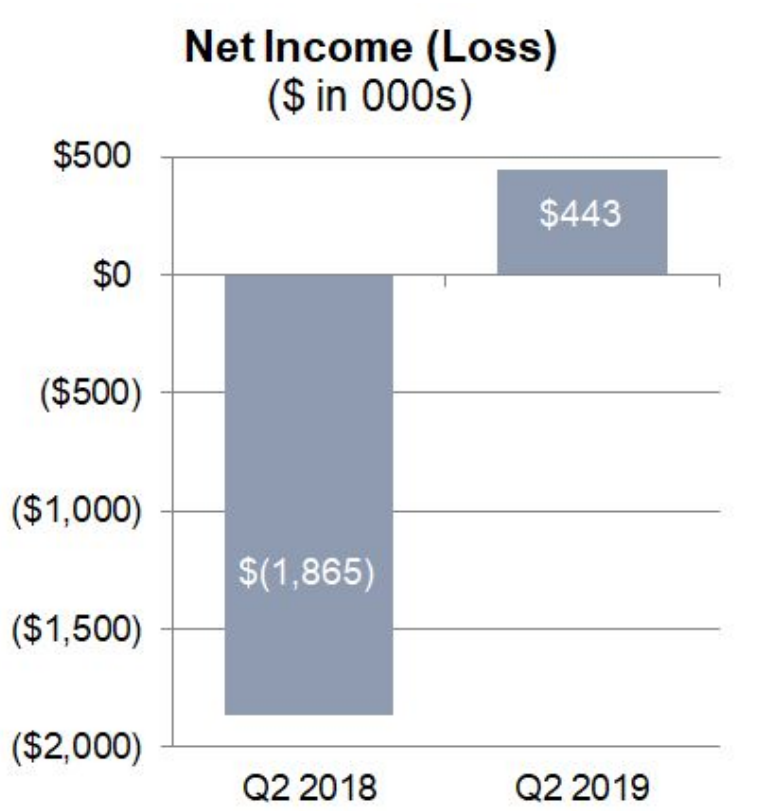
0.0% Change
versus Q1 2019



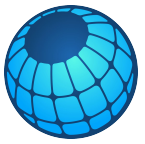


Earnings and Profitability: Y-o-Y Quarterly Comparison

- Net income improved \$2.3MM driven by current year cost cutting and the non-recurrence of 2018 token fair value writedowns and losses from discontinued operations
- Net income from continuing operations improved \$1.6MM
- Q2 2019 Adjusted EBITDA¹ decreased by \$0.3MM

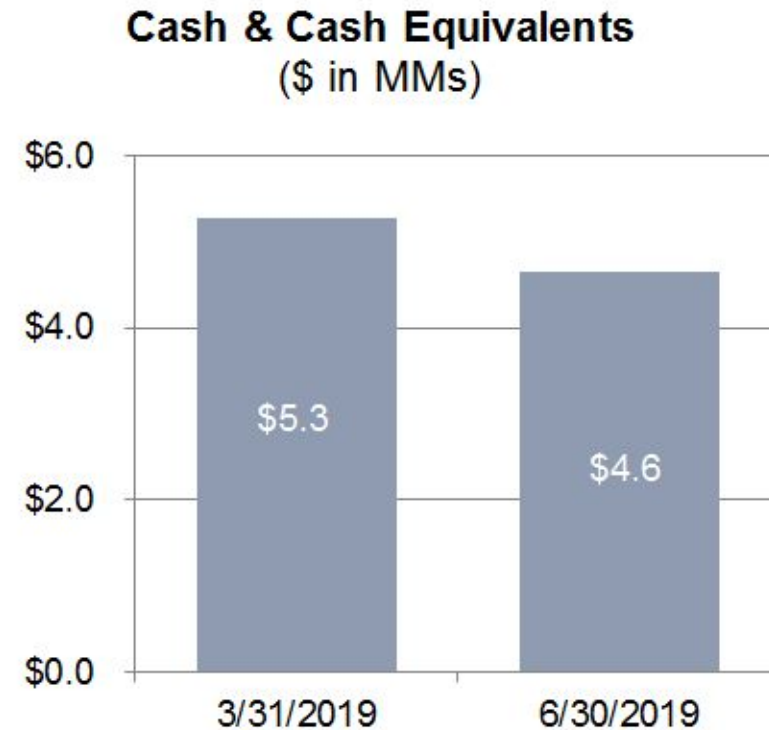
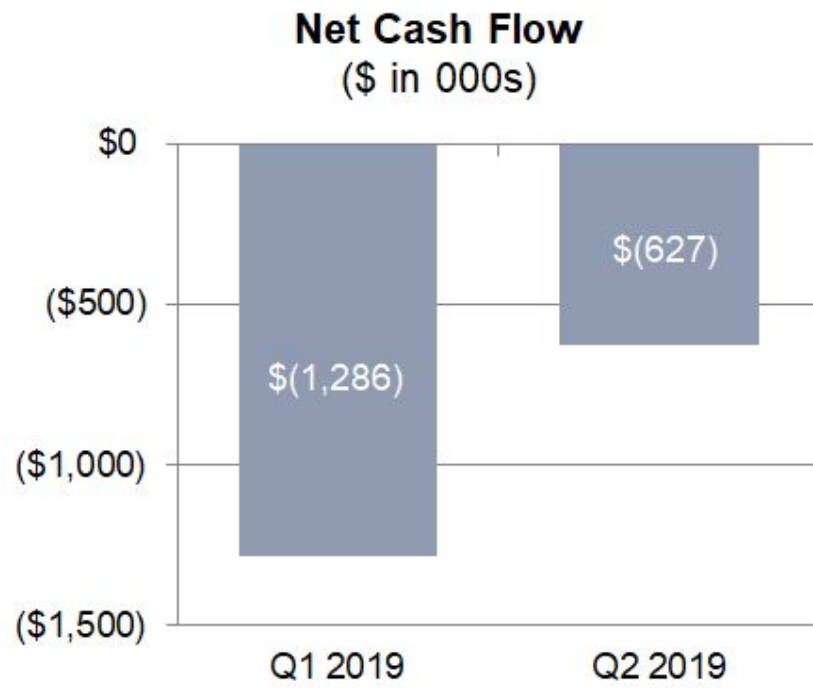


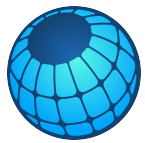
¹ Adjusted EBITDA is a non-GAAP measure. See the Appendix for the reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable financial measure calculated in accordance with GAAP.



Cash Flows

- Net cash flow for the three months ended June 30, 2019 was \$(0.6)MM, a sequential quarterly improvement of \$(0.6)MM
- Cash and cash equivalents of approximately \$4.6MM at June 30, 2019, \$0 debt, and approximately \$647K of operating lease obligations





Non-GAAP Reconciliation: Adjusted EBITDA

Non-GAAP Financial Measures

Adjusted EBITDA is defined as net income (loss) adjusted to exclude net income (loss) from discontinued operations, interest income, net, income tax expense (benefit) from continuing operations, income tax benefit from discontinued operations, depreciation and amortization expense, impairment loss on digital tokens, and stock-based compensation expense. 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 uses 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 as a financial measure 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) does not reflect the impairment loss on digital tokens; or (v) our loss or income tax expense from discontinued operations; 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 income (loss), the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA for the three months ended March 31, 2019, June 30, 2019 and 2018 (in thousands):

	Three Months Ended		
	3/31/19	6/30/19	6/30/18
Reconciliation of net income (loss) to adjusted EBITDA:			
Net income (loss)	\$647	\$443	(1,865)
Net (income) loss from discontinued operations	(563)	-	571
Interest income, net	(30)	(25)	(17)
Income tax expense (benefit) from continuing operations	(159)	163	16
Income tax benefit from discontinued operations	-	(159)	-
Depreciation and amortization expense	153	153	244
Impairment loss on digital tokens	-	-	1,959
Stock-based compensation expense	453	444	403
Adjusted EBITDA	\$500	\$1,020	\$1,311