



PEERSTREAM

INVESTOR PRESENTATION

PeerStream, Inc. | OTCQB: PEER

June 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” 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. 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;
- the ability of ProximaX Limited (“ProximaX”) to have sufficient resources to make payments to us upon our completion of the remaining performance milestones under our technology services agreement;
- our ability to generate and maintain active subscribers and to maintain engagement with our user base;
- development and acceptance of blockchain technologies and the continuing growth of the blockchain industry;
- 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 XPX tokens, including risks related to the volatility of the trading price of the XPX tokens and our ability to convert XPX tokens into fiat currency;
- our ability to develop functional new blockchain-based 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;
- our ability to manage our partnerships and strategic alliances, including the resolution of any material disagreements and the ability of our partners to satisfy their obligations under these arrangements;
- our reliance on our executive officers; 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 is a Communications Software Innovator

Developing enhanced security and privacy solutions for video, voice, and data transmission targeting consumer, government and enterprise clients

Core Technology

Pioneers in Multimedia Communication Software

80 Technologists in 4 tech centers*

26 Patents, licensed to MSFT, Sony, etc.

* Includes contractors

Social Video Apps for Consumers

Since 1998



Billions of multimedia messages sent to nearly half a billion users

Secure Communications Software

Since 2017



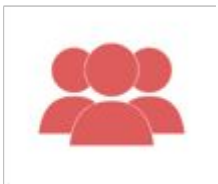
Software powering secure multimedia messaging and data streaming

Market Data (as of 5/31/19)

Ticker (OTCQB)	PEER
Price	\$3.59
52 Week Range	\$1.05 - 7.50
Market Cap	\$24.4 MM
Enterprise Value	\$19.1 MM
Avg. Daily Vol (30 day)	<1,000
Shares Outstanding	6.9 MM



Investment Highlights



Entrepreneurial management team building on 20 years of history of pioneering communications technology to deliver leading edge security and privacy solutions



\$45 billion information security market¹ driven by data breach disasters and government regulation is experiencing rapid growth



Near-term commercial ready deployment of innovative PeerStream Protocol and Backchannel solution suite expected in second half of 2019

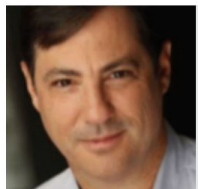


Strong balance sheet and cash flow from social video consumer apps to support growth initiatives

¹Source: Gartner, August 2018. Excludes portion of the entire \$124 billion market attributable to service fees and hardware/infrastructure security.



Seasoned Leadership with Diverse and Complementary Expertise



Jason Katz

Chairman,
President + COO

- Founder of A.V.M. Software, predecessor company of PEER
- Authority on instant messaging as well as web-based voice and video
- Co-founder of MJ Capital, a money management firm
- J.D. from NYU Law and a B.A. from the University of Pennsylvania



Alex Harrington

CEO

- Joined PeerStream in 2014 and is also serving as interim CFO/Principal Financial Officer
- CEO of MeetMoi, a mobile dating pioneer (sold to Match.com)
- SVP of Strategy & Operations for Zagat (acquired by Google)
- MBA from Wharton and a B.A. from Williams College



Eric Sackowitz

CTO

- Joined PeerStream in 2013
- VP of Technology and Product, World Wrestling Entertainment (WWE)
- VP of Technology Operations at Digitalsmiths Corp (sold to TiVo) and predecessor company Gotuit Media
- Director, Broadcast Operations and IT at CBS Corporation
- B.S. from SUNY Albany



Communications & Data Security Market Opportunity

Data Breaches Are Occurring with Alarming Frequency...

In 2018, 635 data breaches exposed over 1.36 billion data records.

Source: Privacy Rights Clearinghouse

Marriott Hacking Exposes Data of Up to 500 Million Guests

The New York Times 11/30/18

Under Armour says data breach affected about 150 million MyFitnessPal accounts



3/29/18

...With Massive Economic Consequences...

Ed tech company Chegg plunges after disclosing data breach



Equifax Has Spent Nearly \$1.4bn on Breach Costs

InfoSecurity Magazine 5/4/2019

...And Regulatory Pressure...

Large GDPR Fines Are Imminent, EU Privacy Regulators Say

THE WALL STREET JOURNAL 5/3/19

California Passes Sweeping Law to Protect Online Privacy

The New York Times 6/28/18

...Collectively Driving a \$45 Billion Market.

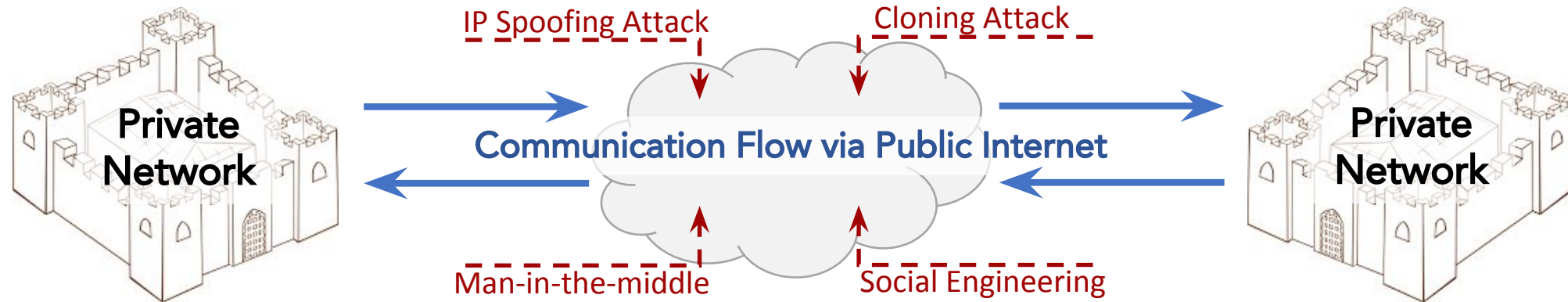
- Gartner, Inc. forecasts the 2019 global information security market at approximately \$44.5 billion¹
- This cybersecurity segment has experienced approximately 10.3% annual growth since 2017¹

1. Gartner 8/2018. Excludes the portion of the overall \$124 billion market attributable to service fees and hardware/infrastructure



The Challenge: Secure Public Network Communications

Communication and data flows become vulnerable while traversing the internet



Leading security technologies today still have limitations

Security Solution	How it Works	Benefit	Vulnerabilities
End-to-End Encryption	Transport servers can deliver but not decode message data	Confidentiality of message content	Metadata can be exposed (e.g., sender identity). Encryption can be defeated if device OS is hacked.
Onion Routing	Layers of encryption obscure the data transmission path and/or end points	Identity control (e.g., anonymity) for sender and recipient	Subject to "traffic confirmation" attacks. No intrinsic encryption from end point.



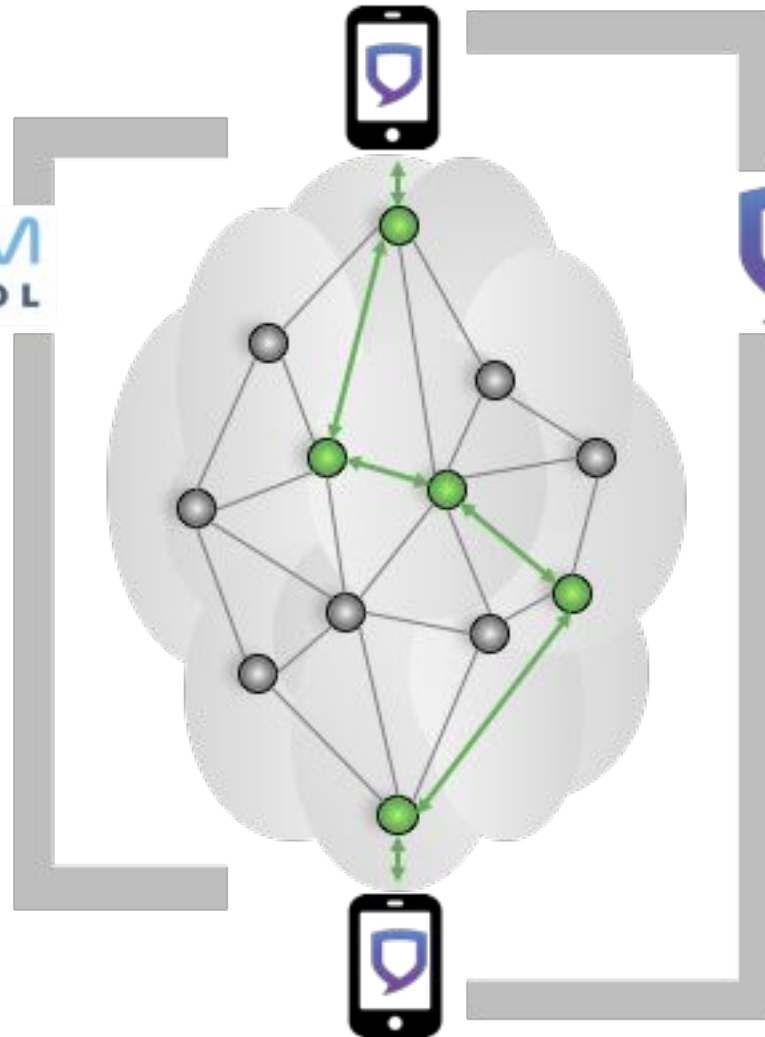
Our Innovative Communications Security Suite

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

PEERSTREAM PROTOCOL

Intelligent Routing and Encryption for Communications and Data Transport

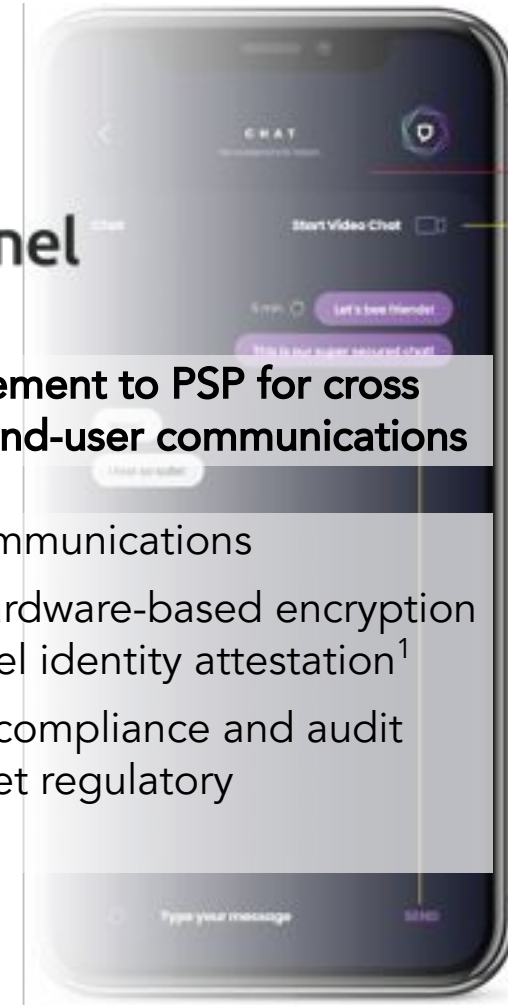
- Secure end-to-end encryption assures confidentiality
- Multi-layer transport encryption based on onion routing
- Intelligent routing similar to TOR hidden services protects end-point/user identity and geolocation



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.



Secure Communications: Commercial Strategy

Potential Benefits for Enterprises and Governments

- Addresses vulnerabilities in data exchange between field offices, remote workers, vendors, brokers, attorneys, etc.
- Software-based solution avoids expensive and conspicuous hardware
- Policy-based controls allow organizations to configure confidentiality boundaries and address regulatory compliance

Commercial Model

- Multi-year software license (recurring revenue)
- Upfront integration and customization fees
- Multi-year service and support contracts



Secure Communications: Target Industry Applications

Target Sector	Subsector / Industry	Sample Applications
Government	Federal	<ul style="list-style-type: none">• US Special Ops: permits use of consumer-grade mobile devices by global field operatives for low-profile, secure and anonymous communication• Cross-agency secure comms and data exchange - DHS, FBI, CIA, NSA, FEMA
	State/Local	<ul style="list-style-type: none">• Law enforcement, first responders, emergency relief comms and alerts applications coordinating cross departmental and federal/state/local agencies
	International	<ul style="list-style-type: none">• Analogous applications to US Federal
Private Enterprise	Telecom	<ul style="list-style-type: none">• Terrestrial/satellite carrier/ISP enhanced security applications• Customer support with GDPR and PCI compliance
	Healthcare	<ul style="list-style-type: none">• Inter-hospital comms/data, telemedicine, HIPPA-compliant patient interactions
	Financial Services	<ul style="list-style-type: none">• Secure and identity controlled comms and data transfer between financial advisors, broker-dealers, customers in banking and trading applications



Go-to-Market Strategy in \$45 Billion¹ Info Security Market

Software Commercial Readiness

- PSP code complete, available on public test net for 3rd party developers
- Expect to enter ElevenPaths test lab in June 2019 for PSP protocol validation
- Full commercial deployment of PSP / Backchannel security solution expected in second half of 2019

Capability-Expanding Partnerships

- ProximaX (first customer) live implementation of PSP
- Telefonica/Rivetz partnership offers hardware-based encryption
- Building strategic partners that compliment PSP's core value offering
- Engaging subject matter experts for access to government decision-makers

Building Sales Pipeline

- Active sales and BD efforts targeting enterprise and government
- Sales to government directly and through contractors
 - Direct and channel partner sales to enterprises with secure comms/data requirements
 - Anticipate commercial licenses starting in Q4 2019

¹Source: Gartner, August 2018. Excludes portion of the entire \$124 billion market attributable to service fees and hardware/infrastructure security.



Consumer Apps Business: Social Video Apps

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



A PLATFORM FOR FREE EXPRESSION



CONNECTION TO FAMILY/FRIENDS



24/7 ENTERTAINMENT

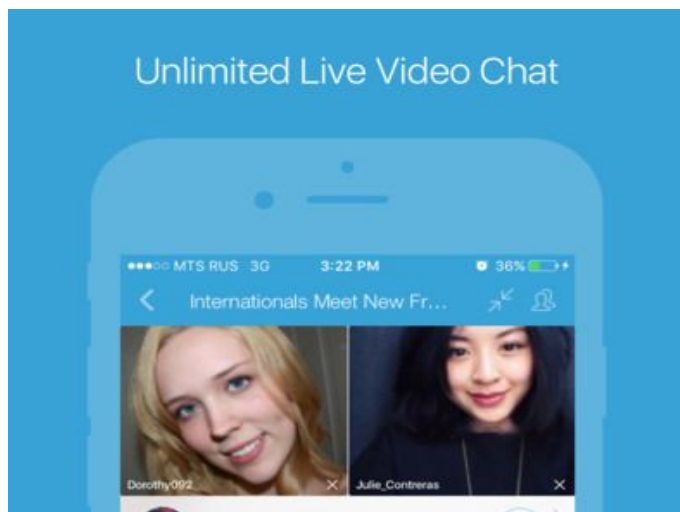


SHARED COMMON INTERESTS

Billions of multimedia messages sent to nearly half a billion users



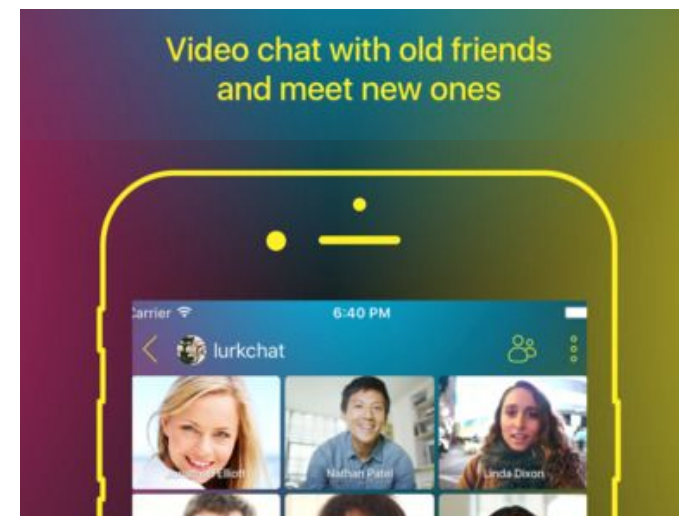
US-focused, worldwide video chat community targeting users over 35



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



US-focused video chat community targeting users 18-35





Investments to Drive Social Video Business Growth

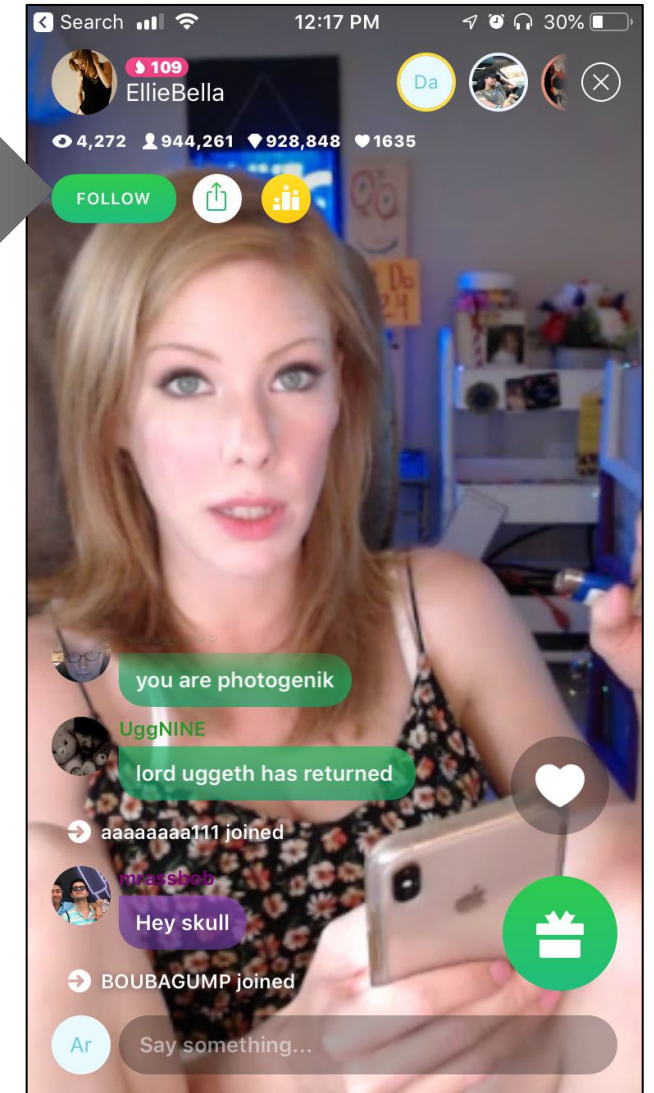
Enhancements to Social Video Apps to Drive Growth

- Investing in live streaming talent and content to build audience engagement and monetization
- Adding features to facilitate meeting and 1:1 social interaction
- “Props” by YouNow integration, a reward system to incentivize community-building and user retention

More Proactive User Acquisition

- Ramping up promotional video content on social media platforms (e.g., Instagram) to increase following
- More disciplined PPC marketing to drive positive ROI

Live video streaming market was \$10.1 billion in 2018 and growing rapidly¹



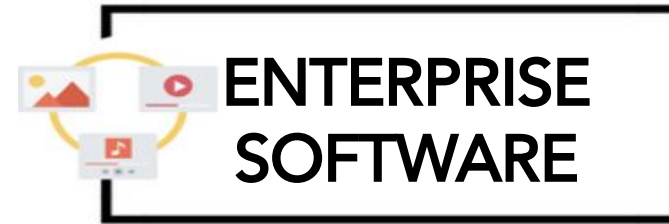
1. Source: gamesindustry.biz article 10/31/18



Business Model with Multiple Emerging Revenue Streams



USER MONETIZATION TODAY



EMERGING REVENUE STREAMS

Subscriptions

- Freemium model with subscriptions that expand access and unlock status

Advertising Revenue

- Driven by ad networks and direct-to-advertiser relationships

Virtual Gifts and Micro-transactions

- Virtual gifts enhance status and build relationships
- Micro-transactions permit one-time premium access

Licensing

Services

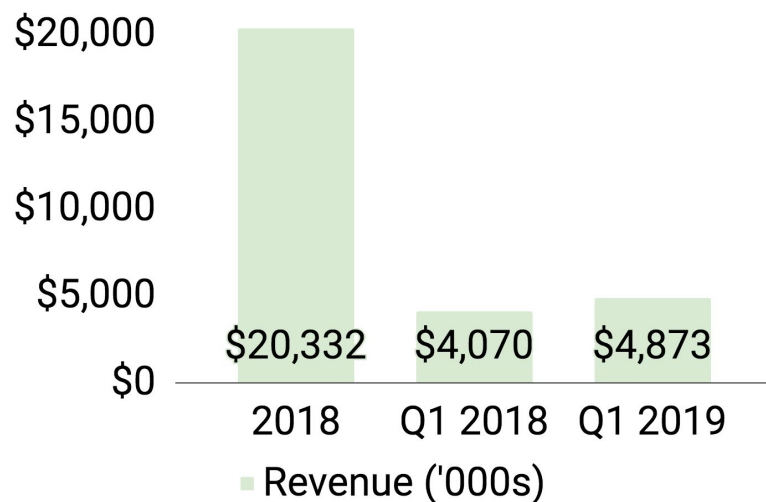
Support



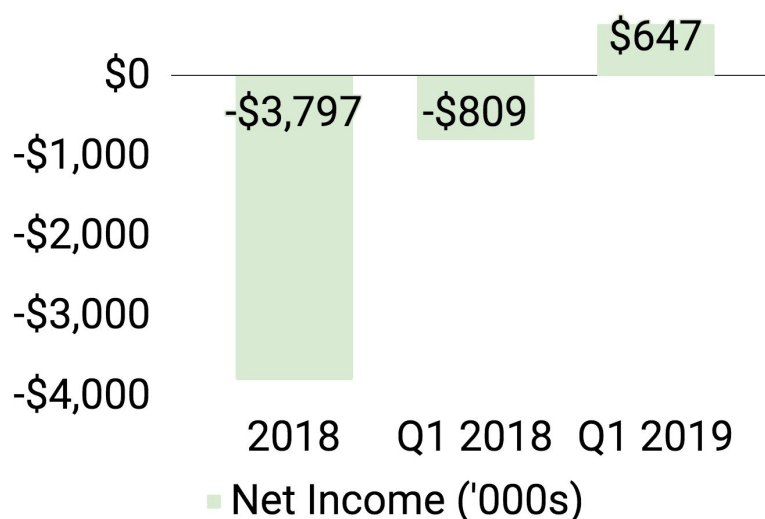
Financial Highlights

- Q1 2019 revenue of \$4.9MM increased 19.7% vs. Q1 2018, includes \$1.7MM of technology services revenue
- Net income improved \$1.5MM vs. Q1 2018, driven in part by gain on sale of dating services
- Q1 2019 Adjusted EBITDA¹ improved \$0.4MM vs. Q1 2018

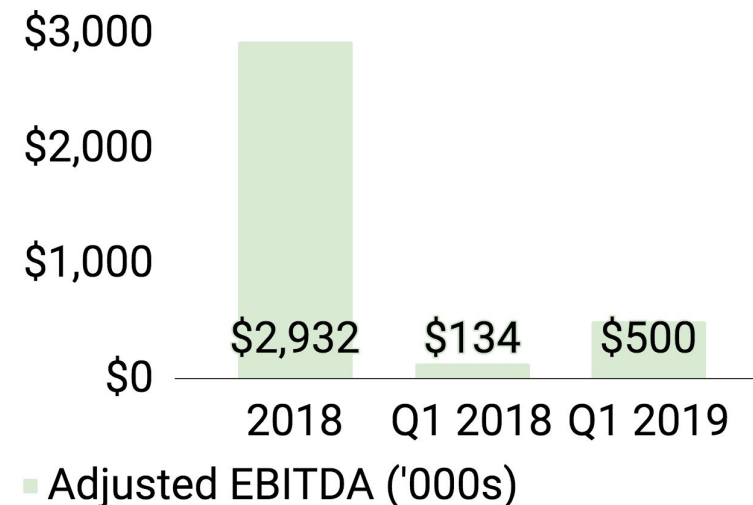
Revenue ('000s)



Net Income ('000s)



Adjusted EBITDA ('000s)



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.



Strong Balance Sheet to Support Growth Initiatives

<i>\$000s</i>	March 31, 2019
Cash and Cash Equivalents	\$5,269
Digital Tokens	\$833
Total Assets	\$21,446
Deferred Revenue	\$3,121
Total Liabilities	\$5,159
Shareholder's Equity	\$16,287
Total Liabilities and Shareholders Equity	\$21,446

Other Considerations:

- Board of Directors recently authorized stock repurchase program for up to \$500K of our common stock
- At 12/31/18, PeerStream had a NOL of approximately \$20.2 MM



Key Takeaways



Entrepreneurial management team building on 20 years of history of pioneering communications technology to deliver leading edge security and privacy solutions



\$45 billion information security market¹ driven by data breach disasters and government regulation is experiencing rapid growth



Near-term commercial ready deployment of innovative PeerStream Protocol and Backchannel solution suite expected in second half of 2019



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PEERSTREAM

THANK YOU

PeerStream, Inc. | Ticker: PEER

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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 benefit (expense), 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) reflect the impairment loss on digital tokens; or (iv) consider the potentially dilutive impact of stock-based compensation; 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 year ended December 31, 2018 and the three months ended March 31, 2019 and 2018 (in thousands):

	Year Ended	Three Months Ended	
	12/31/18	3/31/19	3/31/18
Reconciliation of net loss to adjusted EBITDA:			
Net income (loss)	-\$3,797	\$647	-\$809
Net (income) loss from discontinued operations	1,791	(563)	319
Interest income, net	(81)	(30)	(3)
Income tax benefit (expense)	3	(159)	-
Depreciation and amortization expense	889	153	238
Impairment loss on digital tokens	2,535	-	-
Stock-based compensation expense	1,592	453	389
Adjusted EBITDA	\$2,932	\$500	\$134