

November 11, 2015

Spark Energy, Inc. Reports Third Quarter 2015 Financial Results

HOUSTON, Nov. 11, 2015 (GLOBE NEWSWIRE) -- Spark Energy, Inc. (NASDAQ:SPKE), a Delaware corporation ("Spark"), today reported financial results for the quarter ended September 30, 2015.

For the third quarter of 2015, Adjusted EBITDA was \$5.6 million and Retail Gross Margin was \$26.7 million on revenue of \$91.3 million, compared to Adjusted EBITDA of \$(4.4) million and Retail Gross Margin of \$14.6 million for the third guarter of 2014.

"We are very pleased with our third quarter results," said Nathan Kroeker, Spark Energy, Inc.'s President and Chief Executive Officer. "With enhanced margins in our retail electricity and retail natural gas segments and the addition of our Oasis Energy and CenStar Energy acquisitions, we earned \$5.6 million of Adjusted EBITDA and \$26.7 million of Retail Gross Margin.

"The CenStar Energy and Oasis Energy acquisitions added over 100,000 residential customer equivalents, bringing our total to over 400,000. In addition to these transactions, we also amended and restated our senior credit facility during the quarter to support our continued growth initiatives."

Third Quarter 2015 Highlights

- \$5.6 million in Adjusted EBITDA and \$26.7 million in Retail Gross Margin
- Closed CenStar Energy and Oasis Energy transactions
- Amended and restated existing senior credit facility
- Expanded margins in retail electricity and retail natural gas segments
- Invested \$5.8 million in organic customer acquisitions
- Paid second quarter dividend of \$0.3625 per share of Class A common stock on September 14, 2015
- Declared third quarter dividend of \$0.3625 per share of Class A common stock payable on December 14, 2015

Summary Third Quarter 2015 Financial Results

For the quarter ended September 30, 2015, Spark reported Adjusted EBITDA of \$5.6 million on \$91.3 million of revenue compared to Adjusted EBITDA of \$(4.4) million for the quarter ended September 30, 2014. This increase of \$10.0 million is primarily attributable to increased retail gross margin in our electricity segment, decreased customer acquisition costs, and our CenStar Energy and Oasis Energy acquisitions, partially offset by increased general and administrative expenses.

For the quarter ended September 30, 2015, Spark reported Retail Gross Margin of \$26.7 million compared to Retail Gross Margin of \$14.6 million for the quarter ended September 30, 2014. This increase of \$12.1 million is primarily attributable to expanded retail electricity unit margins and increased retail electricity volumes. Favorable supply costs across several of our markets were a key driver of these elevated unit margins in the third quarter.

Net income for the quarter ended September 30, 2015 was \$5.9 million, or \$0.31 per diluted common share compared to net income of \$0.4 million, or \$0.03 per diluted common share for the quarter ended September 30, 2014.

Liquidity and Capital Resources

(in thousands)	Septem	ber 30, 2015
Cash and cash equivalents	\$	7,355
Senior Credit Facility Working Capital Line Availability (1)		13,300
Senior Credit Facility Acquisition Line Availability (2)		3,775
Total Liquidity	\$	24,430

⁽¹⁾ Subject to Senior Credit Facility borrowing base restrictions

⁽²⁾ Subject to Senior Credit Facility covenant restrictions

Spark will host a conference call to discuss third quarter 2015 results on Thursday, November 12, 2015 at 10:00 AM Central Time (11:00 AM Eastern).

A live webcast of the conference call can be accessed from the Events & Presentations page of the Spark Energy Investor Relations website at http://ir.sparkenergy.com/events.cfm. An archived replay of the webcast will be available for twelve months following the live presentation.

About Spark Energy, Inc.

Spark Energy, Inc. is an established and growing independent retail energy services company founded in 1999 that provides residential and commercial customers in competitive markets across the United States with an alternative choice for their natural gas and electricity. Headquartered in Houston, Texas, Spark currently operates in 16 states and serves 66 utility territories. Spark offers its customers a variety of product and service choices, including stable and predictable energy costs and green product alternatives.

Cautionary Note Regarding Forward-Looking Statements

This earnings release contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. These statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), can be identified by the use of forward-looking terminology including "may," "should," "likely," "will," "believe," "expect," "anticipate," "estimate," "continue," "plan," "intend," "project," or other similar words. All statements, other than statements of historical fact included in this release, regarding strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans, objectives and beliefs of management are forward-looking statements. Forward-looking statements appear in a number of places in this release and may include statements about business strategy and prospects for growth, customer acquisition costs, ability to pay cash dividends, cash flow generation and liquidity, availability of terms of capital, competition and government regulation and general economic conditions. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurance that such expectations will prove correct.

The forward-looking statements in this report are subject to risks and uncertainties. Important factors which could cause actual results to materially differ from those projected in the forward-looking statements include, but are not limited to:

- changes in commodity prices,
- extreme and unpredictable weather conditions,
- the sufficiency of risk management and hedging policies,
- customer concentration,
- federal, state and local regulation,
- key license retention,
- · increased regulatory scrutiny and compliance costs,
- · our ability to borrow funds and access credit markets,
- restrictions in our debt agreements and collateral requirements,
- credit risk with respect to suppliers and customers,
- level of indebtedness,
- · changes in costs to acquire customers,
- actual customer attrition rates,
- actual bad debt expense in non-POR markets,
- · accuracy of internal billing systems,
- ability to successfully navigate entry into new markets,
- whether our majority shareholder or its affiliates offers us acquisition opportunities on terms that are commercially acceptable to us,
- · ability to successfully and efficiently integrate acquisitions into our operations,
- · competition, and
- other factors discussed in "Risk Factors" in our Form 10-K for the year ended December 31, 2014, our Form 10-Q for the quarter ended June 30, 2015 and in our other public filings and press releases.

You should review the risk factors and other factors disclosed throughout our Report on Form 10-K for the year ended December 31, 2014 and the Form 10-Q for the quarter ended September 30, 2015, both of which are filed with the Securities and Exchange Commission, which could cause our actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements speak only as of the date of this release. Unless required by law, we disclaim any obligation to publicly update or revise these statements whether as a result of new information, future events or otherwise. It is not possible for us to predict all risks, nor can we assess the impact of all factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking

SPARK ENERGY, INC. CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2015 AND DECEMBER 31, 2014 (in thousands) (unaudited)

	Sep	tember 30, 2015	De	cember 31, 2014
Assets				
Current assets:				
Cash and cash equivalents	\$	7,355	\$	4,359
Restricted cash		-		707
Accounts receivable, net of allowance for doubtful accounts of \$3.0 million and \$8.0 million as of September 30,				
2015 and December 31, 2014		50,284		63,797
Accounts receivable—affiliates		1,447		1,231
Inventory		5,230		8,032
Fair value of derivative assets		129		216
Customer acquisition costs, net		15,260		12,369
Intangible assets—customer acquisitions, net		1,439		486
Acquired customer intangibles—current, net		5,979		-
Prepaid assets		420		1,236
Prepaid assets—affiliates		120		-
Deposits		6,952		10,569
Current deferred tax asset		803		-
Other current assets		4,503		2,987
Total current assets		99,921		105,989
Property and equipment, net		4,422		4,221
Customer acquisition costs		4,618		2,976
Intangible assets—customer acquisitions		1,971		1,015
Acquired customer intangibles		5,979		-,010
Trademarks		1,226		_
Deferred tax assets		23,196		24,047
Goodwill		18,385		24,047
Other assets		735		149
	\$		\$	
Total assets	Φ	160,453	Φ	138,397
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	\$	28,731	\$	38,210
Accounts payable—affiliates		1,867		1,017
Accrued liabilities		10,409		7,195
Fair value of derivative liabilities		6,437		11,526
Current portion of Senior Credit Facility		31,306		33,000
Other current liabilities		834		1,868
Total current liabilities		79,584		92,816
Long-term liabilities:				
Fair value of derivative liabilities		873		478
Payable pursuant to tax receivable agreement—affiliates		20,767		20,767
Long-term portion of Senior Credit Facility		15,919		· <u>-</u>
Non-current deferred tax liability		824		-
Convertible subordinated notes to affiliate		6,307		_
Other long-term liabilities		1,605		219
Total liabilities		125,879		114,280
Stockholders' equity:		120,013		117,200
1 7				
Common Stock:				
Class A common stock, par value \$0.01 per chare, 120.000 chares sutherized 2.007.102 incred and				
Class A common stock, par value \$0.01 per share, 120,000,000 shares authorized, 3,097,193 issued and outstanding at September 30, 2015 and 3,000,000 issued and outstanding at December 31, 2014		31		30
outstanding at ooptomber 50, 2015 and 5,000,000 issued and outstanding at becember 51, 2014		31		30

Class B common stock, par value \$0.01 per share, 60,000,000 shares authorized, 10,750,000 issued and

outstanding at September 30, 2015 and 10,750,000 issued and outstanding at December 31, 2014	108	108
Preferred Stock:		
Preferred stock, par value \$0.01 per share, 20,000,000 shares authorized, zero issued and outstanding at		
September 30, 2015 and December 31, 2014	-	-
Additional paid-in capital	11,933	9,296
Retained deficit	(224)	(775)
Total stockholders' equity	11,848	8,659
Non-controlling interest in Spark HoldCo, LLC	 22,726	15,458
Total equity	34,574	24,117
Total liabilities and stockholders' equity	\$ 160,453	\$ 138,397

SPARK ENERGY, INC. CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (in thousands, except per share data) (unaudited)

Revenues Revenues (including retail revenues—affiliates of \$0 for both the three months ended September 30, 2015 and 2014, respectively and retail revenues—affiliates of \$0 and \$2,170 for the inmemorths ended September 30, 2015 and 2014, respectively) and asset optimization (expenses) revenues (including asset optimization revenues—affiliates of \$283 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$282 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$9.28 and \$10,341 for the nine months ended September 30, 2015 and 2014, respectively and asset optimization revenues—affiliates of \$9.28 and \$10,341 for the nine months ended September 30, 2015 and 2014, respectively and asset optimization revenues—affiliates of \$0.28 and \$2.09 for the nine months ended September 30, 2015 and 2014, respectively and retail cost of revenues—affiliates of \$0.28 and \$0.29 an		Ended Se	Months eptember 0,	Nine Mont Septem	
Retail revenues (including retail revenues—affiliates of \$0 and \$2,170 for the nine months ended September 30, 2015 and 2014, respectively and retail revenues—affiliates of \$2 and \$2,170 for the nine months ended September 30, 2015 and 2014, respectively. \$ 91,812 \$ 68,358 \$ 218,996 \$ 238,453 Net asset optimization (expenses) revenues (including asset optimization revenues—affiliates of \$263 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates cost of revenues of \$3,382 and \$6,450 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates cost of revenues of \$9,589 and \$25,004 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$20 and \$20,2015 and 2014, respectively and retail cost of revenues—affiliates of \$20 and \$2,2015 and 2014, respectively and retail cost of revenues—affiliates of \$20 and \$2,2015 and 2014, respectively and retail cost of revenues—affiliates of \$2,2015 and 2014, respectively and retail cost of revenues—affiliates of \$2,2015 and 2014, respectively and retail cost of revenues—affiliates of \$2,2015 and 2014, respectively and retail cost of revenues—affiliates of \$2,2015 and 2014, respectively and retail cost of revenues—affiliates of \$2,2015 and 2014, respectively and general and administrative (including general and administrative expense—affiliates of \$2,2015 and 2014, respectively and general and administrative expense—affiliates of \$2,2015 and 2014, respectively and general and administrative expense—affiliates of \$2,2015 and 2014, respectively and general and administrative expense—affiliates of \$2,2015 and 2014, respectively and general and administrative expense—affiliates of \$2,2015 and 2014, respectively \$2,521 \$2,521 \$2,52		2015	2014	2015 ⁽¹⁾	2014
Net asset optimization (expenses) revenues (including asset optimization revenues—affiliates of \$263 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$263 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$928 and \$10,241 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$928 and \$10,241 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$928 and \$10,241 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and retail cost of revenues—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and retail cost of revenues—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and retail cost of revenues—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and general and administrative (including general and administrative expense—affiliates of \$0.000 for the three months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0.000 for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0	Retail revenues (including retail revenues—affiliates of \$0 for both the three months ended				
\$263 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates ost of revenues of \$3,382 and \$6,450 for the three months ended September 30, 2015 and 2014, respectively and asset optimization revenues—affiliates of \$928 and \$10,341 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates octs of revenues of \$9,589 and \$25,004 for the nine months ended September 30, 2015 and 2014, respectively and asset optimization revenues—affiliates of \$0,2015 and 2014, respectively. Retail cost of revenues (including retail cost of revenues—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and retail cost of revenues-affiliates of less than \$0.1 million and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and retail cost of revenues—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and general and administrative (including general and administrative expense—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and		\$ 91,812	\$ 68,358	\$ 261,996	\$ 238,453
Total Revenues 91,267 68,217 263,313 240,134 Operating Expenses: Retail cost of revenues (including retail cost of revenues—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and retail cost of revenues-affiliates of less than \$0.1 million and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) 60,967 51,863 176,000 192,371 General and administrative (including general and administrative expense—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) 15,493 10,634 43,909 28,494 Depreciation and amortization 7,557 4,113 17,873 10,324 Total Operating Expenses 84,017 66,610 237,782 231,189 Operating income 7,250 1,607 25,531 8,945 Other (expense)/income: (800) (615) (1,150) Interest expense (800) (615) (1,039) Income before income tax expenses 6,455 1,032 24,442 7,906 Income tax expense 6,455 <t< td=""><td>\$263 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates cost of revenues of \$3,382 and \$6,450 for the three months ended September 30, 2015 and 2014, respectively and asset optimization revenues—affiliates of \$928 and \$10,341 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates cost of revenues of \$9,589 and \$25,004 for the nine months ended</td><td>(5.45)</td><td>(4.44)</td><td>4.047</td><td>4.004</td></t<>	\$263 and \$3,208 for the three months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates cost of revenues of \$3,382 and \$6,450 for the three months ended September 30, 2015 and 2014, respectively and asset optimization revenues—affiliates of \$928 and \$10,341 for the nine months ended September 30, 2015 and 2014, respectively, and asset optimization revenues—affiliates cost of revenues of \$9,589 and \$25,004 for the nine months ended	(5.45)	(4.44)	4.047	4.004
Retail cost of revenues (including retail cost of revenues—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and retail cost of revenues-affiliates of less than \$0.1 million and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) 60,967 51,863 176,000 192,371 General and administrative (including general and administrative expense—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) 15,493 10,634 43,909 28,494 Depreciation and amortization 7,557 4,113 17,873 10,324 Total Operating Expenses 84,017 66,610 237,782 231,189 Operating income 7,250 1,607 25,531 8,945 Interest expenses (800) (615) (1,415) (1,150) Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) 1(1,039) Income before income tax expense 5,80 613 1,599 777	27				
Retail cost of revenues (including retail cost of revenues—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and retail cost of revenues-affiliates of less than \$0.1 million and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) 60,967 51,863 176,000 192,371 General and administrative (including general and administrative expense—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) 15,493 10,634 43,909 28,494 2015 and 2014, respectively) 7,557 4,113 17,873 10,322 Depreciation and amortization 84,017 66,610 237,782 231,189 Operating income 7,250 1,607 25,531 8,945 Other (expenses)/income: (800) (615) (1,415) (1,150) Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) 1,032 Income before income tax expense 580		91,267	68,217	263,313	240,134
Depreciation and amortization 7,557 4,113 17,873 10,324 Total Operating Expenses 84,017 66,610 237,782 231,189 Operating income 7,250 1,607 25,531 8,945 Other (expense)/income: Interest expense (800) (615) (1,415) (1,150) Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) (1,039) Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777	months ended September 30, 2015 and 2014, respectively and retail cost of revenues-affiliates of less than \$0.1 million and \$0.1 million for the nine months ended September 30, 2015 and 2014, respectively) General and administrative (including general and administrative expense—affiliates of \$0 and \$0.1 million for the three months ended September 30, 2015 and 2014, respectively and general and administrative expense—affiliates of \$0 and \$0.1 million for the nine months ended September 30,	60,967	,	ŕ	·
Total Operating Expenses 84,017 66,610 237,782 231,189 Operating income 7,250 1,607 25,531 8,945 Other (expense)/income: Interest expense (800) (615) (1,415) (1,150) Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) (1,039) Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777	· · · · · · · · · · · · · · · · · · ·	,	,	•	•
Operating income 7,250 1,607 25,531 8,945 Other (expense)/income: Interest expense (800) (615) (1,415) (1,150) Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) (1,039) Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777	'				
Other (expense)/income: Interest expense (800) (615) (1,415) (1,150) Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) (1,039) Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777					
Interest and other income 5 40 326 111 Total other expenses (795) (575) (1,089) (1,039) Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777	•	7,250	1,607	25,531	8,945
Total other expenses (795) (575) (1,089) (1,039) Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777	Interest expense	(800)	(615)	(1,415)	(1,150)
Income before income tax expense 6,455 1,032 24,442 7,906 Income tax expense 580 613 1,599 777	Interest and other income	5	40	326	111_
Income tax expense 580 613 1,599 777	Total other expenses	(795)	(575)	(1,089)	(1,039)
'	Income before income tax expense	6,455	1,032	24,442	7,906
Net income \$ 5,875 \$ 419 \$ 22,843 \$ 7,129	Income tax expense	580	613	1,599	777
	Net income	\$ 5,875	\$ 419	\$ 22,843	\$ 7,129
Less: Net income (loss) attributable to non-controlling interests 4,561 (642) 18,959 6,068	Less: Net income (loss) attributable to non-controlling interests	4,561	(642)	18,959	6,068
Net income attributable to Spark Energy, Inc. stockholders \$ 1,314 \$ 1,061 \$ 3,884 \$ 1,061	Net income attributable to Spark Energy, Inc. stockholders	\$ 1,314	\$ 1,061	\$ 3,884	\$ 1,061

Net income attributable to Spark Energy, Inc. per share of Class A common stock						
Basic	\$	0.42	\$	0.35 \$	1.27	\$ 0.35
Diluted	\$	0.31	\$	0.03 \$	1.09	\$ 0.35
Weighted average shares of Class A common stock outstanding						
Basic		3,097	3	3,000	3,053	3,000
Diluted	1	4,232	13	3,750	13,948	3,000

⁽¹⁾ Financial information has been recast to include results attributable to the acquisition of Oasis Power Holdings LLC on May 12, 2015 from an affiliate.

SPARK ENERGY, INC. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (in thousands) (unaudited)

	Issued Shares of Class A Common Stock	Issued Shares of Class B Common Stock	Issued Shares of Preferred Stock	Clas Com Sto		Cor	ass B mmon tock	F	dditional Paid In Capital	Retained Earnings (Deficit)	Sto	Total ockholders Equity		Non- entrolling nterest	Total Equity
Balance at	-					_				=					
December 31, 2014	3,000	10,750	\$ -	\$	30	\$	108	\$	9,296	\$ (775)	\$	8,659	\$	15,458	\$ 24,117
Stock based	,	,	•	·		·		·	•	, , ,	·	•	·	,	, ,
compensation	-	-	-		-		-		1,366	-		1,366		-	1,366
Restricted stock															
unit vesting	97	-	-		1		-		353	-		354		-	354
Contribution from									400			400			400
NuDevco Consolidated net	-	-	-		-		-		129	-		129		-	129
income ⁽¹⁾										2.004		2.004		40.050	22.042
Beneficial	-	-	-		-		-		-	3,884		3,884		18,959	22,843
conversion feature	_	_	_		_		_		789	_		789		_	789
Distributions paid															
to Class B non-															
controlling unit															
holders	-	-	-		-		-		-	-		-		(11,691)	(11,691)
Dividends paid to Class A common															
shareholders	_	_	_		_		_		_	(3,333)		(3,333)		_	(3,333)
Balance at										(0,000)		(0,000)			(0,000)
September 30,															
2015	3,097	10,750	-	\$	31	\$	108	\$	11,933	\$ (224)	\$	11,848	\$	22,726	\$ 34,574

⁽¹⁾ Financial information has been recast to include results attributable to the acquisition of Oasis Power Holdings LLC on May 12, 2015 from an affiliate.

SPARK ENERGY, INC.
CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(in thousands)
(unaudited)

Aginaments to reconcile net income to net cash flows provided by operating activities			ember 30,		
Net income \$ 22,843 \$ 7 Adjustments to reconcile net income to net cash flows provided by operating activities: 17,873 10 Depreciation and amortization expense 17,873 10 Deferred income taxes 372 2 Stock hased compensation 1,992 3 Amortization of detered financing costs 6,082 3 Bail debt expense 6,082 3 Gain (loss) on derivatives, net 6,118 4 Current period cash settlements on derivatives, net 707 4 Cacca on of discount to subordinated convertible notes to affiliate 707 4 Changes in assets and liabilities 707 5 6 Decrease (increase) in accounts receivable 81,566 9 9 Decrease (increase) in propal and other current assets 11,110 4 4 Decrease (increase) in propal and other current assets 12,151 6 6 Increase (increase) in propal and other current assets 12,151 6 6 7 7 1 6 1 1 1 1 </th <th></th> <th></th> <th>2015 ⁽¹⁾</th> <th></th> <th>2014</th>			2015 ⁽¹⁾		2014
Net income	Cash flows from operating activities:				
Adjustments to reconcile net income to net cash flows provided by operating activities: Despreciation and amoritization expense 17,873 10 Despreciation and amoritization expense 1,992 10 Stock based compensation 1,992 10 Bad debt expense 6,082 3 Caim (loss) on derivatives, net (15,120) 7 Current period cash settlements on derivatives, net (15,120) 7 Current period cash settlements on derivatives, net 707 Current period cash settlements on derivatives of thillate 707 Current period cash settlements on derivatives of thillate 707 7 Decrease in accounts receivable 707 7 7 7 7 Decrease in accounts receivable 707 7 7 7 7 7 7 7 7		\$	22.843	\$	7,129
Depretation and amortization expense	Adjustments to reconcile net income to net cash flows provided by operating activities:	*	,	*	.,
Deferred income taxes 872 Stock based compensation 1,92 Amortization of deferred financing costs 2,95 Bad debt expense 6,082 Gain (toos) on derivatives, net (15,120) Current period cash settlements on derivatives, net (15,120) Accretion of discount to subordinated convertible notes to affiliate 2 Changes in assets and liabilities: 707 Decrease in accounts receivable 18,568 9 Decrease in caresticad cash 707 (21) 6 Decrease (increase) in inventory 2,978 (5 Increase in accounts receivable—affiliates (17,725) (20 Decrease (increase) in inventory 2,978 (5 Increase in accounts payable and other current assets (17,725) (20 Decrease (increase) in prepald and other current assets (1,101) (4 Increase in accounts payable and accrued liabilities (1,610) (5 Increase in intended accrued liabilities (1,650) (2,776) Decrease (increase) in other current liabilities (1,650) (2 Increase (17,873		10,324
Amontzation of deferred financing costs 6,082 3.8 Baid debt expense 6,082 3.8 Gain (loss) on derivatives, net (15,120) 7 Current period cash settlements on derivatives, net (15,120) 7 Accreation of discount to subordinated convertible notes to affiliate 8 7 Changes in assets and liabilities: 707 9 Decrease in accounts receivable 18,566 9 Decrease (increase) in inventory 2,978 6 Increase in customer acquisition costs (17,725) (20 Increase in customer acquisition costs (2,776) (16 Increase in accounts payable and accrued liabilities (14,610) (5 Increase in accounts payable—affiliates (14,610) (5 Increase in accounts payable—affiliate (1,534) 1 Increase in accounts payable—affiliate (1,534) 1	·				638
Amontzation of deferred financing costs 6,082 3.8 Baid debt expense 6,082 3.8 Gain (loss) on derivatives, net (15,120) 7 Current period cash settlements on derivatives, net (15,120) 7 Accreation of discount to subordinated convertible notes to affiliate 8 7 Changes in assets and liabilities: 707 9 Decrease in accounts receivable 18,566 9 Decrease (increase) in inventory 2,978 6 Increase in customer acquisition costs (17,725) (20 Increase in customer acquisition costs (2,776) (16 Increase in accounts payable and accrued liabilities (14,610) (5 Increase in accounts payable—affiliates (14,610) (5 Increase in accounts payable—affiliate (1,534) 1 Increase in accounts payable—affiliate (1,534) 1	Stock based compensation		1,992		362
Bad bet expense 6,082 3 Cain (loss) on derivatives, net 6,118 7 Accretion of discount to subordinated convertible notes to affiliate 21 7 Accretion of discount to subordinated convertible notes to affiliate 21 7 Changes in assest and liabilities: 87 5 Decrease in restricted cash 707 6 Decrease in accounts receivable—affiliates 2,978 6 Decrease (increase) in inventory 2,978 6 Decrease (increase) in prepaid and other current assets 11,110 (4 Increase in accounts payable and accrued liabilities 11,110 (4 Increase in accounts payable and accrued liabilities 11,530 1 Increase in accounts payable and accrued liabilities 11,530 1 Increase in accounts payable and accrued liabilities 11,530 1 <td>·</td> <td></td> <td>295</td> <td></td> <td>580</td>	·		295		580
Current period cash settlements on derivatives, net Accretion of discount to subordinated convertible notes to affiliate			6,082		3,973
Accession of discount to subordinated convertible notes to affiliate Schanges in assets and liabilities: Schanges in assets and liabilities: 160 cerease in restricted cash 707 160 cerease in restricted cash 707 160 cerease in accounts receivable 16,566 16 cerease (increase) in incounts receivable—affiliates 16,216 16 cerease (increase) in inventory 2,978 16 cerease (increase) in other cases (increase) in other careful tabilities 1,806	Gain (loss) on derivatives, net		6,118		(262)
Decrease in restricted cash	Current period cash settlements on derivatives, net		(15,120)		7,252
Decrease in restricted cash 707 Decrease in accounts receivable 18,666 9 Decrease (increase) in accounts receivable—affiliates (216) 6 Decrease (increase) in inventory 2,978 6 Increase in customer acquisition costs (17,725) (20 Decrease (increase) in prepaid and other current assets 11,110 (4 Increase in intangible assets - customer acquisitions (256) 2 Increase in intangible assets - customer acquisitions (256) 2 Increase in accounts payable and accrued liabilities (16,161) (5 Increase in accounts payable and accrued liabilities (1,534) 1 Increase in accounts payable—affiliates 849 1 Increase in other non-current liabilities (1,534) 1 Increase in other non-current liabilities (1,534) 1 Ret cash provided by operating activities (2,55) (2 Purchase of property and equipment (1,255) (2 Acquisition of Censitar and Oasis net assets (41,234) 1 Investing the investing activities 3,25	Accretion of discount to subordinated convertible notes to affiliate		21		-
Decrease in accounts receivable 18,566 9 Decrease (increase) in accounts receivable—affiliates 2(16) 6 Decrease (increase) in inventory 2,978 5(5 Increase in customer acquisition costs 11,110 (4 Increase in interpaid and other current assets 11,110 (2 Increase in interpaid and other current assets 11,110 (2 Increase in interpaid and customer acquisitions (2,776 Increase in interpaid and customer acquisitions (2,776 Increase in interpaid and customer acquisitions (2,776 Increase in interpaid and accounts payable and accrued liabilities (1,630 Increase in accounts payable and accrued liabilities (1,630 Increase in accounts payable—affiliates 849 Increase in accounts payable—affiliates 1,606 Increase in other ansested (1,534 1 Increase in other non-current liabilities 1,606 Increase in property and equipment (1,255) (2,255 (3,000 (3,0	Changes in assets and liabilities:				
Decrease (increase) in accounts receivable—affiliates 2,978 6 Decrease (increase) in inventory 2,978 6 Increase in customer acquisition costs (17,725) (20 Decrease (increase) in prepaid and other current assets (17,726) 1 Increase in other assets - customer acquisitions (2,776) 1 Increase in other assets (256) 1 Increase in accounts payable and accrued liabilities (16,104) 6 Increase in accounts payable—affiliates 849 1 Increase in other ourrent liabilities (1,534) 1 Increase in other ourrent liabilities (1,534) 1 Increase in other ourrent liabilities (3,500) 1 Purchases of property and equipment (1,255) (2 Cataly Increase in other ourrent liabilities (41,234) 1 Increase in other on recent facilities (3,000) 2 </td <td>Decrease in restricted cash</td> <td></td> <td>707</td> <td></td> <td>-</td>	Decrease in restricted cash		707		-
Decrease (increase) in inventory	Decrease in accounts receivable		18,566		9,741
Increase in customer acquisition costs	Decrease (increase) in accounts receivable—affiliates		(216)		6,310
Decrease (increase) in prepaid and other current assets 11,110 (44 Increase in intangible assets - customer acquisitions (2,776) (2,77	Decrease (increase) in inventory		2,978		(5,338)
Increase in intangible assets - customer acquisitions 1,2,756 1,566 1,567 1,	·		(17,725)		(20,366)
Increase in other assets					(4,658)
Decrease in accounts payable and accrued liabilities	·		, ,		-
Increase in accounts payable—affiliates 849 Increase (decrease) in other current liabilities (1,534) 1 Increase in other non-current liabilities 1,606			, ,		(146)
Increase (decrease) in other current liabilities 1,606 1	• •				(5,890)
Increase in other non-current liabilities 1,606 Net cash provided by operating activities 39,675 11 Cash flows from investing activities 1(1,255) 2 Purchases of property and equipment (1,255) 2 Acquisition of CenStar and Oasis net assets (41,234) 2 Investment in eRex joint venture 3330 2 Net cash used in investing activities 42,819 2 Cash flows from financing activities 52,225 60 Payments on credit facilities 52,225 60 Payments on credit facilities 52,225 60 Payments on credit facilities 52,225 60 Contributions (distributions), net 129 129 Proceeds from issuance of Class A common stock 129 129 Distributions of proceeds from Offering to affiliate 7,075 2 Payment of Nube Payable to Nubevo 2 2 Susuance of convertible subordinated notes to affiliate 7,075 2 Restricted stock vesting 6 2 2 Payment of distributions to Class B un					851
Net cash frow investing activities 39,675 11 Cash flows from investing activities: 11 Purchases of property and equipment (1,255) (2 Acquisition of CenStar and Oasis net assets (41,234) (2 Investment in eRex joint venture (330) (2 Net cash used in investing activities (42,819) (2 Cash flows from financing activities (38,000) (38 Borrowings on credit facilities (38,000) (38 Payments on credit facilities (38,000) (38 Member contributions (distributions), net 129 (36 Contributions from NuDevco 129 (36 Contributions from NuDevco 129 (47 Proceeds from Esuance of Class A common stock 2 50 Distributions of proceeds from Offering to affiliate 7,075 62 Restricted stock vesting (265) 62 Payment of Note Payable to NuDevco (38,30) 7 Restricted stock vesting (36,30) 7 Payment of dividends to Class A common shareholders (11,691)			, ,		1,465
Cash flows from investing activities: (1,255) (2 Purchases of property and equipment (1,255) (2 Acquisition of CenStar and Oasis net assets (41,234) (2 Investment in eRex joint venture (330) (2 Net cash used in investing activities (42,819) (2 Cash flows from financing activities 52,225 60 Borrowings on credit facilities (38,00) (38 Payments on credit facilities (38,00) (38 Member contributions (distributions), net 129 (36 Contributions from NuDevco 129 (47 Proceeds from issuance of Class A common stock 129 (47 Distributions of proceeds from Offering to affiliate 7.07 (47 Payment of Note Payable to NuDevco 7.07 (2 Issuance of convertible subordinated notes to affiliate 7.075 (2 Restricted stock vesting (3,33) (2 Payment of dividends to Class A common shareholders (3,33) (3 Payment of distributions to Class B unitholders (3,33) (4					-
Purchases of property and equipment (1,255) (2 Acquisition of CenStar and Oasis net assets (41,234) (41,234) Investment in eRex joint venture (330) (2 Net cash used in investing activities (42,819) (2 Cash flows from financing activities 52,225 60 Payments on credit facilities 52,225 60 Response on credit facilities 52,225 60 Contributions for credit facilities 129 (380) (380) Rember contributions (distributions), net 129 (380)		-	39,675		11,965
Acquisition of CenStar and Oasis net assets (41,234) Investment in eRex joint venture (330) Net cash used in investing activities (42,818) (2 Cash flows from financing activities: 52,225 60 Payments on credit facilities (38,000) (38 Payments on credit facilities (38,000) (38 Member contributions (distributions), net 2 60 Contributions from NuDevco 129 70 Proceeds from issuance of Class A common stock 1 50 Distributions of proceeds from Offering to affiliate 2 60 Payment of Note Payable to NuDevco 2 62 Offering costs 7,075 7 Restricted stock vesting (265) 7 Payment of dividends to Class A common shareholders (33,33) 7 Payment of distributions to Class B unitholders (11,691) 1 Net cash provided by (used in) financing activities 6,140 (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—beginning of period <t< td=""><td></td><td></td><td>(4.055)</td><td></td><td>(0.04.4)</td></t<>			(4.055)		(0.04.4)
Investment in eRex joint venture (330) Net cash used in investing activities (42,819) (2 Cash flows from financing activities: 8 (22,52) 60 Borrowings on credit facilities 52,225 60 (38,000) (38 Payments on credit facilities (38,000) (38 (38 Member contributions (distributions), net 1-2 (36 Contributions from NuDevco 129 (20 Proceeds from issuance of Class A common stock 1-2 50 Distributions of proceeds from Offering to affiliate 1-2 (47 Payment of Note Payable to NuDevco 1-2 (2 Offering costs 1-2 (2 Restricted stock vesting 2-6 (2 Payment of dividends to Class A common shareholders (3,333) (2 Payment of distributions to Class B unitholders (11,691) (14 Net cash provided by (used in) financing activities 6,140 (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—end of period 3,7355					(2,214)
Net cash used in investing activities (42,819) (2 Cash flows from financing activities: Cash flows from financing activities: Cash growings on credit facilities 52,225 60 Payments on credit facilities (38,000) (38					-
Cash flows from financing activities: Borrowings on credit facilities 52,225 60 Payments on credit facilities (38,000) (38 Member contributions (distributions), net - (36 Contributions from NuDevco 129 - Proceeds from issuance of Class A common stock - 50 Distributions of proceeds from Offering to affiliate - (47 Payment of Note Payable to NuDevco - (2 Offering costs - (2 Issuance of convertible subordinated notes to affiliate 7,075 - Restricted stock vesting (265) - Payment of dividends to Class A common shareholders (3,333) - Payment of dividends to Class B unitholders (11,691) - Net cash provided by (used in) financing activities 6,140 (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—end of period \$ 7,355 2 Supplemental Disclosure of Cash Flow Information: - - CenStar Earmout accrual <td< td=""><td>·</td><td></td><td></td><td></td><td>(2.244)</td></td<>	·				(2.244)
Borrowings on credit facilities 52,225 60 Payments on credit facilities (38,000) (38 Member contributions (distributions), net - (36 Contributions from NuDevco 129 - Proceeds from issuance of Class A common stock - 50 Distributions of proceeds from Offering to affiliate - (47 Payment of Note Payable to NuDevco - - Offering costs - - (2 Issuance of convertible subordinated notes to affiliate 7,075 - <td>_</td> <td></td> <td>(42,819)</td> <td></td> <td>(2,214)</td>	_		(42,819)		(2,214)
Payments on credit facilities (38,000) (38 Member contributions (distributions), net - (36 Contributions from NuDevco 129 - Proceeds from issuance of Class A common stock - 50 Distributions of proceeds from Offering to affiliate - (47 Payment of Note Payable to NuDevco - (2 Offering costs - (2 Issuance of convertible subordinated notes to affiliate 7,075 - Restricted stock vesting (265) - Payment of dividends to Class A common shareholders (3,333) - Payment of dividends to Class B unitholders (11,691) - Net cash provided by (used in) financing activities 6,140 (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—beginning of period 4,359 7 Cash and cash equivalents—end of period \$ 7,355 2 Supplemental Disclosure of Cash Flow Information: - - Property and equipment purchase accrual \$ 11 \$ <			50.005		00.000
Member contributions (distributions), net - (36 Contributions from NuDevco 129 Proceeds from issuance of Class A common stock - 50 Distributions of proceeds from Offering to affiliate - (47 Payment of Note Payable to NuDevco - (2 Offering costs - (2 Issuance of convertible subordinated notes to affiliate 7,075 - Restricted stock vesting (265) - Payment of dividends to Class A common shareholders (3,333) - Payment of distributions to Class B unitholders (11,691) - Net cash provided by (used in) financing activities 6,140 (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—beginning of period 4,359 7 Cash and cash equivalents—end of period \$ 7,355 2 Supplemental Disclosure of Cash Flow Information: - - Property and equipment purchase accrual \$ 11 \$ CenStar Earnout accrual \$ 500					60,280
Contributions from NuDevco 129 Proceeds from issuance of Class A common stock - 50 Distributions of proceeds from Offering to affiliate - (47 Payment of Note Payable to NuDevco - (2 Offering costs - (2 Issuance of convertible subordinated notes to affiliate 7,075 75 Restricted stock vesting (265) 2 Payment of dividends to Class A common shareholders (3,333) 1 Payment of dividends to Class B unitholders (11,691) 1 Net cash provided by (used in) financing activities 6,140 (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—beginning of period 4,359 7 Cash and cash equivalents—end of period \$ 7,355 2 Supplemental Disclosure of Cash Flow Information: * 7,355 2 Property and equipment purchase accrual \$ 11 \$ Cash paid during the period for: * 500 * 500	·		(38,000)		(38,280)
Proceeds from issuance of Class A common stock - 50 Distributions of proceeds from Offering to affiliate - (47 Payment of Note Payable to NuDevco - (2 Offering costs - (2 Issuance of convertible subordinated notes to affiliate 7,075 (2 Restricted stock vesting (265) (265) Payment of dividends to Class A common shareholders (3,333) (11,691) Net cash provided by (used in) financing activities (11,691) (14 Increases (decreases) in cash and cash equivalents 2,996 (4 Cash and cash equivalents—beginning of period 4,359 7 Cash and cash equivalents—end of period \$ 7,355 2 Supplemental Disclosure of Cash Flow Information: Non cash items: 11 \$ Property and equipment purchase accrual \$ 11 \$ CenStar Earnout accrual \$ 500 \$ Cash paid during the period for: \$ 500 \$			120		(36,406)
Distributions of proceeds from Offering to affiliate Payment of Note Payable to NuDevco - Coffering costs - (2 Issuance of convertible subordinated notes to affiliate 7,075 Restricted stock vesting (265) Payment of dividends to Class A common shareholders (3,333) Payment of distributions to Class B unitholders (11,691) Net cash provided by (used in) financing activities (14,091) Net cash provided by (used in) financing activities (2,996) (4,000) Cash and cash equivalents—beginning of period 2,996 (4,000) Cash and cash equivalents—end of period 3,7,355 3 2 Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual \$ 11 \$ CenStar Earnout accrual \$ 500 Cash paid during the period for:			129		50,220
Payment of Note Payable to NuDevco Offering costs Suance of convertible subordinated notes to affiliate Restricted stock vesting Payment of dividends to Class A common shareholders Payment of dividends to Class B unitholders Restricted stock vesting Restricted stock vest			_		
Offering costs Issuance of convertible subordinated notes to affiliate Restricted stock vesting	, ,		_		(47,554) (50)
Issuance of convertible subordinated notes to affiliate Restricted stock vesting Payment of dividends to Class A common shareholders Payment of distributions to Class B unitholders Restricted stock vesting Payment of dividends to Class A common shareholders Payment of distributions to Class B unitholders (11,691) Net cash provided by (used in) financing activities (14,691) Increases (decreases) in cash and cash equivalents Cash and cash equivalents—beginning of period Cash and cash equivalents—end of period Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual CenStar Earnout accrual Cash paid during the period for:			_		(2,667)
Restricted stock vesting Payment of dividends to Class A common shareholders Payment of distributions to Class B unitholders Restricted stock vesting Payment of dividends to Class A common shareholders Payment of distributions to Class B unitholders Restricted stock vesting Payment of dividends to Class A common shareholders Restricted stock vesting Rayment of dividends to Class A common shareholders Restricted stock vesting Rayment of dividends to Class B unitholders Restricted stock vesting Rayment of dividends to Class B unitholders Restricted stock vesting Rayment of dividends to Class B unitholders Restricted stock (3,333) Rayment of dividends to Class B unitholders Restricted stock (11,691) Restricted sto	•		7 075		(2,007)
Payment of dividends to Class A common shareholders Payment of distributions to Class B unitholders Net cash provided by (used in) financing activities Increases (decreases) in cash and cash equivalents Cash and cash equivalents—beginning of period Cash and cash equivalents—end of period Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual Cash paid during the period for:			•		_
Payment of distributions to Class B unitholders Net cash provided by (used in) financing activities Increases (decreases) in cash and cash equivalents Cash and cash equivalents—beginning of period Cash and cash equivalents—end of period Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual CenStar Earnout accrual Cash paid during the period for:	5				-
Net cash provided by (used in) financing activities Increases (decreases) in cash and cash equivalents Cash and cash equivalents—beginning of period Cash and cash equivalents—end of period Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual CenStar Earnout accrual Cash paid during the period for:	·				_
Increases (decreases) in cash and cash equivalents Cash and cash equivalents—beginning of period Cash and cash equivalents—end of period Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual CenStar Earnout accrual Cash paid during the period for:	•				(14,457)
Cash and cash equivalents—beginning of period Cash and cash equivalents—end of period Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual CenStar Earnout accrual Cash paid during the period for:					(4,706)
Cash and cash equivalents—end of period \$ 7,355 \$ 2 Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual \$ 11 \$ CenStar Earnout accrual \$ 500 Cash paid during the period for:	·		•		7,189
Supplemental Disclosure of Cash Flow Information: Non cash items: Property and equipment purchase accrual \$ 11 \$ CenStar Earnout accrual \$ 500 Cash paid during the period for:		\$		\$	2,483
Non cash items: Property and equipment purchase accrual CenStar Earnout accrual Cash paid during the period for:			1,000		2,100
Property and equipment purchase accrual \$ 11 \$ CenStar Earnout accrual \$ 500 Cash paid during the period for:					
CenStar Earnout accrual \$ 500 Cash paid during the period for:		\$	11	\$	81
Cash paid during the period for:				*	-
		*			
· ''' · '		\$	1,061	\$	484
Taxes \$ 157 \$					150

⁽¹⁾ Financial information has been recast to include results attributable to the acquisition of Oasis Power Holdings LLC on May 12, 2015 from an affiliate.

SPARK ENERGY, INC.

OPERATING SEGMENT RESULTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (in thousands, except per unit operating data)

(unaudited)

	Three Months Ended September 30,			1	Nine Months E 3	d September		
	<u></u>	2015		2014		2015		2014
Retail Natural Gas Segment								
Total Revenues	\$	14,354	\$	16,469	\$	93,253	\$	102,166
Retail Cost of Revenues		10,180		10,235		53,136		77,374
Less: Net Asset Optimization Revenues (Expenses)		(545)		(141)		1,317		1,681
Less: Net Gains (Losses) on non-trading derivatives, net of cash								
settlements		(3,034)		(1,475)		3,241		(2,564)
Retail Gross Margin—Gas	\$	7,753	\$	7,850	\$	35,559	\$	25,675
Volume of Gas (MMBtu)		1,672,120		1,779,610		10,527,078		10,892,362
Retail Gross Margin-Gas (\$/MMBtu)	\$	4.64	\$	4.41	\$	3.38	\$	2.36
Retail Electricity Segment								
Total Revenues	\$	76,913	\$	51,748	\$	170,060	\$	137,968
Retail Cost of Revenues		50,787		41,628		122,864		114,997
Less: Net Gains (Losses) on non-trading derivatives, net of cash								
settlements		7,201		3,351		3,526		(1,548)
Retail Gross Margin—Electricity	\$	18,925	\$	6,769	\$	43,670	\$	24,519
Volume of Electricity (MWh)		719,758		447,729		1,519,011		1,201,345
Retail Gross Margin—Electricity (\$/MWh)	\$	26.29	\$	15.12	\$	28.75	\$	20.41

Reconciliation of GAAP to Non-GAAP Measures

Adjusted EBITDA

We define "Adjusted EBITDA" as EBITDA less (i) customer acquisition costs incurred in the current period, (ii) net gain (loss) on derivative instruments, and (iii) net current period cash settlements on derivative instruments, plus (iv) non-cash compensation expense and (v) other non-cash operating items. EBITDA is defined as net income before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs in the Adjusted EBITDA calculation because such costs reflect a cash outlay in the year in which they are incurred, even though we capitalize such costs and amortize them over two years in accordance with our accounting policies. The deduction of current period customer acquisition costs is consistent with how we manage our business, but the comparability of Adjusted EBITDA between periods may be affected by varying levels of customer acquisition costs. We deduct our net gains (losses) on derivative instruments, excluding current period cash settlements, from the Adjusted EBITDA calculation in order to remove the non-cash impact of net gains and losses on derivative instruments. We also deduct non-cash compensation expense as a result of restricted stock units that were issued under our long-term incentive plan.

We believe that the presentation of Adjusted EBITDA provides information useful to investors in assessing our liquidity and financial condition and results of operations and that Adjusted EBITDA is also useful to investors as a financial indicator of a company's ability to incur and service debt, pay dividends and fund capital expenditures. Adjusted EBITDA is a supplemental financial measure that management and external users of our condensed combined and consolidated financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following, among other measures:

- our operating performance as compared to other publicly traded companies in the retail energy industry, without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate earnings sufficient to support our proposed cash dividends; and
- our ability to fund capital expenditures (including customer acquisition costs) and incur and service debt.

We define retail gross margin as operating income plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on non-trading derivative instruments, and (iii) net current period cash settlements on non-trading derivative instruments. Retail gross margin is included as a supplemental disclosure because it is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income, its most directly comparable financial measure calculated and presented in accordance with GAAP.

The GAAP measures most directly comparable to Adjusted EBITDA are net income and net cash provided by operating activities. The GAAP measure most directly comparable to Retail Gross Margin is operating income. Our non-GAAP financial measures of Adjusted EBITDA and Retail Gross Margin should not be considered as alternatives to net income, net cash provided by operating activities, or operating income. Adjusted EBITDA and Retail Gross Margin are not presentations made in accordance with GAAP and have important limitations as analytical tools. You should not consider Adjusted EBITDA or Retail Gross Margin in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA and Retail Gross Margin exclude some, but not all, items that affect net income and net cash provided by operating activities, and are defined differently by different companies in our industry, our definition of Adjusted EBITDA and Retail Gross Margin may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of Adjusted EBITDA and Retail Gross Margin as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these data points into management's decision-making process.

The following tables present a reconciliation of Adjusted EBITDA to net income and net cash provided by operating activities for each of the periods indicated.

APPENDIX TABLES A-1 AND A-2 ADJUSTED EBITDA RECONCILIATIONS (in thousands) (unaudited)

Three Months Ended September 30, Nine Months Ended September 30, 2015 2014 2015 2014 Reconciliation of Adjusted EBITDA to Net Income: Net income \$ 5,875 \$ 419 \$ 22,843 7,129 Depreciation and amortization 7,557 4,113 17,873 10,324 Interest expense 800 615 1,415 1,150 Income tax expense 580 613 1,600 777 **EBITDA** 5,760 43,731 19,380 14,812 Less: Net, Gains (losses) on derivative instruments 262 61 (1,178)(6,118)Net. Cash settlements on derivative instruments 4,163 3,004 12,887 (7,252)Customer acquisition costs 5,825 8,698 17,725 20,366 Plus: Non-cash compensation expense 838 362 1,374 362 5,601 \$ (4,402)20,611 6,366 \$ Adjusted EBITDA

	Three Months Ended September 30,			Nir	ne Months Ende 30,	ed September
		2015	2014		2015	2014
Reconciliation of Adjusted EBITDA to net cash provided by operating activities:						
Net cash provided by operating activities	\$	(15,887) \$	(13,693)	\$	39,675	11,965
Amortization of deferred financing costs		(194)	(355)		(295)	(580)
Allowance for doubtful accounts and bad debt expense		(1,903)	(1,946)		(6,082)	(3,973)
Interest expense		800	615		1,415	1,150
Income tax expense		580	613		1,599	777
Changes in operating working capital						

Accounts receivable, prepaids, current assets	(3,677)	2,505	(29,460)	(11,393)
Inventory	2,103	5,649	(2,978)	5,338
Accounts payable and accrued liabilities	21,690	1,277	13,761	5,039
Other	2,089	933	2,976	(1,957)
Adjusted EBITDA	\$ 5,601	\$ (4,402) \$	20,611 \$	6,366

The following table presents a reconciliation of Retail Gross Margin to operating income for each of the periods indicated.

APPENDIX TABLE A-3 RETAIL GROSS MARGIN RECONCILIATION (in thousands) (unaudited)

Three Months Ended September 30, Nine Months Ended September 30, 2015 2014 2015 Reconciliation of Retail Gross Margin to Operating Income: Operating income \$ 7,250 1,607 25,531 \$ 8,945 7,557 4,113 17,873 Depreciation and amortization 10,324 General and administrative 15,493 10,634 43,909 28,494 Less: Net asset optimization revenues (expenses) 1,681 (545)(141)1,317 Net, Gains (losses) on non-trading derivative instruments 132 (1,163)(5,876)5,847 Net, Cash settlements on non-trading derivative instruments 4,035 3,039 12,643 (9,959)79,229 **Retail Gross Margin** \$ 26,678 \$ 14,619 \$ 50,194

Contact: Spark Energy, Inc.

Investors:

Andy Davis, 832-200-3727

Media:

Jenn Korell, 281-833-4151

➤ Primary Logo

Source: Spark Energy, Inc.

News Provided by Acquire Media