SPARK ENERGY, INC.

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): August 10, 2016

Spark Energy, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-36559**	**46-5453215**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

12140 Wickchester Ln, Suite 100
Houston, Texas 77079
(Address of Principal Executive Offices)
(Zip Code)

(713) 600-2600
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On August 10, 2016, Spark Energy, Inc. (the "Company") issued a press release announcing second quarter 2016 earnings (the "Press Release"). The Press Release is being furnished as Exhibit 99.1 to this Current Report and is incorporated by reference herein.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be "filed" for the purpose of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be deemed incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act"), unless specifically identified therein as being incorporated by reference.

Item 7.01 Regulation FD Disclosure.

The Company has prepared updated investor presentation materials (the "Investor Presentation") for use from time to time in presentations about the Company's operations and performance. The updated Investor Presentation will also be posted in the Investor Relations section of the Company's website at www.sparkenergy.com. A copy of the Investor Presentation is furnished as Exhibit 99.2 hereto.

The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2, is being furnished and shall not be deemed to be "filed" for the purpose of the Exchange Act, as amended, nor shall it be deemed incorporated by reference in any filing under the Exchange Act or the Securities Act, unless specifically identified therein as being incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Spark Energy, Inc. dated August 10, 2016
99.2	Investor Presentation of Spark Energy, Inc. - August 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 11, 2016	**Spark Energy, Inc.**		
	By:	/s/ Robert Lane	
	Name:	Robert Lane	
	Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of Spark Energy, Inc. dated August 10, 2016
99.2	Investor Presentation of Spark Energy, Inc. - August 2016

Spark Energy, Inc. Reports Record Second Quarter 2016 Financial Results and Increases 2016 Adjusted EBITDA Guidance

HOUSTON, August 10, 2016 - Spark Energy, Inc. (NASDAQ: SPKE), a Delaware corporation ("Spark"), today reported financial results for the quarter ended June 30, 2016.

Highlights

- Earned $11.5 million in Adjusted EBITDA, $29.1 million in Retail Gross Margin and $10.7 million in Net Income for the quarter ended June 30, 2016
- Increased 2016 full year Adjusted EBITDA guidance range to $75 million - $82 million, an increase of 71% at the midpoint versus prior guidance
- Invested $2.8 million in organic customer acquisitions, while reducing attrition to 4.0%
- Reported consistently strong unit margins across both retail natural gas and electricity segments
- Closed the acquisition of the Provider Power companies on August 1
- Declared second quarter dividend of $0.3625 per share of Class A common stock payable on September 13, 2016

For the second quarter of 2016, Spark reported Adjusted EBITDA of $11.5 million, Retail Gross Margin of $29.1 million and Net Income of $10.7 million, each of which represents record financial results for the second quarter. This compares to Adjusted EBITDA of $5.4 million, Retail Gross Margin of $24.7 million and Net Income of $4.0 million for the second quarter of 2015, representing increases of 111%, 18%, and 166%, respectively.

“We are very pleased with our second quarter results,” said Nathan Kroeker, Spark Energy’s President and Chief Executive Officer. “Once again, we achieved solid margins in both our retail electricity and retail natural gas segments while reducing our rate of customer attrition.

“As previously announced, we closed on the Provider Power (“Provider”) acquisition last week and we are happy to welcome the Provider companies into the Spark family. In addition, we expect to close on the acquisition of the Major Companies in the coming weeks. These transactions demonstrate that we continue to execute on our strategy to grow aggressively through impactful acquisitions that increase our customer base along with organic customer additions.”

Acquisition of Provider Power

On August 1, 2016, Spark announced that it completed its acquisition of Provider. The Provider acquisition delivered 121,000 RCEs, primarily in Maine and New Hampshire, two states new to Spark, and adds nine new utilities to Spark’s geographic footprint creating new opportunities for organic customer acquisitions.

Update on Major Energy

On May 4, 2016, Spark announced that Spark and National Gas & Electric, LLC (“NGE”), an affiliate, entered into a purchase and sale agreement for the acquisition of Major Energy, a retail energy business with approximately 210,000 RCEs. Spark expects this transaction to be completed later in the third quarter.

Major Energy serves electricity and natural gas customers in eight states and will add fifteen new utilities to Spark’s footprint when the acquisition closes. Spark intends to leverage the Major management team’s retail energy expertise and knowledge to further enhance the already highly efficient and profitable business model that they have built.

2016 Financial Guidance

Spark's financial results have continued to exceed expectations. With the closing of Provider and the anticipated close of Major Energy, the Company is increasing its 2016 Adjusted EBITDA guidance range from $44.0 million - $48.0 million to $75.0 million - $82.0 million, an increase of 71% versus the midpoint of our guidance.

Summary Second Quarter 2016 Financial Results

For the quarter ended June 30, 2016, Spark reported Adjusted EBITDA of $11.5 million compared to Adjusted EBITDA of $5.4 million for the quarter ended June 30, 2015. This increase of $6.1 million is primarily attributable to increased Retail Gross Margin in our electricity and natural gas segments and decreased customer acquisition costs, as well as approximately $1.2 million in year-over-year savings as a result of the master services agreement with our affiliate, Retailco Services, LLC. This is partially offset by increased general and administrative expenses due to our increased RCE count following our Oasis and CenStar acquisitions in the third quarter of last year.

For the quarter ended June 30, 2016, Spark reported Retail Gross Margin of $29.1 million compared to Retail Gross Margin of $24.7 million for the quarter ended June 30, 2015. This increase of $4.4 million is primarily attributable to expanded natural gas unit margins and increased retail electricity and natural gas volumes. Favorable supply costs across several of our markets were a key driver of these elevated unit margins in the second quarter.

Net income for the quarter ended June 30, 2016 was $10.7 million compared to net income of $4.0 million for the quarter ended June 30, 2015. Earnings per share (EPS) variance analysis is not included, as management does not view EPS as a meaningful metric given the unpredictability of the unrealized gains and losses on the hedge portfolio, as well as other non-cash items including non-cash compensation and amortization of customer acquisition costs and customer relationships in excess of current period customer acquisition costs.

Liquidity and Capital Resources

(In thousands)		**June 30, 2016**
Cash and cash equivalents	$	7,262
Senior Credit Facility Working Capital Line Availability (1)		65,265
Senior Credit Facility Acquisition Line Availability (2)		7,755
Total Liquidity	**$**	**80,282**

(1) Subject to Senior Credit Facility borrowing base restrictions. See "—Cash Flows—Senior Credit Facility."
(2) Subject to Senior Credit Facility covenant restrictions. See "—Cash Flows—Senior Credit Facility."

Conference Call and Webcast

Spark will host a conference call to discuss second quarter 2016 results on Thursday, August 11, 2016 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 18 states and serves 75 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 stockholder or its affiliates offers us acquisition opportunities on terms that are commercially acceptable to us,

- competition, and
- other factors discussed in “Risk Factors” in our Form 10-K for the year ended December 31, 2015 and in our other public filings and press releases.

You should review the risk factors and other factors noted throughout or incorporated by reference in this press release that 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 statements.

SPARK ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2016 AND DECEMBER 31, 2015
(in thousands)
(unaudited)

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 7,262	$ 4,474
Accounts receivable, net of allowance for doubtful accounts of $2.0 million and $1.9 million as of June 30, 2016 and December 31, 2015	42,677	59,936
Accounts receivable—affiliates	1,009	1,840
Inventory	1,827	3,665
Fair value of derivative assets	2,705	605
Customer acquisition costs, net	11,857	13,389
Customer relationships, net	4,964	6,627
Prepaid assets (1)	1,699	700
Deposits	3,565	7,421
Other current assets	4,763	4,023
Total current assets	82,328	102,680
Property and equipment, net	5,035	4,476
Fair value of derivative assets	439	—
Customer acquisition costs, net	2,436	3,808
Customer relationships, net	4,418	6,802
Non-current deferred tax assets	52,460	23,380
Goodwill	18,379	18,379
Other assets	2,567	2,709
Total assets	$ 168,062	$ 162,234
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 22,257	$ 29,732
Accounts payable—affiliates	1,990	1,962
Accrued liabilities	14,368	12,245
Fair value of derivative liabilities	1,929	10,620
Current portion of Senior Credit Facility	5,306	27,806
Current payable pursuant to tax receivable agreement—affiliates	1,407	—
Other current liabilities	2,308	1,823
Total current liabilities	49,565	84,188
Long-term liabilities:		
Fair value of derivative liabilities	458	618
Long-term payable pursuant to tax receivable agreement—affiliates	46,768	20,713
Long-term portion of Senior Credit Facility	11,939	14,592
Non-current deferred tax liability	—	853
Convertible subordinated notes to affiliate	6,502	6,339
Other long-term liabilities	—	1,612
Total liabilities	115,232	128,915
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common Stock:		
Class A common stock, par value $0.01 per share, 120,000,000 shares authorized, 6,470,128 issued and outstanding at June 30, 2016 and 3,118,623 issued and outstanding at December 31, 2015	65	31
Class B common stock, par value $0.01 per share, 60,000,000 shares authorized, 7,525,000 issued and outstanding at June 30, 2016 and 10,750,000 issued and outstanding at December 31, 2015	76	108
Preferred Stock:		
Preferred stock, par value $0.01 per share, 20,000,000 shares authorized, zero issued and outstanding at June 30, 2016 and December 31, 2015	—	—
Additional paid-in capital	21,997	12,565
Accumulated other comprehensive loss	(28)	—
Retained earnings (deficit)	1,491	(1,366)
Total stockholders' equity	23,601	11,338
Non-controlling interest in Spark HoldCo, LLC	29,229	21,981
Total equity	52,830	33,319
Total liabilities and stockholders' equity	$ 168,062	$ 162,234

(1) Prepaid assets includes prepaid assets—affiliates of $100 and $210 as of June 30, 2016 and December 31, 2015 , respectively. See Note 11 "Transaction with Affiliates" for further discussion.

SPARK ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015 (1)	2016	2015 (1)
Revenues:				
Retail revenues	$ 76,863	$ 70,310	$ 186,882	$ 170,184
Net asset optimization (expenses) revenues (2)	(676)	(67)	(150)	1,862
Total Revenues	76,187	70,243	186,732	172,046
Operating Expenses:				
Retail cost of revenues (3)	37,845	45,948	106,644	115,033
General and administrative (4)	16,199	13,712	33,580	28,416
Depreciation and amortization	6,244	6,038	13,033	10,316
Total Operating Expenses	60,288	65,698	153,257	153,765
Operating income	15,899	4,545	33,475	18,281
Other (expense)/income:				
Interest expense	(619)	(234)	(1,373)	(615)
Interest and other income	194	186	99	321
Total other expenses	(425)	(48)	(1,274)	(294)
Income before income tax expense	15,474	4,497	32,201	17,987
Income tax expense	4,736	458	5,723	1,019
Net income	$ 10,738	$ 4,039	$ 26,478	$ 16,968
Less: Net income attributable to non-controlling interests	8,397	3,878	19,964	14,398
Net income attributable to Spark Energy, Inc. stockholders	$ 2,341	$ 161	$ 6,514	$ 2,570
Other comprehensive loss, net of tax:				
Currency translation loss	$ (61)	$ —	$ (61)	$ —
Other comprehensive loss	(61)	—	(61)	—
Comprehensive income	$ 10,677	$ 4,039	$ 26,417	$ 16,968
Less: Comprehensive income attributable to non-controlling interests	8,364	3,878	19,931	14,398
Comprehensive income attributable to Spark Energy, Inc. stockholders	$ 2,313	$ 161	$ 6,486	$ 2,570
Net income attributable to Spark Energy, Inc. per share of Class A common stock				
Basic	$ 0.39	$ 0.05	$ 1.33	$ 0.85
Diluted	$ 0.30	$ 0.05	$ 1.25	$ 0.80
Weighted average shares of Class A common stock outstanding				
Basic	6,043	3,062	4,899	3,031
Diluted	6,639	3,062	14,485	13,781

(1) Financial information has been recast to include results attributable to the acquisition of Oasis Power Holdings LLC from an affiliate on May 12, 2015.
(2) Net asset optimization (expenses) revenues includes asset optimization revenues—affiliates of $41 and $176 for the three months ended June 30, 2016 and 2015 , respectively, and asset optimization revenues—affiliates cost of revenues of $376 and $3,114 for the three months ended June 30, 2016 and 2015 , respectively and asset optimization revenues—affiliates of $154 and $665 for the six months ended June 30, 2016 and 2015 , respectively, and asset optimization revenue—affiliates cost of revenues of $1,633 and $6,207 for the six months ended June 30, 2016 and 2015 , respectively.

(3) Retail cost of revenues includes retail cost of revenues—affiliates of less than $100 for each of the three and six months ended June 30, 2016 and 2015 , respectively.
(4) General and administrative includes general and administrative expense—affiliates of $4.0 million and $0 for the three months ended June 30, 2016 , and 2015 , respectively, and $8.4 million and $0 for the six months ended June 30, 2016 and 2015 , respectively.

SPARK ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(in thousands)
(unaudited)

	Issued Shares of Class A Common Stock	Issued Shares of Class B Common Stock	Issued Shares of Preferred Stock	Class A Common Stock	Class B Common Stock	Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity	Non-controlling Interest	Total Equity
Balance at December 31, 2015	3,119	10,750	—	$ 31	$ 108	$ —	$ 12,565	$ (1,366)	$ 11,338	$ 21,981	$ 33,319
Stock based compensation	—	—	—	—	—	—	690	—	690	—	690
Restricted stock unit vesting	126	—	—	2	—	—	1,214	—	1,216	—	1,216
Excess tax benefit related to restricted stock vesting	—	—	—	—	—	—	141	—	141	—	141
Consolidated net income	—	—	—	—	—	—	—	6,514	6,514	19,964	26,478
Foreign currency translation adjustment for equity method investee	—	—	—	—	—	(28)	—	—	(28)	(33)	(61)
Beneficial conversion feature	—	—	—	—	—	—	63	—	63	—	63
Distributions paid to non-controlling unit holders	—	—	—	—	—	—	—	—	—	(9,967)	(9,967)
Dividends paid to Class A common stockholders	—	—	—	—	—	—	—	(3,657)	(3,657)	—	(3,657)
Proceeds from disgorgement of stockholder short-swing profits	—	—	—	—	—	—	580	—	580	—	580
Tax impact from tax receivable agreement upon exchange of units of Spark HoldCo, LLC to shares of Class A Common Stock	—	—	—	—	—	—	4,028	—	4,028	—	4,028
Exchange of shares of Class B common stock to shares of Class A common stock	3,225	(3,225)	—	32	(32)	—	2,716	—	2,716	(2,716)	—
Balance at June 30, 2016	6,470	7,525	—	$ 65	$ 76	$ (28)	$ 21,997	$ 1,491	$ 23,601	$ 29,229	$ 52,830

SPARK ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2016	2015 [(1)]
Cash flows from operating activities:		
Net income	$ 26,478	$ 16,968
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization expense	13,033	10,316
Deferred income taxes	1,556	277
Stock based compensation	2,441	1,159
Amortization of deferred financing costs	235	101
Change in fair value of CenStar Earnout	1,000	—
Bad debt expense	462	4,179
Loss on derivatives, net	4,339	6,179
Current period cash settlements on derivatives, net	(15,828)	(9,076)
Accretion of discount to convertible subordinated notes to affiliate	71	—
Interest paid in kind - subordinated convertible notes	155	—
Income on equity method investment in eREX Spark Marketing Joint Venture	(104)	—
Changes in assets and liabilities:		
Decrease in restricted cash	—	707
Decrease in accounts receivable	16,797	19,608
Decrease in accounts receivable—affiliates	830	698
Decrease in inventory	1,837	5,087
Increase in customer acquisition costs	(5,104)	(11,900)
Decrease in prepaid and other current assets	1,881	5,610
Increase in intangible assets—customer relationships	—	(2,720)
Decrease in other assets	535	457
Decrease in accounts payable and accrued liabilities	(5,002)	(12,087)
Increase (decrease) in accounts payable—affiliates	28	(228)
Decrease in other current liabilities	(414)	(1,195)
(Decrease) increase in other non-current liabilities	(1,612)	1,553
Net cash provided by operating activities	43,614	35,693
Cash flows from investing activities:		
Purchases of property and equipment	(1,449)	(892)
Investment in eREX Spark Marketing Joint Venture	(413)	—
Net cash used in investing activities	(1,862)	(892)
Cash flows from financing activities:		
Borrowings on the Senior Credit Facility	—	6,000
Payments on the Senior Credit Facility	(25,152)	(30,000)
Contributions from NuDevco	—	129
Proceeds from disgorgement of stockholders short-swing profits	580	—
Restricted stock vesting	(909)	(270)
Excess tax benefit related to restricted stock vesting	141	—
Payment of dividends to Class A common stockholders	(3,657)	(2,210)
Payment of distributions to non-controlling unitholders	(9,967)	(7,794)
Net cash used in financing activities	(38,964)	(34,145)
Increase in cash and cash equivalents	2,788	656
Cash and cash equivalents—beginning of period	4,474	4,359
Cash and cash equivalents—end of period	$ 7,262	$ 5,015
Supplemental Disclosure of Cash Flow Information:		
Non-cash items:		
Liability due to tax receivable agreement	$ (27,462)	$ —
Tax benefit from tax receivable agreement	$ 31,490	$ —
Construction in process accrual	$ 22	$ 179
Cash paid during the period for:		
Interest	$ 944	$ 598
Taxes	$ 1,892	$ 150

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

SPARK ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(in thousands, except per unit operating data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Retail Natural Gas Segment				
Total Revenues	$ 18,631	$ 21,545	$ 67,243	$ 78,899
Retail Cost of Revenues	4,543	9,490	27,042	42,956
Less: Net Asset Optimization (Expenses) Revenues	(676)	(67)	(150)	1,862
Less: Net Gains on non-trading derivatives, net of cash settlements	3,301	2,628	4,732	6,275
Retail Gross Margin—Gas	$ 11,463	$ 9,494	$ 35,619	$ 27,806
Volume of Gas (MMBtu)	2,511,369	2,290,913	8,623,800	8,854,958
Retail Gross Margin — Gas ($/MMBtu)	*$ 4.56*	*$ 4.14*	*$ 4.13*	*$ 3.14*
Retail Electricity Segment				
Total Revenues	$ 57,556	$ 48,698	$ 119,489	$ 93,147
Retail Cost of Revenues	33,302	36,458	79,602	72,077
Less: Net Gains (Losses) on non-trading derivatives, net of cash settlements	6,580	(2,943)	6,807	(3,675)
Retail Gross Margin—Electricity	$ 17,674	$ 15,183	$ 33,080	$ 24,745
Volume of Electricity (MWh)	565,452	426,402	1,152,130	799,253
Retail Gross Margin—Electricity ($/MWh)	*$ 31.26*	*$ 35.61*	*$ 28.71*	*$ 30.96*

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 (loss) before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs (representing spending for organic customer acquisitions) in the Adjusted EBITDA calculation because such costs reflect a cash outlay in the period 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. For example, our Adjusted EBITDA is lower in periods of customer growth reflecting larger customer acquisition spending. We do not deduct the cost of customer relationships (representing those customer acquisitions through acquisitions of business or portfolios of customers). 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 are 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 consolidated financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following:

- 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.

Retail Gross Margin

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. We believe retail gross margin provides information useful to investors as an indicator of our retail energy business' operating performance.

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 (loss) 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 June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Reconciliation of Adjusted EBITDA to Net Income:				
Net income	$ 10,738	$ 4,039	$ 26,478	$ 16,968
Depreciation and amortization	6,244	6,038	13,033	10,316
Interest expense	619	234	1,373	615
Income tax expense	4,736	458	5,723	1,019
EBITDA	22,337	10,769	46,607	28,918
Less:				
Net, Gains (losses) on derivative instruments	5,410	(4,874)	(4,339)	(6,179)
Net, Cash settlements on derivative instruments	4,465	4,533	15,737	8,724
Customer acquisition costs	2,800	6,271	5,104	11,900
Plus:				
Non-cash compensation expense	1,824	609	2,441	1,159
Adjusted EBITDA	$ 11,486	$ 5,448	$ 32,546	$ 15,632

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Reconciliation of Adjusted EBITDA to net cash provided by operating activities:				
Net cash provided by operating activities	$ 18,112	$ 16,447	$ 43,614	$ 35,693
Amortization of deferred financing costs	(118)	(51)	(235)	(101)
Bad debt expense	445	(1,232)	(462)	(4,179)
Interest expense	619	234	1,373	615
Income tax expense	4,736	458	5,723	1,019
Changes in operating working capital				
Accounts receivable, prepaids, current assets	(15,901)	(19,120)	(19,508)	(23,903)
Inventory	1,647	2,434	(1,837)	(5,087)
Accounts payable and accrued liabilities	(416)	6,504	4,974	12,315
Other	2,362	(226)	(1,096)	(740)
Adjusted EBITDA	$ 11,486	$ 5,448	$ 32,546	$ 15,632
Cash Flow Data:				
Cash flows provided by operating activities	$ 18,112	$ 16,447	$ 43,614	$ 35,693
Cash flows used in investing activities	(1,029)	(451)	(1,862)	(892)
Cash flows used in financing activities	(12,770)	(16,160)	(38,964)	(34,145)

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

APPENDIX TABLES A-3
RETAIL GROSS MARGIN RECONCILIATON
(in thousands)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	**2015**	**2016**	**2015**
Reconciliation of Retail Gross Margin to Operating Income:				
Operating income	$ 15,899	$ 4,545	$ 33,475	$ 18,281
Depreciation and amortization	6,244	6,038	13,033	10,316
General and administrative	16,199	13,712	33,580	28,416
Less:				
Net asset optimization (expenses) revenues	(676)	(67)	(150)	1,862
Net, Gains (losses) on non-trading derivative instruments	5,487	(4,808)	(4,133)	(6,008)
Net, Cash settlements on non-trading derivative instruments	4,394	4,493	15,672	8,608
Retail Gross Margin	$ 29,137	$ 24,677	$ 68,699	$ 52,551

Contact: Spark Energy, Inc.

Investors:
Andy Davis, 832-200-3727

Media:
Eric Melchor, 281-833-4151


sparkenergy
empower what matters
Investor Presentation
August 2016

Safe Harbor Statement

This presentation 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 "guidance," "may," "should," "likely," "will," "believe," "expect," "anticipate," "estimate," "continue," "plan," "intend," "projects," or other similar words. All statements, other than statements of historical fact included in this presentation, 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 presentation 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 capital, competition, 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 presentation 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,
- changes in the assumptions we used to estimate our 2016 Adjusted EBITDA, including weather and customer acquisition costs,
- competition, and
- other factors discussed in "Risk Factors" in our Form 10-K for the year ended December 31, 2015, our Quarterly Reports on Form 10-Q for 2016 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, 2015 and the Quarterly Reports on Form 10-Q for 2016, all 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. The Adjusted EBITDA guidance for 2016 is an estimate as of August 10, 2016. This estimate is based on assumptions believed to be reasonable as of that date. All forward-looking statements speak only as of the date of this presentation. 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 statements.

In this presentation, we refer to EBITDA and Adjusted EBITDA, which are non-GAAP financials measures the Company believes are helpful in evaluating the performance of its business. Except as otherwise noted, reconciliation of such non-GAAP measures to the relevant GAAP measures can be found at the end of this presentation.

Spark Energy at a Glance

Spark Energy, Inc. Independent Retail Energy Services Provider

Headquartered:	Houston, TX
Founded:	1999
IPO:	July 2014
Ticker / Exchange:	SPKE / NASDAQ Global Select Market
Market Capitalization:	$366.2MM
Long-Term Debt	18.4MM
Enterprise Value:	$384.6MM
Annual Dividend:	$1.45 (paid quarterly)
Implied Dividend Yield:	5.8%

17 Years of Dedicated Service to the Deregulated Energy Markets

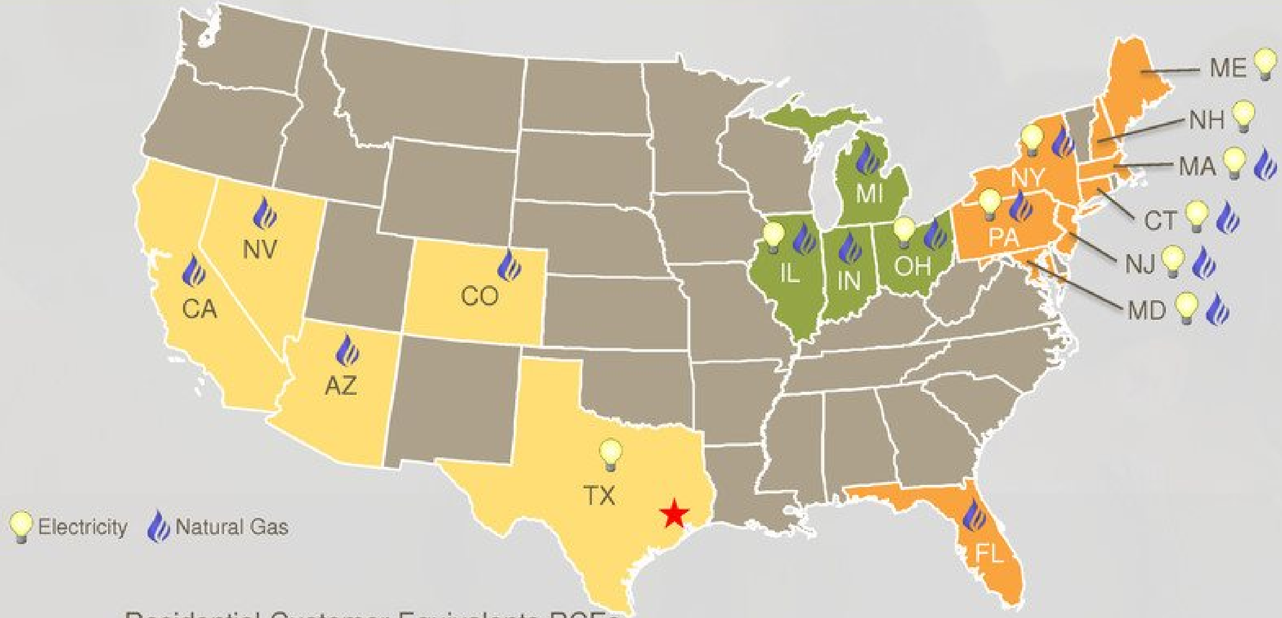
Market Data as of August 4, 2016

Spark Energy Highlights

- **2016 annual Adjusted EBITDA guidance of $75MM - $82MM**
- **Six acquisitions completed since IPO, creating significant shareholder value**
  - Recently closed Provider acquisition and pending Major Energy drop-down from sponsor adding approximately 330,000 RCEs, 24 new markets, and two new states
- **Aligned sponsor supports growth strategy**
  - Sponsor owns 8,714,592 of Class A and Class B shares[1], representing approximately 59% of the Company's outstanding capital
  - Sponsor plans to continue purchasing, de-risking, and dropping companies down to Spark
  - Implemented Retailco, a customer operations platform, to provide our back office functions at significant annual cost savings
- **Quarterly dividends of $0.3625 ($1.45 annualized) since IPO in July 2014**
- **Highly experienced senior management team**
- **Total Shareholder Return of ~99% since January 2015**

[1]*Shares as of August 4, 2016*

Spark's Geographical Diversity: 18 States and 75 Utility Territories



Residential Customer Equivalents RCEs

(In thousands)	Electricity	Percent	Natural Gas	Percent	Total	Percent
East	155	60%	68	45%	223	55%
Midwest	45	17%	49	32%	94	23%
Southwest	58	23%	34	23%	92	22%
Total	258	100%	151	100%	409	100%

As of June 30, 2016; Does not include contribution from eREX Spark Marketing joint venture in Japan

sparkenergy

Customer Lifetime Value Strategy

Sophisticated Customer Acquisition Model

- Multi-channel sales
- Diverse sales geography
- Leverage analytics to determine market entry and product tailoring
- Contracted revenue model with subscription-like flow

Increase Lifetime Value

- Analyze historical usage and attrition data to pinpoint profitability potential
- Deploy customer retention team focused on product selection, renewal, and cross-sell opportunities
- Sophisticated win-back strategy to leverage customers across multiple brands
- Provide high-quality service

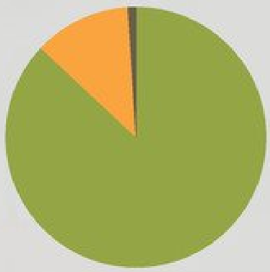
Create Long-Tenure, High Value Customers

- Attractive EBITDA margin and cash flow conversion
- Targeted payback period is 12 months
- Long-standing customer relationships

Actively Managed Customer Base Drives Profitability

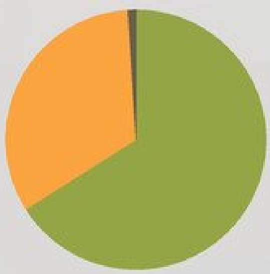
Opportunities for Organic and M&A Growth

Natural Gas



43MM Eligible Customers[1]
12% Penetration
<1% Spark Share

Electricity



48MM Eligible Customers[1]
33% Penetration
<1% Spark Share

Only 12% of eligible natural gas customers and 33% of eligible electricity customers have made a competitive supplier choice[1]

Source: DNV GL Q4 2013 Retail Energy Outlook, EIA
[1]Eligible customers defined as customers in deregulated states

M&A Opportunities Remain Strong

- ✓ Highly fragmented competitive market of independent energy retailers
- ✓ Majority with < 300,000 customers
- ✓ Spark's corporate structure and relationship with its Sponsor provides the ability to finance and transact quickly

Strategic M&A Criteria

- ✓ Scale / Density
- ✓ Geography
- ✓ Products
- ✓ Synergies
- ✓ Growth Engine

Potential for Accretive Transactions with Synergies

Aligned Sponsor Provides Access to M&A Opportunities, Capital, and Other Services To Propel Growth

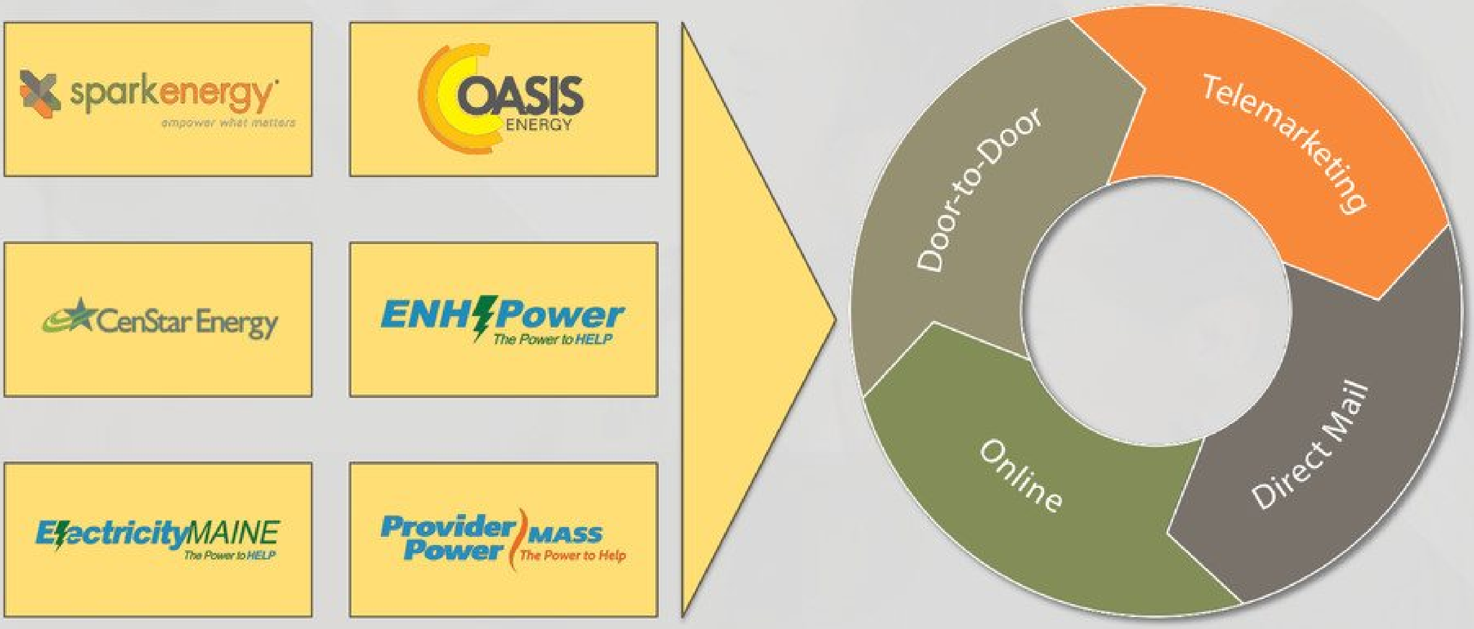
Proven Track Record of Acquisitions and Integration

Recent Transactions

Townsquare Energy	Discount Power	Entrust Energy
~2,000 Customers Connecticut	~12,000 Customers Connecticut	~26,000 Customers Northern California
December 2014	December 2014	March 2015

CenStar Energy	Oasis Energy	Provider Power
~65,000 RCEs 13 New Markets	~40,000 RCEs 7 New Markets	~121,000 RCEs 9 New Markets
July 2015	July 2015	August 2016

Multiple Brands and Sales Channels Enhance Our Ability to Acquire Customers Organically



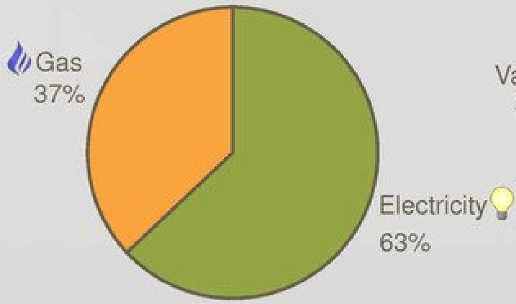
- Multiple brands allow for brand positioning and winback strategies not previously available
- Outsourced vendor relationships allow rapid scaling and low fixed costs while driving quality, efficiency and flexibility
- Recently instituted organic commission structure ensures customer quality and lifetime value

Outsourcing of Customer Operations and I.T. Supports Growth Strategy and Provides Cost Savings

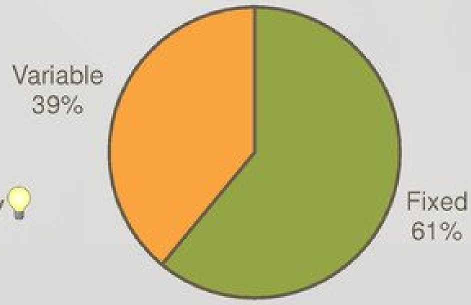
- Delivered $5 million in annualized cost savings in first half of 2016
- Provides scalability and supports Spark and NGE's M&A strategy
- Contractual terms and service level penalties derisk operating costs
- Spark Management freed up to focus on growth

Portfolio Diversification

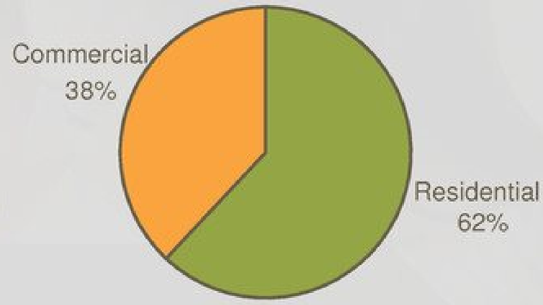
Commodity



Product



Customer



Both product and customer mix, combined with geographic diversification supports stable cash flow

Based on RCEs as of June 30, 2016

Conservative Capitalization Minimizes Risk

- $107.5 million syndicated credit facility
- $82.5 million working capital line (eliminates need for costly credit sleeve)
- $11.9 million drawn on $25.0 million acquisition tranche[1]
- Low cost of capital
- Anticipate near-term M&A transactions will be financed predominately using equity

Leverage Ratio[1]	
Long-Term Debt[2]	$18.4MM
TTM Adjusted EBITDA	$53.8MM
Leverage Ratio	**0.3x**

[1]As of June 30, 2016
[2]Includes long-term portion of senior credit facility & convertible subordinated notes to affiliates

Managing Commodity Price Risk

Seasoned, in-house supply team provides a strong competitive advantage relative to our peers while ensuring risk mitigation

- Proven hedging strategy that has been refined over Spark Energy's 17 year history
- Demonstrated ability to "weather the storm" through up-and-down commodity markets, extreme weather events, and down economies
- Disciplined risk management supports aggressive growth plans
  - Virtually all fixed price exposure is hedged
  - Variable hedging policy based on individual market characteristics
  - Hedging policy monitored closely by CFO and CRO
- Risk management policy approved by syndicate banks and Board of Directors
- Approximately $240MM in available credit with wholesale suppliers[1]

[1]*As of August 4, 2016*

Creating Shareholder Value

Total Shareholder Return assumes an investment of $100 on January 1, 2015 and also assumes the reinvestment of dividends

As of August 4, 2016

Key Investment Highlights

High Growth

Proven Track Record of Accretive Acquisitions and Integrations

6
Transactions in the last eighteen months

Consistent Organic Growth

~3%
Organic customer growth last three years (CAGR)

Sustainable Dividends

Customer & Product Diversification Underpins our Dividend

18 States
75 Utilities
2 Commodities
6 Brands

Conservative Capitalization and Risk Management

0.3x
Leverage Ratio

Committed to the Dividend and Total Shareholder Return

$1.45
Annual Dividend

Aligned Sponsor Provides Access to Capital, Derisked M&A Opportunities, and Streamlined Customer Operations Services to Support Aggressive Growth

Investor Relations Contact Information

Investor Relations
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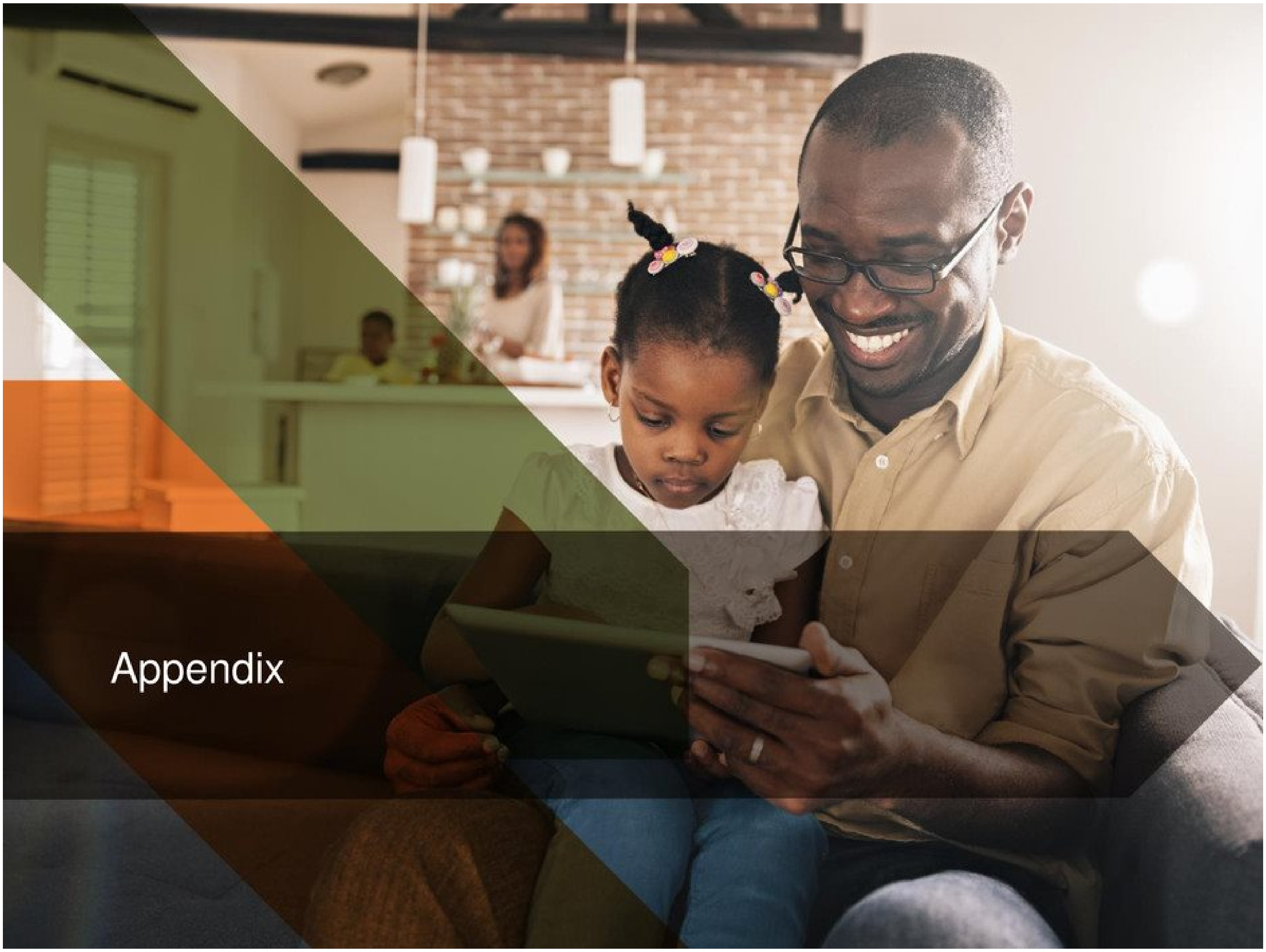
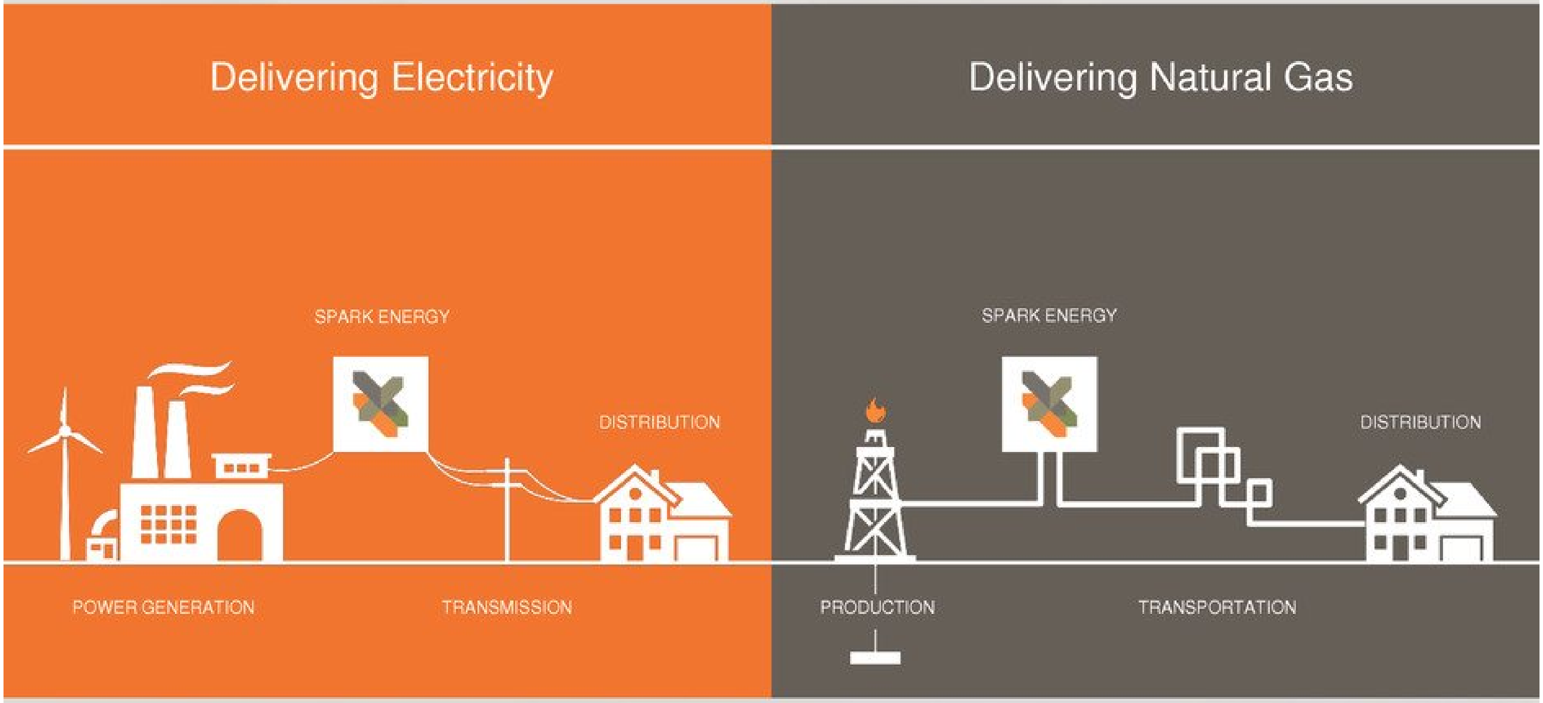
Houston, TX 77079
http://ir.sparkenergy.com/

Contact: Andy Davis
ir@sparkenergy.com
832-200-3727


Appendix

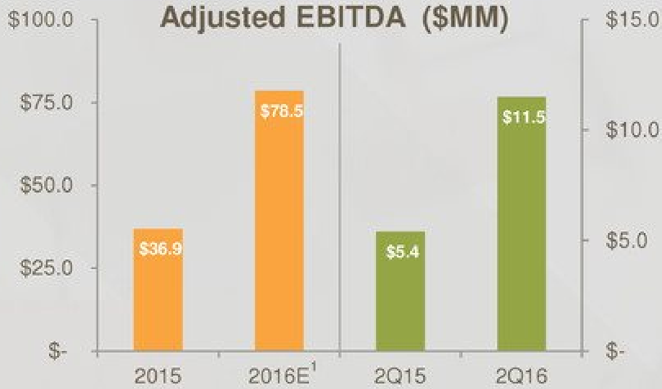
How Spark Energy Serves its Customers



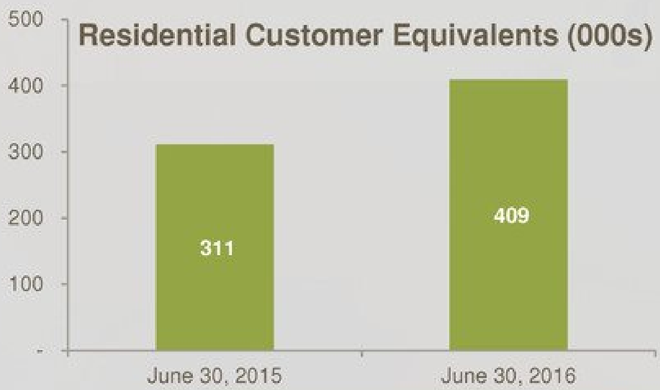
Our Value Proposition to the Customer

- Stable and Predictable Energy Costs
- Green and Renewable Products
- Potential Cost Savings

Spark by the Numbers



($ in millions)	2015	2016[1]	2Q15	2Q16
Revenue	$358.2	-	$70.2	$76.2
Retail Gross Margin	$113.6	-	$24.7	$29.1
Adjusted EBITDA	$36.9	$78.5	$5.4	$11.5
Customer Acquisition Costs	$19.9	-	$6.3	$2.8



	2Q15	2Q16
RCEs (000s)[2]	311	409
RCE Attrition	5.2%	4.0%
Electricity Volume (MWh)	426,402	565,452
Natural Gas Volume (MMBtu)	2,290,913	2,511,369
Electricity Unit Margin ($/MWh)	$35.61	$31.26
Natural Gas Unit Margin ($/MMBtu)	$4.14	$4.56

2016 Adjusted EBITDA Guidance of $75.0 – $82.0 Million

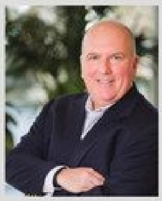
[1]This data reflects the midpoint of the range given for the applicable period; [2]As of the last day of the quarter

Proven Leadership

Senior Management has over 35 Years of Retail Energy Experience

Nathan Kroeker • CEO and President

- Veteran leader in sales strategy, global energy supply, and M&A across the upstream, downstream, and midstream energy sectors
- Extensive international experience; board member of ESM (a Japanese retail energy company); previously worked for Macquarie and Centrica



Jason Garrett • Executive Vice President

- Served in leadership roles, including M&A, for various deregulated energy companies including SouthStar Energy, Just Energy, and Continuum
- Proven success and expertise in sales leadership, call center management, operational improvements and cost reduction initiatives

Robert Lane • Vice President and Chief Financial Officer

- Former CFO of Emerge Energy Services LP (NYSE:EMES)
- Experienced in M&A, integration and capital markets throughout the energy sector
- Certified Public Accountant and Chartered Financial Analyst

Gil Melman • Vice President, General Counsel and Corporate Secretary

- Former general counsel to Madagascar Oil Limited (LSE:MOIL) and lawyer at Vinson & Elkins LLP
- Proficient in representing public and private companies, investment funds and investment banking firms on M&A and capital markets transactions

Extensive M&A Experience Across the Team Ensures Value Creation

sparkenergy

Board of Directors

W. Keith Maxwell III • Chairman of the Board of Directors

Mr. Maxwell serves as non-executive Chairman of the Board of Directors, and was appointed to this position in connection with the IPO. Mr. Maxwell also serves as Chief Executive Officer of NuDevco Partners, LLC and National Gas & Electric, LLC, each of which is affiliated with us. Prior to founding the predecessor of Spark Energy in 1999, Mr. Maxwell was a founding partner in Wickford Energy, an oil and natural gas services company, in 1994. Wickford Energy was sold to Black Hills Utilities in 1997. Prior to Wickford Energy, Mr. Maxwell was a partner in Polaris Pipeline, a natural gas producer services and midstream company sold to TECO Pipeline in 1994. In 2010, Mr. Maxwell was named Ernst & Young Entrepreneur of the Year in the Energy, Chemicals and Mining category. A native of Houston, Texas, Mr. Maxwell earned a Bachelor's Degree in Economics from the University of Texas at Austin in 1987. Mr. Maxwell has several philanthropic interests, including the Special Olympics, Child Advocates, Salvation Army, Star of Hope and Helping a Hero. We believe that Mr. Maxwell's extensive energy industry background, leadership experience developed while serving in several executive positions and strategic planning and oversight brings important experience and skill to our board of directors.

Nathan Kroeker • Director, President and Chief Executive Officer

Nathan Kroeker, appointed President of Spark Energy in April 2012, is responsible for overseeing the day-to-day operations and help shape the overall strategy of the company. Nathan is a 15-year industry veteran with diverse experience in public accounting, M&A, and both retail and wholesale energy. Nathan first joined the company in July 2010 as Executive Vice President and Chief Financial Officer of Spark Energy Ventures. Prior to Spark, Nathan held senior finance and leadership roles with Macquarie and Direct Energy. He began his career in public accounting, including both audit and M&A advisory functions. Nathan holds a Bachelor of Commerce (honors) degree from the University of Manitoba, and has both a CPA (Texas) as well as a CA (Canada).

Nick W. Evans, Jr. • Independent Director

Mr. Evans began his career at the Georgia Railroad Bank and then joined Abitibi Southern Corporation. He began his television career in sales at WATU-TV and WRDW-TV in Augusta and then moved to WNEP-TV, Wilkes-Barre/Scranton, Pennsylvania. He returned to WAGT-TV in Augusta and eventually became president and general manager. From 1987 to 2000, he was President and CEO of Spartan Communications, Inc., headquartered in Spartanburg, South Carolina. He currently serves as chairman of ECP Benefits and ECP/Trinity, partner of Toast Wine & Beverage, and is involved in business development for Group CSE in Atlanta. Mr. Evans is a former board member of numerous civic, community, business and industry organizations. While a Rotarian he was selected as a Paul Harris Fellow. Currently, he holds board positions with Wells Fargo (Augusta Advisory Board), Forest Hills Golf Association, Azalea Capital (Advisory Board) and Coca-Cola Bottling Company United, Inc. Mr. Evans served as a director of Marlin Midstream GP, LLC, the general partner of Marlin Midstream Partners, LP, each of which is affiliated with us, from September 2013 through February 2015. Mr. Evans holds a B.B.A degree from Augusta College. Mr. Evans was selected to serve as a director because of his leadership and management expertise.

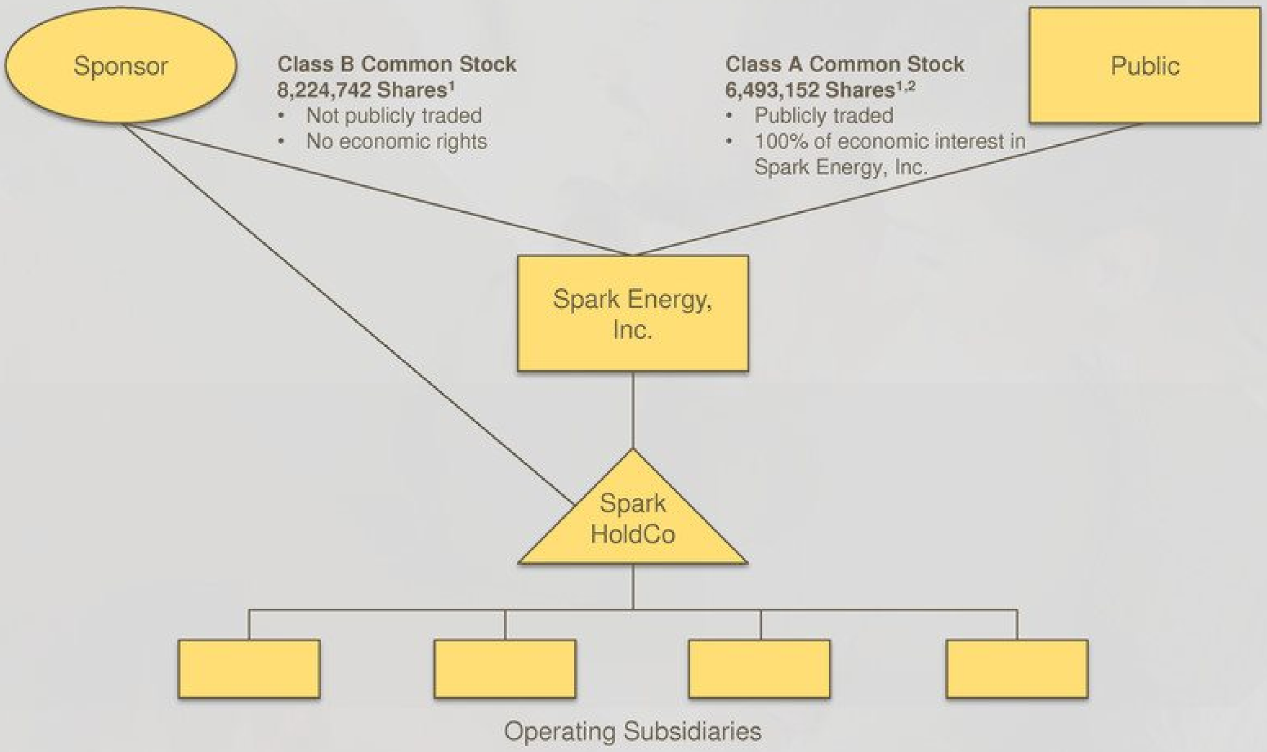
James G. Jones II • Independent Director

Mr. Jones has served on Spark Energy's Board of Directors since our initial public offering in July 2014. Mr. Jones is a partner at Padgett Stratemann & Co, a regional CPA with over 230 professionals. Mr. Jones is the leader of the Houston office which opened in May 2014. Prior to Padgett Stratemann & Co, Mr. Jones worked at Ernst & Young LLP from 1998 to March 2014, where he was a tax partner. Mr. Jones holds a Doctor of Jurisprudence from Louisiana State University and a Bachelor of Science in Accounting from the University of Louisiana at Monroe. Mr. Jones was selected as a director because of his extensive tax and financial background as well as his management expertise.

Kenneth M. Hartwick • Independent Director

Mr. Hartwick has served on Spark Energy's Board of Directors since our initial public offering in July 2014. Mr. Hartwick served in various roles for Just Energy Group Inc., a retail natural gas and electricity provider, most recently serving as President and Chief Executive Officer from 2004 through 2014. Mr. Hartwick also served for Just Energy Group Inc. as President from 2006 to 2008, as Chief Financial Officer from 2004 to 2006 and as a director from 2008 to 2014. Mr. Hartwick also served as the Chief Financial Officer of Hydro One, Inc., an energy distribution company, from 2001 to 2004. Mr. Hartwick currently serves as a director of Atlantic Power Corporation, a power generation plant operator, a position he has held since 2004. Mr. Hartwick also serves as a director of MYR Group Inc., an electrical contractor specializing in transmission, distribution, and substation projects, a position he has held since 2015. Mr. Hartwick holds an Honours of Business Administration degree from Trent University. Mr. Hartwick was selected as a director because of his extensive knowledge of the retail natural gas and electricity business and his leadership and management expertise.

Up-C Structure



[1]Shares as of August 4, 2016

[2]Includes 489,850 shares held by our sponsor and his affiliate(s)

Spark in the Community

Empower What Matters Most
We partner with organizations that:

- Raise the quality of life for children and military veterans
- Make communities better places to live and work
- Drive America's economic future through entrepreneurship education
- Provide an avenue for our employees to get involved in our community and to support our green values

Arbor Day Foundation

Through our work with the **Arbor Day Foundation**, we are able to extend our environmental efforts far beyond green energy.

Lemonade Day!

We help **Lemonade Day** introduce youth to the concept of starting and operating their own lemonade stand businesses while teaching the real-world skills they need to achieve their dreams.

luminAID
Makers of Brilliant Things.

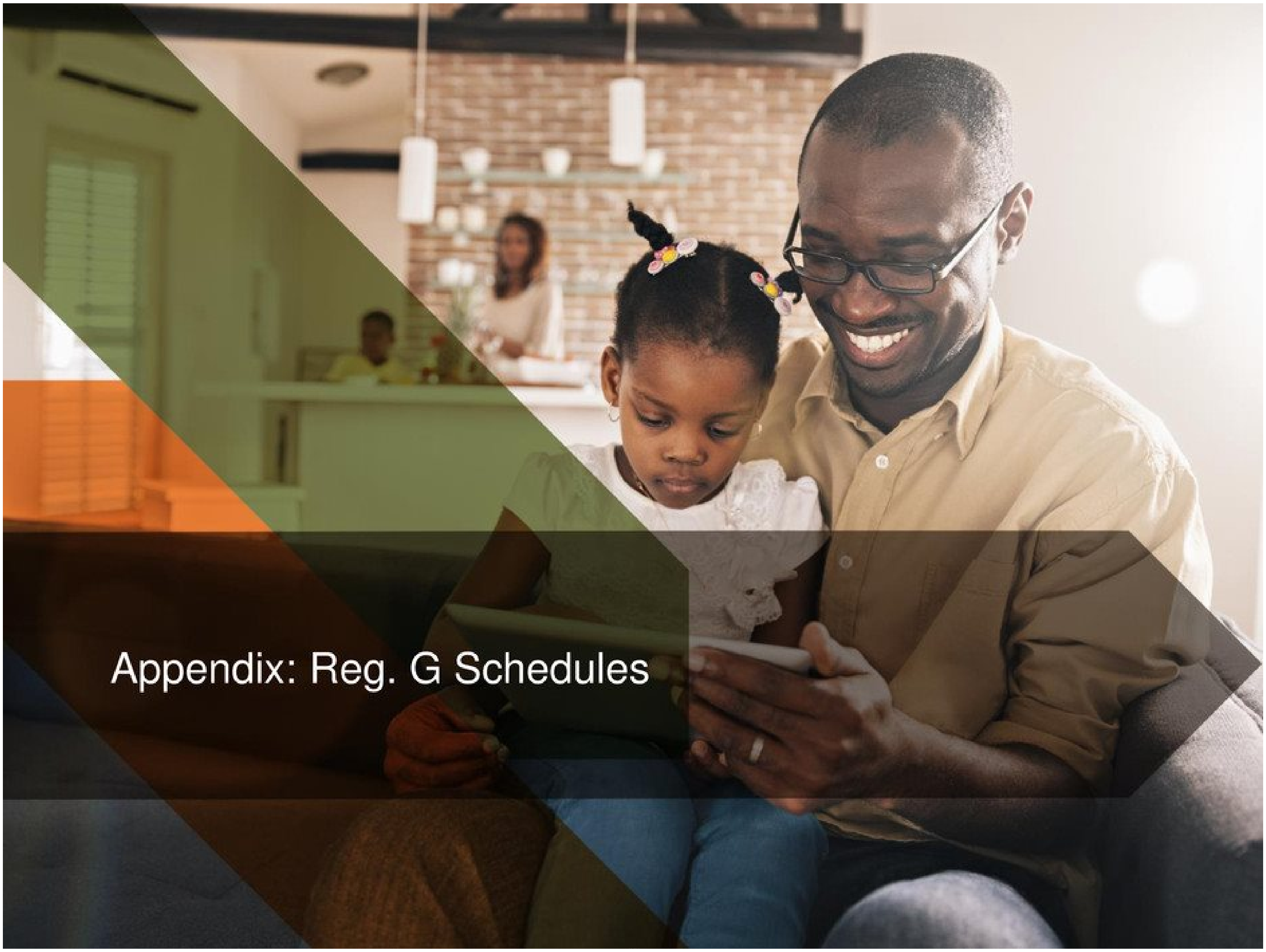
1.6 million people around the world lack proper access to electricity. Through our relationship with **LuminAID**, we are developing programs to distribute solar-powered inflatable lights to areas that need it the most.

The Beer-Sheba Project

We are working with **The Beer-Sheeba Project**, which focuses on sustainable agro-forestry and holistic environmental education in Senegal. We started with a solar panel expansion plan that is now bringing additional energy to power the project's feed mills, irrigation pumps and cooling systems.

HELPING A HERO.ORG

Helping a Hero provides specially adapted homes — and other much-needed services and resources — for severely-injured military combat veterans. We're proud to play our part in helping America's heroes transition back to normal lives in their communities by donating electricity to these warriors for the first year they own their new homes.


Appendix: Reg. G Schedules

Reg. G

Appendix Table A-1: Adjusted EBITDA Reconciliation

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for each of the periods indicated.

($ in thousands)	2015	2Q15	2Q16
Net income (loss)	$25,975	$4,039	$10,738
Depreciation and amortization	25,378	6,038	6,244
Interest expense	2,280	234	619
Income tax expense	1,974	458	4,736
EBITDA	55,607	10,769	22,337
Less:			
Net, Gains (losses) on derivative instruments	(18,497)	(4,874)	5,410
Net, Cash settlements on derivative instruments	20,547	4,533	4,465
Customer acquisition costs	19,869	6,271	2,800
Plus:			
Non-cash compensation expense	3,181	609	1,824
Adjusted EBITDA	**$36,869**	**$5,448**	**$11,486**

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Appendix Table A-2: Adjusted EBITDA Reconciliation

The following table presents a reconciliation of Adjusted EBITDA to net cash provided by operating activities for each of the periods indicated.

($ in thousands)	2015	2Q15	2Q16
Net cash provided by operating activities	$45,931	$16,447	$18,112
Amortization and write off of deferred financing costs	(412)	(51)	(118)
Allowance for doubtful accounts and bad debt expense	(7,908)	(1,232)	445
Interest expense	2,280	234	619
Income tax expense (benefit)	1,974	458	4,736
Changes in operating working capital			
Accounts receivable, prepaids, current assets	(18,820)	(19,120)	(15,901)
Inventory	4,544	2,434	1,647
Accounts payable and accrued liabilities	13,008	6,504	(416)
Other	(3,728)	(226)	2,362
Adjusted EBITDA	**$36,869**	**$5,448**	**$11,486**
Cash flows provided by operating activities	$45,931	$16,447	$18,112
Cash flows used in investing activities	$(41,943)	$(451)	$(1,029)
Cash flows used in financing activities	$(3,873)	$(16,160)	$(12,770)

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Appendix Table A-3: Retail Gross Margin Reconciliation

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

($ in thousands)	2015	2Q15	2Q16
Operating income (loss)	$29,905	$4,545	$15,899
Depreciation and amortization	25,378	6,038	6,244
General and administrative	61,682	13,712	16,199
Less:			
Net asset optimization revenue	1,494	(67)	(676)
Net, Gains (losses) on non-trading derivative instruments	(18,423)	(4,808)	5,487
Net, Cash settlements on non-trading derivative instruments	20,279	4,493	4,394
Retail Gross Margin	**$113,615**	**$24,677**	**$29,137**

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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 (loss) before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs (representing spending for organic customer acquisitions) 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. For example, our Adjusted EBITDA is lower in years of customer growth reflecting larger customer acquisition spending. We do not deduct the cost of customer relationships (representing those customer acquisitions through acquisitions of business or portfolios of customers). 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 are 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 consolidated financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following:

- 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.

Reconciliation of Spark's guidance of Adjusted EBITDA for 2016 to the relevant GAAP line items is not being provided as Spark is not providing 2016 guidance for net income (loss), net cash provided by operating activities, or the reconciling items between these GAAP financial measures and Adjusted EBITDA. Accordingly, a reconciliation to net income (loss) or net cash provided by operating activities is not available without unreasonable effort.

Retail Gross Margin

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.