Registered number: 08330281

JUST ENERGY (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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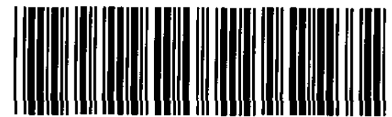

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COMPANIES HOUSE

JUST ENERGY (U.K.) LIMITED

COMPANY INFORMATION

Directors	Ms D Merril (resigned 1 April 2018) Mr P McCullough (appointed 1 April 2018) Ms J Thornton Mr Y Haver
Registered number	08330281
Registered office	3rd Floor Elder House 586-592 Elder Gate Milton Keynes MK9 1LR
Independent auditors	Larking Gowen LLP Chartered Accountants & Statutory Auditors 1 Claydon Business Park Great Blakenham Ipswich IP6 0NL

JUST ENERGY (U.K.) LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their Strategic report for the year ended 31 March 2018.

Business review

The Company's principal activity during the year was that of a holding company, whilst the group's principal activity during the year was that of the supply of electricity and gas to the commercial and residential market in Germany and Japan.

The results of operations for the financial year ended 31 March 2018 were in line with the expectations of the directors. The financial position at the year end was considered satisfactory by the directors for the Company to enter into its operations for the following financial year.

Principal risks and uncertainties

The principal risk facing the company is the performance of the Company's subsidiary undertakings. The following risks affecting the group are not intended to be an exhaustive list, as some future risks may be as yet unknown and other risks, currently regarded as immaterial, could turn out to be material: commodity price risk; earnings seasonality and volatility; supply counterparty risk; legal and regulatory risk; retail risk; and business operations risk.

Financial key performance indicators

The Company and group's key performance indicators include gross profit, profit for the year as well as EBITDA.

Other key performance indicators

The Company and group's other performance indicators include growth in customer base.

These performance indicators are disclosed in the financial statements of the Company's subsidiary undertakings where appropriate.

This report was approved by the board and signed on its behalf.

Ms J Thornton
Director

Date: 21 December 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £14,627 *(2017 - £NIL)*.

The directors do not recommend payment of an ordinary dividend *(2017 - £NIL)*.

Directors

The directors who served during the year were:

Ms D Merril (resigned 1 April 2018)
Ms J Thornton
Mr Y Haver

Future developments

No significant developments are planned for the Company in the near future.

The Company's subsidiary undertakings will continue to offer a fresh approach through innovative products to support the energy needs of residential and commercial customers, whilst continuing to look for product growth and diversification.

The Company's ultimate parent expects to continue its expansion efforts.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Financial instruments

The Company's wholly owned subsidiary undertakings enter into a variety of derivative financial instruments as part of the business of purchasing and selling gas and electricity. The directors consider there to be no further financial risk management objectives and policies material to an understanding of the Company.

Additional information on the exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk is deemed immaterial for an assessment of the assets, liabilities, financial position and profit or loss of the Company.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The Company's wholly owned subsidiaries continue to support growth targets by offering unique and value added products.

This report was approved by the board and signed on its behalf.

Ms J Thornton
Director

Date: 21 December 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JUST ENERGY (U.K.) LIMITED

Opinion

We have audited the financial statements of Just Energy (U.K.) Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JUST ENERGY (U.K.) LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Fitch FCA (Senior statutory auditor)
for and on behalf of
Larking Gowen LLP
Chartered Accountants
Statutory Auditors
Ipswich
Date: 21 December 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	*2017* *£*
Administrative expenses		**(14,627)**	-
Operating (loss)/profit		**(14,627)**	-
Tax on (loss)/profit		-	-
(Loss)/profit for the financial year		**(14,627)**	-

The notes on pages 11 to 18 form part of these financial statements.

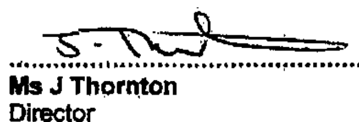
There was no other comprehensive income for 2018 *(2017 - £NIL)*.

JUST ENERGY (U.K.) LIMITED
REGISTERED NUMBER: 08330281

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note		2018 £		2017 £
Fixed assets					
Investments	7		20,921		1
			20,921		1
Current assets					
Debtors: amounts falling due within one year	8	1,789,044		100	
Cash at bank and in hand		4,038		-	
		1,793,082		100	
Creditors: amounts falling due within one year	9	(499,602)		(1)	
Net current assets			1,293,480		99
Total assets less current liabilities			1,314,401		100
Net assets			1,314,401		100
Capital and reserves					
Called up share capital	11		100		100
Other reserves	12		1,328,928		-
Profit and loss account	12		(14,627)		-
			1,314,401		100

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Ms J Thornton
Director

Date: 21 December 2018

The notes on pages 11 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	100	-	-	100
Comprehensive income for the year				
Loss for the year	-	-	(14,627)	(14,627)
Total comprehensive income for the year	-	-	(14,627)	(14,627)
Capital contribution	-	1,328,928	-	1,328,928
Total transactions with owners	-	1,328,928	-	1,328,928
At 31 March 2018	100	1,328,928	(14,627)	1,314,401

The notes on pages 11 to 18 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Total equity
	£	£
At 1 April 2016	100	100
Total comprehensive income for the year	-	-
At 31 March 2017	100	100

The notes on pages 11 to 18 form part of these financial statements.

1. General information

Just Energy (U.K.) Limited is a private company limited by shares and incorporated in England and Wales, registration number 08330281. The registered office is 3rd Floor Elder House, 586-592 Elder Gate, Milton Keynes, MK9 1LR.

The Company's principal activity during the year was that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 16.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£) and all values are rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Just Energy Group, Inc. as at 31 March 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and these financial statements may be obtained from that Company's website at http://www.justenergygroup.com/

2. Accounting policies (continued)

2.3 Going concern

After making enquiries and reviewing cash flow forecasts and available facilities for a period of at least 12 months from the date of these financial statements, the directors have a reasonable expectation at the time of approving the financial statements that the Company has adequate resources to continue in operational existence for the foreseeable future.

Furthermore, assurances have been received that the amounts owed to group undertakings totalling £491,997 *(2017 - £NIL)* will not be recalled within 12 months from the date of approval of the financial statements should this render the Company unable to meet its liabilities as they fall due.

The Company's parent, Just Energy Group, Inc., is also committed to providing sufficient continued financial support such that the directors consider there to be no material uncertainty with regards going concern. The directors therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

2.4 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like loans to and from related parties.

2.9 Creditors

Short term creditors are measured at the transaction price.

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements require management to make significant judgments and estimates. The items in the financial statements where these judgments have been made include:

Debtors
The Company reviews its individually significant debtors at each reporting date to assess whether an impairment loss should be recorded in the Statement of comprehensive income. In particular, judgment by the directors is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and the fair value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

A material balance is owing by one of the Company's subsidiary undertakings, Just Energy Japan K.K. ("JEJ"). Japan is a new market entered into by the group and significant startup costs were incurred during the period. Having scrutinised the business plan of JEJ, the directors are confident that JEJ will turn a profit and hence recover amounts owing to the Company in full; accordingly the directors have not booked an impairment charge.

4. Accounting standards issued but not yet effective

IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB on 24 July 2014, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the multiple rules in IAS 39. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. No material impact on the Company's financial statements is expected.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), was issued by the IASB in May 2014 and establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or industry. The standard will also provide guidance on the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. No material impact on the Company's financial statements is expected.

IFRS 16, Leases ("IFRS 16"), was issued by the IASB in January 2016. This guidance brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, Leases and Related Interpretations, and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. No material impact on the Company's financial statements is expected.

5. Auditors' remuneration

	2018	*2017*
	£	*£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**1,600**	*1,500*
Fees payable to the Company's auditor and its associates for non audit services	**-**	*-*
	1,600	*1,500*

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2018	*2017*
	No.	*No.*
Directors	**3**	*2*

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2017	**1**
Additions	**20,921**
Disposals	**(1)**
At 31 March 2018	**20,921**
Net book value	
At 31 March 2018	**20,921**
At 31 March 2017	*1*

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Registered office and principal activity
Just Energy Germany GmbH	Ordinary	100 %	Registered office: db SWPro GmbH Kapstanding 10 Hamburg Germany 22297 Principal activity: Supply of electricity and gas to the commercial and residential market.
Just Energy Japan K.K.	Ordinary	100 %	Registered office: Oak Minami Azabu Building 2F 3-19-23 Minami-Azabu Minato-ku Tokyo Japan 106-0047 Principal activity: Supply of electricity and gas to the commercial and residential market.

7. Fixed asset investments (continued)

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
			Registered office: db SWPro GmbH Kapstanding 10 Hamburg Germany 22297
Just Energy Deutschland GmbH	Ordinary	95 %	Principal activity: Supply of electricity and gas to the commercial and residential market.
			Registered office: db SWPro GmbH Kapstanding 10 Hamburg Germany 22297
db SWPro GmbH	Ordinary	51 %	Principal activity: Supply of electricity and gas to the commercial and residential market.
			Registered office: Oak Minami Azabu Building 2F 3-19-23 Minami-Azabu Minato-ku Tokyo Japan 106-0047
Just Energy Japan G.K.	Ordinary	100 %	Principal activity: Supply of electricity and gas to the commercial and residential market.

8. Debtors

	2018 **£**	*2017* *£*
Amounts owed by group undertakings	**1,789,044**	*100*
	1,789,044	*100*

9. Creditors: Amounts falling due within one year

	2018 £	*2017* *£*
Amounts owed to group undertakings	499,602	*1*
	499,602	*1*

10. Financial instruments

	2018 £	*2017* *£*
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**1,789,044**	*100*
Financial liabilities		
Financial liabilities measured at amortised cost	**(499,602)**	*(1)*

Financial assets measured at amortised cost comprise debtors.

Financial liabilities measured at amortised cost comprise creditors.

11. Share capital

	2018 £	*2017* *£*
Allotted, called up and fully paid		
100 *(2017 - 100)* Ordinary shares of £1.00 each	**100**	*100*

12. Reserves

Other reserves

Other reserves includes capital contributions received from the Company's parent, Just Energy Group, Inc.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

13. Capital disclosure

The Company defines capital as shareholders' equity. The company's objectives when managing capital are to maintain flexibility by:
(i) enabling it to operate efficiently;
(ii) providing liquidity and access to capital for growth opportunities; and
(iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. The Company's capital management objectives have remained unchanged from the prior year.

14. Related party transactions

The Company has taken advantage of the exemption contained in FRS 101 and has not disclosed transactions with any member of the Just Energy Group, Inc. group that is wholly owned.

15. Controlling party

The parent Company and ultimate controlling party is Just Energy Group, Inc., a company incorporated in Canada. Copies of that Company's consolidated financial statements may be obtained from its website at http://www.justenergygroup.com/

The registered office of Just Energy Group, Inc. is located at 100 King Street West, Suite 2630, Toronto, ON, M5X 1E1.

16. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.

SERVICE

PERFORMANCE

EFFICIENCY

ANNUAL REPORT 2018

THE POWER OF TRUST

SOLUTIONS

CONNECTED

THESE ACCOUNTS FORM PART OF THE GROUP ACCOUNTS OF COMPANY No. 8310381

INNOVATION

PARTNERSHIP

GROWTH IN KEY METRICS

Over two decades ago, customers first welcomed Just Energy, turning to us for energy commodity solutions that would give them peace of mind by helping them manage price volatility. And that is still true, but now it is only part of the story. Today, in markets around the world, we are building stronger, deeper relationships with customers by providing them with insight as well as options for managing energy more efficiently. We offer customers a steadily growing assortment of smart products and sustainable approaches that give them the comfort, convenience and control they want. We also offer an expanding range of options for customers to connect with us – for advice, service and solutions they can depend on, today and tomorrow. That's *The Power of Trust.*

$3,627 MILLION
in sales

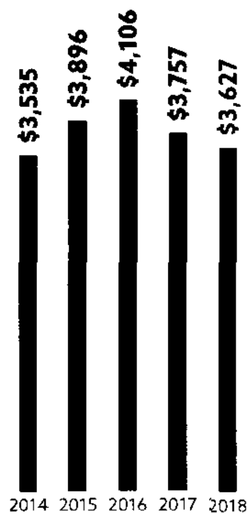
$174 MILLION
in Base EBITDA

$641 MILLION
in gross margin

$1,901 MILLION
in embedded gross margin

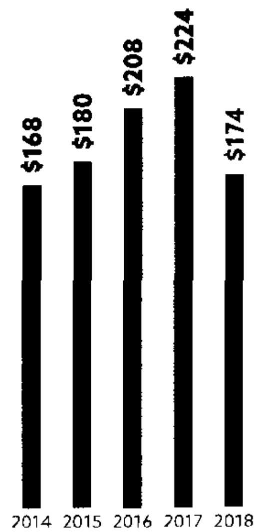
Established in 1997, Just Energy (NYSE:JE, TSX:JE) is a leading retail consumer company specializing in electricity and natural gas commodities, energy efficiency solutions, and renewable energy options. With offices located across the United States, Canada, the United Kingdom, Ireland, Germany and Japan, Just Energy serves approximately 1.6 million residential and commercial customers, providing homes and businesses with a broad range of energy solutions that deliver comfort, convenience and control. Just Energy Group Inc. is the parent company of Amigo Energy, Green Star Energy, Hudson Energy, Interactive Energy Group, Just Energy Advanced Solutions, Tara Energy, terrapass and EdgePower, Inc.

REVENUE
(C$ MILLIONS)

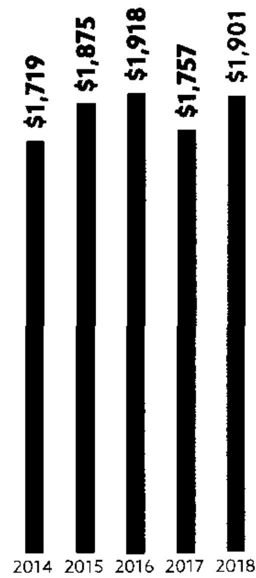


GROSS MARGIN
(C$ MILLIONS)

BASE EBITDA
(C$ MILLIONS)



EMBEDDED GROSS MARGIN
(C$ MILLIONS)



MARKET POSITION

Active in 23 deregulated utility commodity markets in North America

4th largest North American residential retailer*

9th largest commercial retailer in the U.S.*

Two of the top 10 most trusted Texas retail brands†

AT-A-GLANCE

Just Energy is an energy solutions provider focused on delivering innovative products and services centred around the customer.

CONSUMER

Description

- Targets residential and small commercial customers
- Operations in the U.S., Canada, the U.K., Ireland, Germany and Japan
- 1,836,000 RCEs

Main products

- Commodity: Structured products to deliver differentiated customer value
- Sustainable: Green energy and carbon offset solutions (JustGreen, terrapass)
- Efficiency and water conservation: ecobee, Skydrop, LED light bulbs
- Smart home: Home security and automation, voice-controlled devices
- Wellness: Air filters

Gross margin ($ and %)

- $488 million
- 76%

COMMERCIAL

Description

- Targets mid-size commercial customers (15 RCEs or more)
- Operations in the U.S., Canada, the U.K., Ireland, Germany and Japan
- 2,327,000 RCEs

Main products

- Fixed price
- Variable price
- Green energy options
- Sustainability solutions
- Energy management solutions

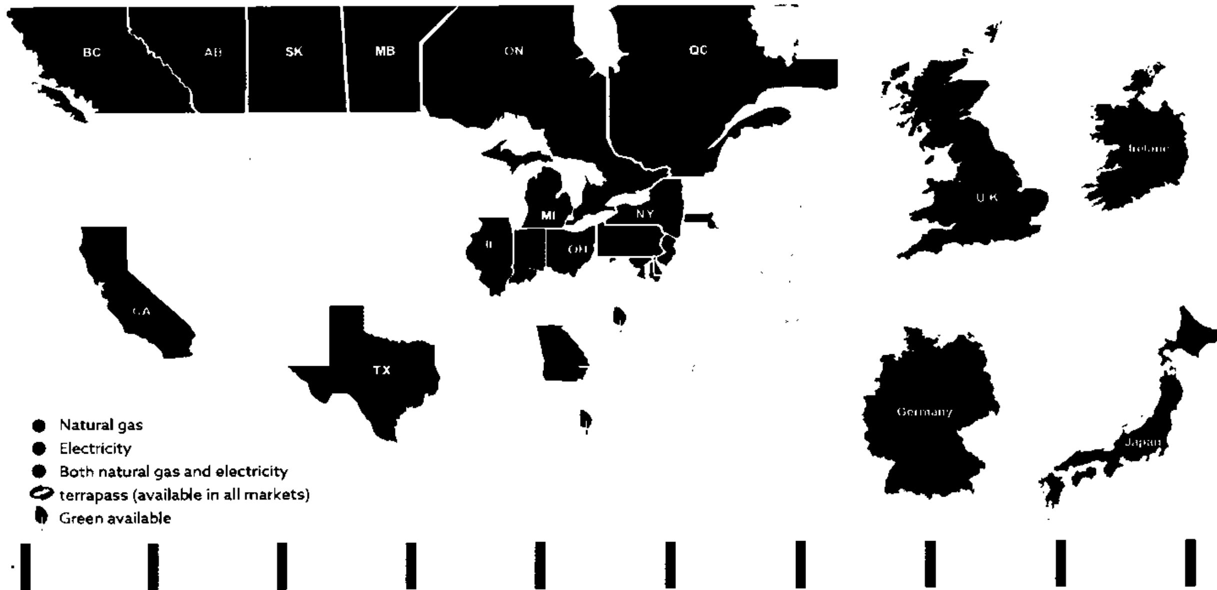
Gross margin ($ and %)

- $153 million
- 24%

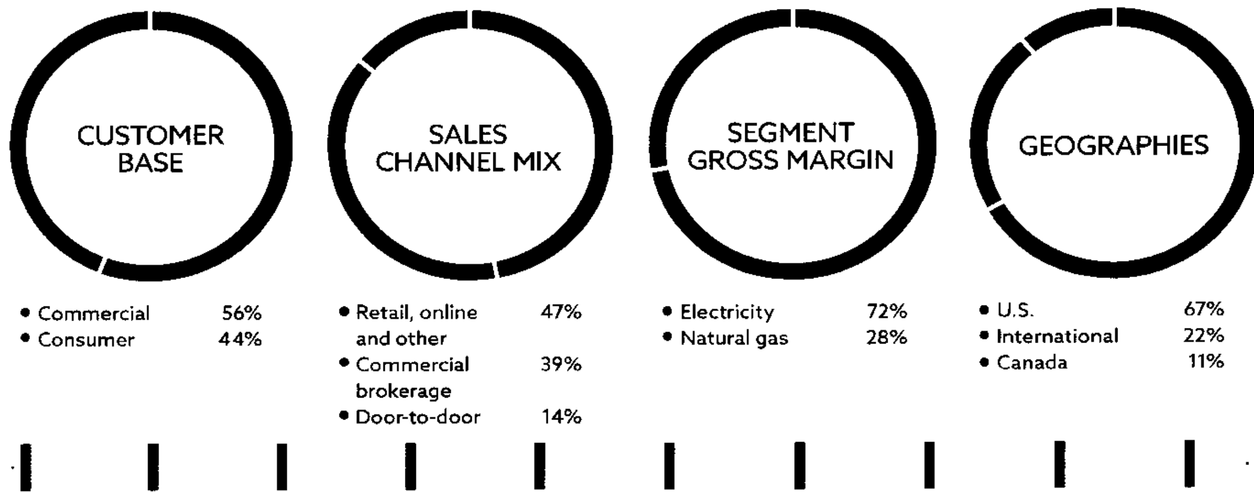
Just Energy measures its energy customer base in residential customer equivalents ("RCEs") based on the average natural gas or electricity consumption of a typical household.

* DNV GL, Retail Landscape Report, April 2017
† Market Strategies International, Cogent Reports 2017 Texas Retail Electric Provider Brand Trust Study, September 2017

Just Energy Group markets



2018 business mix



Our brands

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Fiscal 2018 was an important year for Just Energy as we began our third decade as an organization. Throughout the year, we persevered through highly unusual, challenging weather events without losing focus on our strategic initiatives and goals.

Our business delivered solid earnings growth when adjusting for abnormal weather events. We exceeded an aggressive goal in our retail channel expansion strategy by establishing a presence in over 500 stores across 18 different retail partners by year-end. Further, we made significant progress on our path towards transforming Just Energy from a pure-play retail energy provider to a consumer-centric company that operates throughout the entire customer life cycle.

We are entering fiscal 2019 at a pivotal time for our Company. Our product, channel and geographic expansion strategies are gaining traction, and we are well positioned to deliver sustained growth in fiscal 2019 and beyond. We have great momentum and the entire organization is energized by our transformation to a consumer company.

The transformation is underway

Energy markets are experiencing a groundswell of change and disruption, which presents opportunities for Just Energy to pursue new forms of technology and innovation, develop new routes to access consumers, and strengthen our leadership position in the industry. Our transformation from a retail energy provider to a consumer-centric company will enable us to capitalize on the opportunities we see in the marketplace.

When our transformation is complete, Just Energy will no longer be viewed simply as a retail energy provider, offering price-based, push-driven, invisible products sold through third parties. Our future as a true consumer company centres on real value creation and delivery, which depends on our ability to provide value added products and best-in-class customer service and experience.

To achieve this goal, we're focused on developing a profitable suite of value-add products and services through which Just Energy will own and control customer relationships with direct interaction throughout the product life cycle. We believe in the convergence of the smart-connected home, combining automation, security and energy, and water resources, and we are building a platform to seamlessly integrate these exciting, high growth opportunities into our expanding product portfolio.

Committed to our core principles

Just Energy's vision is to be the gold standard among consumer companies, focused on energy management solutions, and delivering value, stability and innovation in every customer, employee, shareholder and community relationship. This vision serves as the framework for every aspect of our business. We want to express to all of our stakeholders that we're committed to the following core principles that will guide our organization's future. Each of Just Energy's representatives and partners must embody these core tenets of our values:

1) **Honesty.** We strive to deliver the highest satisfaction and greatest benefit to every customer, shareholder, employee and community partner, through honest and transparent practices.
2) **Accountability.** We will move forward with a new resolve and commitment to faster execution of our objectives. This commitment to accountability begins at the top and cascades throughout the organization. We will all be held accountable to our vision and for delivering on our strategic imperatives.
3) **Results.** Just Energy will be an organization focused on a unified goal that promotes our sustainable growth with a laser focus on maximizing shareholder returns.

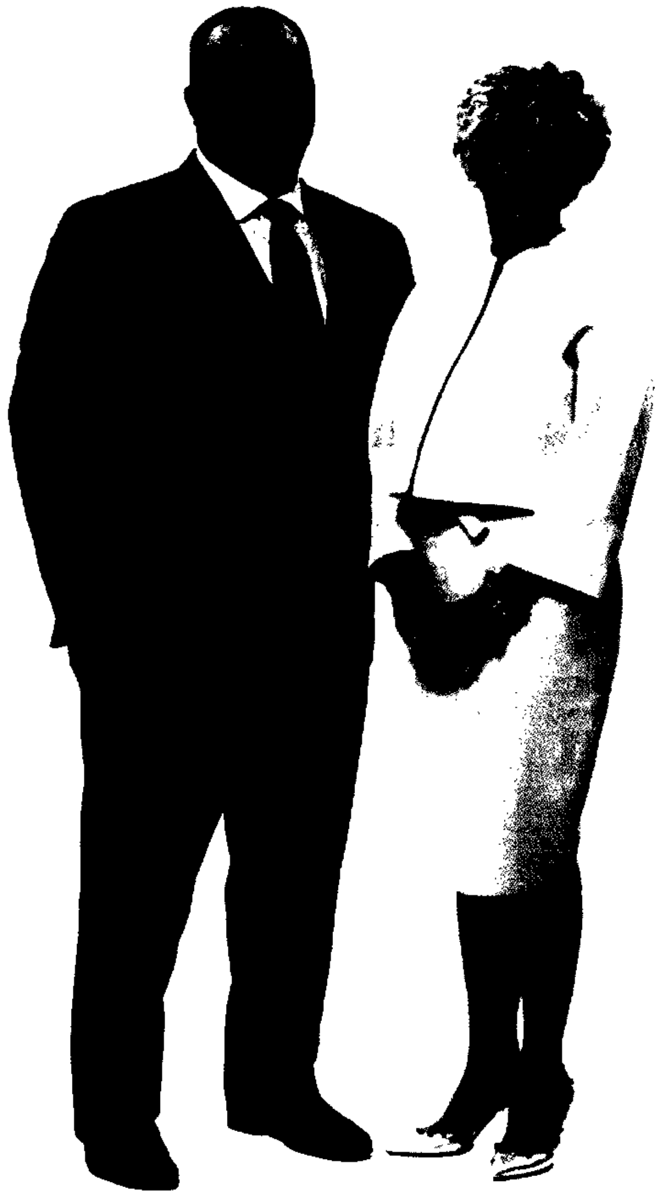
In summary, our commitment to our employees, customers, shareholders and other stakeholders has never wavered. We are moving forward with a clear vision for the future, and we are focused on transforming that vision into action through compelling products and innovative strategies that position us to capitalize on the robust opportunities in our evolving marketplace.

We wish to thank our Board of Directors for their continued stewardship and guidance; our employees for their tireless dedication to our mission; and our customers and shareholders for their continued support. We look forward to the journey ahead.

Yours truly,

Pat McCullough
Chief Executive Officer

Rebecca MacDonald
Executive Chair



A FOUNDATION OF TRUST

For over 20 years, Just Energy has been providing our customers with peace of mind through solutions that allow them to manage the price and volatility risks associated with deregulated natural gas and electricity. From that foundation, we have evolved to a consumer company acting as a trusted advisor to offer our customers a growing range of options, products and services that enable them to take control of the ways they use and consume energy.

Engaging with customers

The key to understanding what customers are looking for is straightforward: listen to them. Over the past several years, we have worked to review and improve the ways we engage with existing and potential customers.

For residential customers, this led to an evolution from our original door-to-door, transaction-based model. We now employ a diversified approach that combines retail store presence and online marketing with door-to-door sales, affinity marketing and strategic partnerships, among other modes of engagement, with a focus on establishing long-term, trust-based relationships built on meeting customers' evolving needs and preferences.

We also broadened the range of approaches we take to engaging with our commercial customers, from an independent contractor/broker and digital model to one that includes door-to-door sales, authorized agents and other means. And, as with our residential customers, our goal is to build lasting relationships based upon delivering value added solutions such as LED retrofits, and energy monitoring and management.

We have invested significantly in improving our analytics. Combining big data, more than 20 years of market expertise and active outreach to increase our understanding of customer preferences enables us to ensure that our priorities and products are accurately aligned with our customers' wants and needs.

4.2 MILLION

residential customer equivalents ("RCEs")

Rewarding our customers

In a crowded marketplace, we know our customers have options. So we not only strive to engage them with value added products and services, but also reward them directly through our Just Energy Perks Rewards Program.

Now in its second year, the Perks program is available to all residential customers, who can earn points just by using our services. Those points can be redeemed in many ways: customers can choose from a range of energy and resource efficient products such as LED light bulbs, ecobee smart thermostats, and water reducing showerheads, to name only a few. The points can also be applied to gift cards from major retailers and restaurants, and even to Visa® Prepaid Cards, which customers can use however they please.

COMMODITY CONTRACT MIX

Fixed price	**63%**
Variable price	**11%**
Index	**4%**
Flat bill	**6%**
Other	**16%**

Are you willing to be contacted for research to help improve our products and services? 57% of residential customers said "Yes".

Our customer commitments

We are committed to customer satisfaction. We understand that life changes, and so does a customer's energy needs and preferences. Our products and services are designed to provide the best in comfort, convenience and control, and, as a trusted energy advisor, we will help with a solution that best fits our customers' needs and lifestyle.

Switch plans with ease

New baby? Empty nester? New home? Call us. *We'll help you find the right product for your changing* needs and lifestyle.

Keeping you in the know

No surprises. If you're on a variable plan, we'll let you know at least 30 days in advance of your rate changing.

No exit fees

If you choose to cancel your plan, call us first and we'll waive any exit fees.

We respect your time

We know time is an important commodity If you're on hold for longer than five minutes, we'll send you a Visa® Prepaid Card!

CONSUMER OFFERINGS

Energy commodity

- Fixed price: Avoid fluctuations in market price
- Variable price with cap: Enjoy low market price with protection against increases
- Flat bill: Eliminate price and weather risk; get certainty in monthly energy costs

Smart home

- Smart thermostats
- Smart irrigation controllers
- Smart locks
- *Amazon Alexa integration*

Home services

- Air filters: The right size delivered when it's time to change
- Home warranty: Low monthly fees for protection against unexpected expenses, like HVAC and appliance breakdown

Sustainability

- Perks Rewards Program offers a wide range of energy efficient products
- Renewable energy certificates ("RECs")
- Carbon offsets for natural gas usage
- Water restoration certificates

COMMERCIAL OFFERINGS

Energy commodity

- Fixed price: Avoid fluctuations in market price
- Index price: Allow price to move with market
- Structured products: Combinations of fixed and index prices and other hedging strategies
- Bill analysis: Audit of utility charges to identify errors; analysis of usage patterns to recommend cost saving measures

Energy brokerage

- Build custom energy risk strategies
- Source price bids and negotiate terms of service with multiple energy providers
- Commercial property energy portfolio management

Energy management

- LED lighting retrofits including lighting audits, solution design, installation and financing
- Building energy management solutions

Sustainability

- Carbon footprint assessment
- Power purchase agreements with renewable generators
- Renewable energy certificates
- Carbon offsets
- *Water restoration certificates*

THE POWER OF INNOVATION

Just Energy has built its business on the power of innovation. We started by bringing fresh ideas and new choices to deregulated markets. Today, we continue to leverage innovation - in the products and services we bring to the market, and in the ways we connect with our customers.

Great things in store

In 2017, Just Energy launched a pilot program in Texas, in which authorized agents marketed Just Energy products to consumers from wireless-enabled kiosks located in malls and shopping centres. The pilot was remarkably successful and led us to adopt retail kiosks as a key channel for connecting with residential customers. In the retail environment, potential customers come to us, looking for solutions and products that will help them manage energy more efficiently. Through this sales avenue, we also benefit from association with trusted brands like H-E-B Grocery and Sam's Club, which helps reinforce our positioning as a trusted advisor. We steadily expanded our retail presence throughout the year and exceeded our target of being in 500 stores by the close of fiscal year 2018. In fiscal 2019, we will continue to develop partnerships with respected retailers while expanding our retail program across North America and internationally.

Supplying the smart home

Through innovative products and key relationships with trusted brands, Just Energy is leveraging smart home infrastructure. In 2016, we began to bundle energy efficient LED light bulbs with our commodity products. We introduced the ecobee3 lite smart thermostat, which tracks household data to help customers make heating and cooling decisions based on their family's usage patterns. Last year, Just Energy became the first energy retailer to enable customers to access a range of billing and account management services through Amazon's Alexa voice-activated service. Now customers can also connect to their ecobee thermostats through Alexa.

These innovations, along with the Skydrop Smart Irrigation Controller and the FilterEasy subscription service, are representative of the value added products and partnerships that we will continue to pursue to differentiate our Company and better serve our customers.

We steadily expanded our retail presence throughout the year and exceeded our target of being in 500 stores by the close of fiscal year 2018.

Supporting energy efficient businesses

The key to success in the highly competitive commercial sector is not just price, but the capacity to offer truly differentiated value through distinctive products and services. In the first quarter of fiscal 2018, we acquired Just Energy Advanced Solutions, an Ontario-based energy efficiency and LED retrofit business focused on the business-to-business market. Advanced Solutions offers clients commercial grade LED retrofit services via full lighting audits and subsequent recommendations designed to help customers optimize their electricity use and reduce related operational costs. Initial sales through the platform exceeded our expectations, and we intend to expand outside Ontario into the U.S.

In February 2018, Just Energy acquired EdgePower, which provides lighting and HVAC controls, as well as enterprise monitoring, in hundreds of commercial buildings in North America. EdgePower will play a key role in enabling Just Energy to expand its energy management solutions platform in the commercial space, while complementing the capabilities of our lighting systems and commercial commodity business.

Helping Cirque du Soleil offset GHG emissions

Committed to reducing its environmental footprint in the communities it visits, world-famous Cirque du Soleil partnered locally with terrapass to offset the greenhouse gas (GHG) emissions associated with its LUZIA production in Los Angeles. During the show's run from December 8 to February 11, Cirque du Soleil estimates having produced 532 tons of GHG emissions to generate the electricity that powers its show equipment and temporary installations. To reduce its impact, Cirque du Soleil partnered with terrapass to offset those emissions by purchasing the equivalent of 532 tons in carbon offsets that will be used in the funding of an Improved Forest Management Project. This is equivalent to the addition of 627 acres of U.S. forest in one year.

GROWING GLOBALLY

Expanding to pursue opportunities in new markets has always been part of Just Energy's story and its strategy. Starting from our base in Ontario's newly deregulated energy market in 1997, we expanded into new provinces and then into the United States. In 2012, we entered the United Kingdom, and over the last year, we launched operations in Ireland, Germany and Japan. Our successful track record shows that in markets around the globe, there are opportunities for a trusted provider of value added energy management services and products.

A strong platform in the United Kingdom

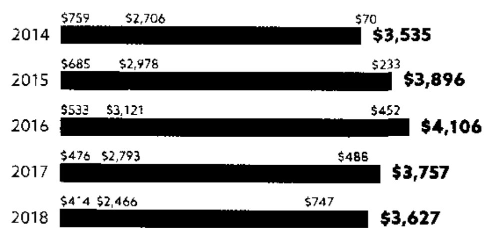
A record of reliable performance has made the United Kingdom a cornerstone market for Just Energy. In 2018, we continued to build upon that success. In our residential business, we achieved 101% of our volume target for the year, adding 235,000 new customers and beating our target of 232,000. In one case, we won a collective switch, in which a group of customers came together to enjoy one price, and welcomed 25,000 new customers in a two-week period.

We launched our smart thermostat bundle in fiscal year 2017, and to date have installed around 8,000 smart meters into homes. We expect this number to increase significantly in the coming years. As in the North American market, the smart meter is an important introduction to the kinds of value added services Just Energy can provide, becoming a foundation for helping customers create a smart home environment.

In the latter half of fiscal 2018, we also introduced our Perks Rewards Program. Early indications show that customers are responding enthusiastically, with the U.K. reporting a very high rate of points redemption. Going forward, we expect the program will make a significant contribution to customer loyalty and retention.

In the increasingly competitive commercial market, we achieved net positive growth. We also exceeded our margin goal for RCEs added. This is important, as adding the right kind of margin with new customers is key to our overall strategy for profitability along with growth.

HISTORICAL REVENUES BY GEOGRAPHY
(C$ MILLIONS)



- Canada
- U.S.
- International

357,315
CUSTOMERS
in the U.K. and Ireland

A warm welcome in Ireland

We launched operations in Ireland in September 2017, bringing to market six different billing solutions as well as our selection of new, innovative value added energy products. Few suppliers in Ireland offer fixed rate contracts, and customer response to our offerings, particularly our 12-month fixed-price products, has been overwhelmingly positive.

In February 2018, Just Energy was delighted to receive the Best Energy Plan (New Customer) award at the National Consumer Awards, held by bonkers.ie, an impartial online comparison and switching site.

Our entry into Asia

In November 2017, we officially launched operations in Japan, gaining access to the largest deregulated energy market in the world. In keeping with the strategies that have guided our successful entry into other markets, we intend to expand our presence in Japan through our growing product suite and our popular long-term loyalty programs.

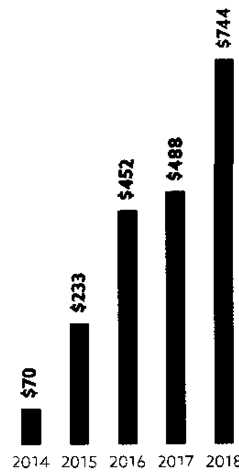
162%

compound annual growth rate since 2013

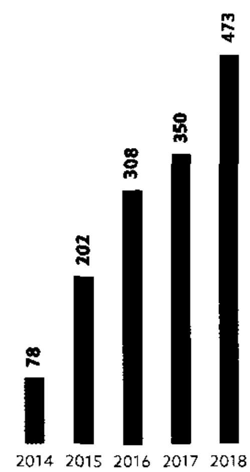
35%

year over year growth in U.K. RCEs

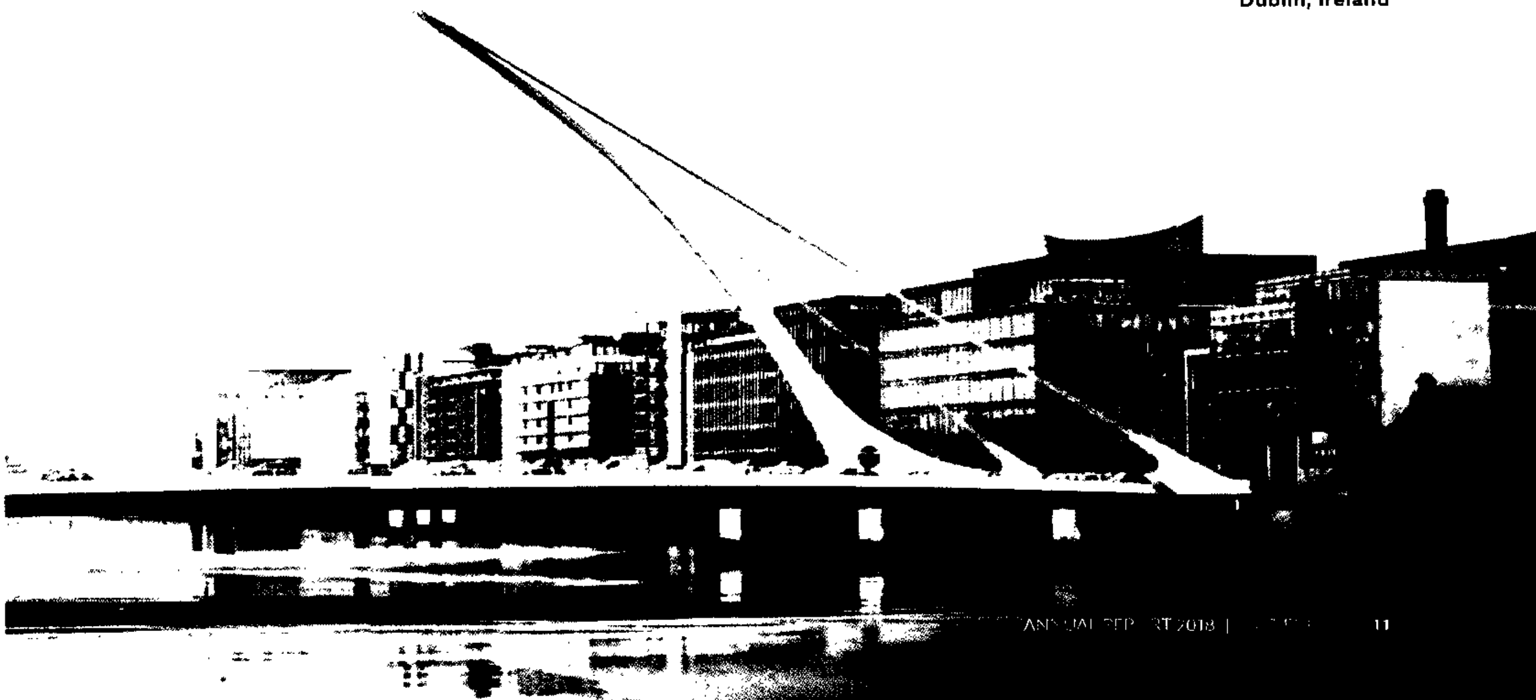
U.K. SALES
(C$ MILLIONS)



U.K. RCEs
(THOUSANDS)



Dublin, Ireland



THE VALUE OF GROWTH

Just Energy remains focused on strengthening our balance sheet. Our book value of net debt on trailing 12-month Base EBITDA of 2.8x is an improvement from over 6.0x just four years ago.

Strategy

Our focus is on growth – in profitability, in global scale, in market share, in sales channels, in the range and quality of the value added products and services we provide to customers, and in the dependable returns we provide investors. In a challenging year, we maintained our focus and made progress towards our goals.

Building a world-class enterprise

Just Energy continues to pursue its strategy of becoming a global company and a trusted provider of superior value to our customers, with an expanding range of energy management solutions delivered through a multi-channel approach.

At the same time, in fiscal 2018 we took important steps to improve our balance sheet and overall debt structure. These efforts included maintaining a disciplined approach to capital expenditures, even as we entered new international markets, refined and expanded our sales channels and made key acquisitions to support our growth.

Expanding our digital reach

Just Energy started as a door-to-door business, and that approach remains an important part of our growth story. However, in recent years, it has become increasingly clear that digital is a key channel for customer acquisition, customer service and relationship building. Throughout fiscal year 2018, we took steps to gain greater control over the digital channel, which included negotiating with a joint venture partner to end the relationship in which it was the exclusive channel for online sales of the Just Energy brand in North America.

We also built relationships with new digital platforms, which facilitated the ongoing development and expansion of our sales channels while extending Just Energy's online reach. In tandem with this, we also upgraded the experience and range of services and support we provide to online customers. Just Energy will benefit from these efforts, both in the near term and for years to come.

Just Energy continues to pursue its strategy of becoming a global company and a trusted provider of superior value to our customers.

Growth-focused acquisitions

Over the last several years, Just Energy has greatly expanded the range of innovative products we provide to our residential customers. In fiscal year 2018, we made two acquisitions that will help to deliver a similarly expanding range of value added products and services to our commercial customers. In June 2017, we acquired Intell Enercare Solutions and rebranded it Just Energy Advanced Solutions, a complete service provider for the supply, design and installation of energy saving technologies. This was followed by the acquisition of EdgePower, an energy monitoring and management company. Both companies focus on serving the commercial market, aligning with our strategy of establishing differentiation and creating value through innovative products tailored to our customers' needs.

Investment in the future

In our pursuit of growth, Just Energy seeks to establish relationships with the right customers, not simply more customers. We look for those who recognize the value we can bring and from whom we gain better margins per customer. Better margins contribute directly to the Company's Base EBITDA. In fiscal 2018, we made investments in sales growth infrastructure, including channel expansion and diversification.

TRAILING 12-MONTH AVERAGE REALIZED GROSS MARGIN

	Fiscal 2018	Fiscal 2017	% decrease
Consumer	**$236/RCE**	$265/RCE	11%
Commercial	**$83/RCE**	$89/RCE	6%

GROWING STRONG IN OUR COMMUNITIES

At Just Energy, we have always believed in giving back to the communities where we operate and the customers we serve. We are also passionate about supporting the efficient use of resources. Guided by these commitments, we took steps over the past 18 months to focus the efforts of the Just Energy Foundation, our primary vehicle for community giving, to make it more effective and truly sustainable.

Truly sustainable growth

Since building our first Just Energy Sustainable Garden and outdoor learning space at Brookline Elementary School (Houston, Texas) in October 2016, we have worked with school and community partners across our U.S. markets to create unique, hands-on learning experiences for thousands of students. The program creates and transforms unused or underused – and often grey – spaces into educational gardens where children and youth learn about harvesting food, sustainability and community building. We have made our Just Energy Sustainable Gardens and "living classrooms" the primary focus of our Foundation's community outreach. Designed to be fully accessible, each garden starts with a $10,000 grant from the Foundation, and where possible, many Just Energy employees volunteer their time to help build and plant.

We recognize the importance of supporting education and mentoring opportunities that focus on skills and leadership development for our younger generation, the change-makers of tomorrow. Each garden, wherever it is located, opens the door for students to participate and understand their role as stewards of the earth. The gardens are a unique opportunity to combine our responsibility to the environment with our commitment to youth empowerment through practical learning. We tend to focus on higher needs areas within Just Energy markets to provide unique learning experiences that would otherwise not be available.

Gardens act as catalysts in raising awareness about important issues related to healthy eating/nutrition, food security, environmental sustainability, and hunger in our schools and local communities. This has the potential to profoundly and positively impact hundreds of students and staff each year, connecting them directly to the natural world and nurturing a healthy environment.

Since launching the Just Energy Sustainable Gardens in December 2016, the Foundation has completed 12 gardens and outdoor learning spaces across several markets in the United States. These include Houston and Weslaco, Texas; Boston, Massachusetts; West Orange, New Jersey; Suwanee, Georgia; as well as Sacramento, California. Recently, in Toronto, Ontario, the Foundation broke ground on our first garden build on Canadian soil. We look forward to replicating the success of this community initiative in several more of our markets, including the U.K.

Since launching the Just Energy Sustainable Gardens in December 2016, the Foundation has completed 12 gardens and outdoor learning spaces.

Easing the impact of Hurricane Harvey

On August 25, 2017, Hurricane Harvey, a Category 4 storm, first made landfall in Texas. Over the course of six days, the storm cut through Texas, Louisiana, Mississippi, Tennessee and Kentucky. The City of Houston, home of Just Energy's U.S. headquarters, received over 50 inches of rainfall. At the storm's peak, one-third of Houston was underwater and floodwaters forced thousands to evacuate. In the aftermath of the hurricane, Just Energy moved to support its customers, providing direct relief through special payment terms, relief on due dates, suspension of disconnections and other measures.

Of course, given the storm's magnitude, many of our own staff members were also impacted. To help address their immediate loss and needs, we established an emergency employee relief fund through the Foundation. The fund provided financial assistance to those who experienced limited loss through to more catastrophic damage. We are sincerely proud of several of our employees, who, despite their own loss, volunteered to help with community cleanup and rebuilding efforts.

Action to support communities

For several years, we have teamed with the Maple Leaf Sports & Entertainment ("MLSE") Foundation to support three Community Action Grants per year – one each for hockey, basketball and soccer. In partnership with MLSE, the Just Energy Foundation presents $50,000 grants to Ontario charities that work to increase accessibility for underserved or disadvantaged young people, helping them surmount barriers to sports participation, and learn valuable life skills in the process.

In March 2018, the Children's Treatment Centre Foundation of Chatham-Kent was the recipient of the hockey grant, and Horizons for Youth was awarded the Community Action Grant for basketball. The soccer grant will be presented in August 2018.

In November 2017, Just Energy was pleased to receive a Corporate Philanthropy Award from the *Houston Business Journal*. Each year, the award recognizes companies that help make Houston one of the top cities in the U.S. for corporate giving.

DIRECTORS AND OFFICERS

Just Energy's Board of Directors and management team believe that good governance supports the Company's long-term success, providing oversight and accountability, strengthening processes, and helping secure the confidence of our many stakeholders. Our corporate governance meets all the recommended standards established by the Canadian Securities Administrators.

Board of Directors

Our Board of Directors comprises the Executive Chair, the Chief Executive Officer and a majority of non-management directors. The Board is monitored by a lead independent director. Board committees are composed of external directors only. Corporate governance details can be found in the Just Energy 2018 Management Proxy Circular.

Rebecca MacDonald
Executive Chair
Rebecca MacDonald was a founder of Just Energy Group Inc. and has held the position of Executive Chair since the IPO. From Just Energy's IPO to March 2005, Ms. MacDonald also held the position of Chief Executive Officer.

Patrick McCullough
Chief Executive Officer of Just Energy
Pat McCullough was appointed as Chief Executive Officer of Just Energy Group Inc. in April 2018. Prior to this, Mr. McCullough was Chief Financial Officer since August 2014. Before joining Just Energy, Mr. McCullough was Chief Executive Officer at Amonix Inc., a California-based designer and manufacturer of concentrated photovoltaic ("CPV") solar power systems. He had served as CFO of Amonix since May 2010. Prior to that, he was CFO at IMI Severe Service from May 2007, Division CFO for Johns Manville (a Berkshire Hathaway Company) from April 2005, and worked in various roles with Ford Motor Company, which culminated in his serving as Deputy General Manager and CFO of a $1+ billion joint venture in Shanghai, China.

James Lewis
Advisor and Director of Just Energy
James Lewis has been an advisor of Just Energy since April 2018. Mr. Lewis has more than 20 years of experience in the energy marketing industry. Mr. Lewis worked as Co-President and Co-Chief Executive Officer of Just Energy from April 2014 until March 2018. Before assuming his Co-CEO role, Mr. Lewis served as Chief Operating Officer ("COO") for the Company with accountability for corporate-wide strategic planning, policy and program development. Mr. Lewis was appointed a director of Just Energy in 2015.

Deb Merril
Advisor and Director of Just Energy
Deb Merril has been an advisor of Just Energy since April 2018. Ms. Merril has more than 22 years of experience in the energy marketing industry, and worked as Co-President and Co-Chief Executive Officer of Just Energy from April 2014 until March 2018. Before assuming her Co-CEO role, Ms. Merril led the organization's Commercial business as President of Hudson Energy Services. Ms. Merril was appointed a director of Just Energy in 2015.

John A. Brussa
Partner, Burnet, Duckworth & Palmer LLP
John Brussa is a partner in the Calgary-based law firm of Burnet, Duckworth & Palmer, specializing in the area of energy and taxation. He is also a director of a number of energy and energy-related corporations and income funds. Mr. Brussa has been a director of Just Energy since 2001.

R. Scott Gahn
President, Gulf Coast Security Services
Mr. Gahn is currently the President of Gulf Coast Security Services, Inc., a Houston-based security firm. Mr. Gahn has a long history in the deregulated energy industry, having sat on the Texas ERCOT board from 2005 to 2008 and having been involved in the sale of deregulated and regulated electricity and natural gas for 27 years. Mr. Gahn was appointed a director of Just Energy in 2013.

H. Clark Hollands
Corporate Director
H. Clark Hollands is a Chartered Accountant. He obtained his CA designation in 1977 and his FCA designation in 2008. He spent 25 years of his professional career as an international tax partner with KPMG in Vancouver, advising many significant Canadian-based multinational groups and large public companies on their international tax arrangements. Mr. Hollands has been a director of Just Energy since 2015.

Brett A. Perlman
President, Vector Advisors
Brett Perlman is CEO and President of the Center for Houston's Future, a non-profit that focuses on developing solutions to important social issues for the Houston region. He was recently a Fellow at Harvard's Kennedy School Mossavar-Rahmani Center for Business and Government and in the Harvard Advanced Leadership Initiative ("ALI"). Mr. Perlman previously served as a Commissioner on the Public Utility Commission of Texas, where he led the successful restructuring of Texas' $37 billion electric utility industry. Previous to his public service, he was a consultant with McKinsey & Company and practised law with major firms in

Executive Officers (from left to right): Jonah Davids, Executive Vice President, General Counsel and Corporate Secretary; James Pickren, Chief Operating Officer; Jim Brown, Chief Financial Officer; Rebecca MacDonald, Executive Chair; Pat McCullough, Chief Executive Officer; Morgan Smith, Chief Sales Officer; Krishnan Kasiviswanathan, Chief Commercial Officer.

Houston and Washington, D.C. He has served as an independent director to several early stage and private equity-backed companies, and has been a co-founder and board member of two technology incubators and accelerators. Mr. Perlman has been a director of Just Energy since 2013.

M. Dallas H. Ross
General Partner and Founder, Kinetic Capital Partners
Mr. Ross is a general partner and founder of Kinetic Capital Partners in Vancouver, BC, whose equity capital and strategic attention is focused on controlling positions in several private companies in the United States with substantial value creation underway. Mr. Ross is Chair or Senior Director of those private companies. Mr. Ross currently also serves on public company boards including Chair of Rogers Sugar; Director of Westshore Terminals; and a Director of Canfor Corporation. Previously, he served as Director of Catalyst Paper, was Chair of its Strategic Alternatives Committee and prior to that was a Director of Futureshop.com. Mr. Ross was on the board chaired the Campus Task Force, and was on the Executive Committee of Crofton House School for its substantial campus rebuild. Prior to Kinetic Capital Partners, Mr. Ross was Managing Director, Investment Banking in Vancouver, and Managing Director, Mergers and Acquisitions with ScotiaMcLeod in Toronto.

William F. Weld
Principal, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
Mr. Weld is a member of the law firm Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., specializing in government strategies, corporate governance and compliance, and international business best practices. In addition, Mr. Weld served two terms as Governor of Massachusetts, elected in 1990 and re-elected in 1994. Prior to his terms as governor, Mr. Weld was a federal prosecutor and served as Assistant U.S. Attorney in the U.S. Justice Department. Mr. Weld has been a director of Just Energy since 2012.

Officers

Just Energy's experienced management team is responsible for establishing and implementing the Company's long-range goals, strategies, plans and policies, subject to the Board's direction and oversight. To ensure that management acts in the best interest of shareholders, we mandate high share ownership for all senior managers and align bonuses with strict performance measurements determined by our Board.

Rebecca MacDonald
Executive Chair

Pat McCullough
Chief Executive Officer

Jim Brown
Chief Financial Officer

Jonah Davids
Executive Vice President, General Counsel and Corporate Secretary

Morgan Smith
Chief Sales Officer

Krishnan Kasiviswanathan
Chief Commercial Officer

James Pickren
Chief Operating Officer

MD&A AT-A-GLANCE 2018 HIGHLIGHTS

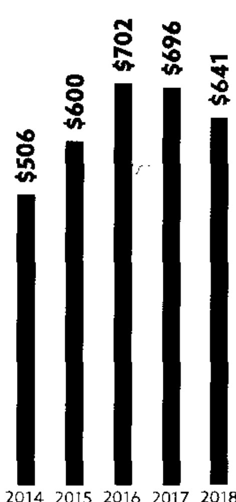
Gross RCE additions of 1,171,000 represent a 40% increase year over year

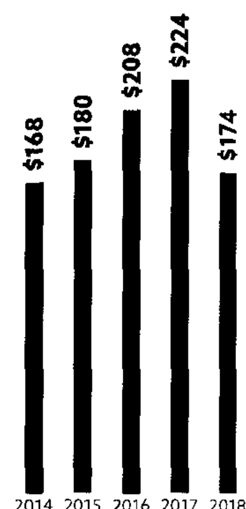
Total customer count increased 13% to 1.66 million customers

U.K. operations **increased their RCE base** by 35% to 473,000 RCEs

Extended our geographic footprint into 3 countries: Ireland, Germany and Japan

Book value net debt was **2.8x EBITDA** at year-end compared to **1.8x** a year earlier





Customer aggregation

RCE SUMMARY

	April 1, 2017	Additions	Attrition	Failed to renew	**March 31, 2018**	% increase (decrease)
Consumer Energy						
Gas	661,000	178,000	(103,000)	(46,000)	**640,000**	5%
Electricity	1,186,000	400,000	(286,000)	(104,000)	**1,196,000**	1%
Total Consumer RCEs	1,797,000	578,000	(389,000)	(150,000)	**1,836,000**	2%
Commercial Energy						
Gas	270,000	170,000	(27,000)	(29,000)	**384,000**	42%
Electricity	2,144,000	423,000	(119,000)	(505,000)	**1,943,000**	(9)%
Total Commercial RCEs	2,414,000	593,000	(146,000)	(534,000)	**2,327,000**	(4)%
Total RCEs	4,211,000	1,171,000	(535,000)	(684,000)	**4,163,000**	(1)%

Just Energy's total RCE base is currently at 4.2 million, a 1% decrease from one year ago. Gross RCE additions for the year ended March 31, 2018 were 1,171,000, an increase of 40% compared to RCEs added in fiscal 2017.

Net additions were a negative 48,000 for fiscal 2018, compared with a negative 318,000 net RCE additions in fiscal 2017.

Attrition

	Fiscal 2018	Fiscal 2017
Consumer	**20%**	24%
Commercial	**4%**	7%
Total attrition	**12%**	15%

The combined attrition rate for Just Energy was 12% for the year ended March 31, 2018, a decrease of three percentage points from the 15% reported in the prior year. The Consumer attrition rate decreased four percentage points to 20% from a year ago and the Commercial attrition rate decreased three percentage points to 4%. The decrease in the attrition rates is a result of Just Energy's focus on becoming customers' trusted advisor and providing a variety of energy management solutions to its customer base to drive customer loyalty.

Customer summary (thousands)

	As at March 31, 2018	As at April 1, 2017	% increase (decrease)
Consumer	**1,543**	1,357	14%
Commercial	**116**	117	(1)%
Total customer count	**1,659**	1,474	13%

With the diversification of product offerings to include more than commodities, Just Energy anticipates that the number of customers will become an increasingly relevant measure for reporting periods. During the fiscal year 2018, the number of customer counts grew by 13%.

Just Energy's customer base also includes 42,733 smart thermostat customers. These smart thermostats are bundled with a commodity contract and are currently offered in Canada and the United States. Customers with bundled products have lower attrition and higher overall profitability. Further expansion of the energy management solutions is a key driver of continued growth for Just Energy, with additional product offerings contributing to lower attrition rates.

Embedded gross margin

(millions of dollars)

Management's estimate of the future embedded gross margin is as follows:

	Fiscal 2018	Fiscal 2017	2018 vs. 2017 variance
Energy marketing	**$ 1,900.5**	$ 1,757.0	8%

Management's estimate of the future embedded gross margin within its customer contracts amounted to $1,900.5 million as of March 31, 2018, an increase of 8% compared to the embedded gross margin as of March 31, 2017. The increase is attributable to the growth in the residential customer base in the U.K. and the actualization of gross margin and attrition rates in the U.S., partially offset by the $19 million negative foreign exchange impact due to the weakening of the U.S. dollar.

Outlook

Just Energy is executing a strategic shift from a retail energy provider to a consumer company focused on differentiated value-add products, unparalleled customer satisfaction and profitable customer growth.

Historically, Just Energy operated as a retail energy provider and was viewed as offering price-based, invisible products which consumers didn't fully understand. Today, Just Energy is transforming from an era of price-based commodities sold through third parties to a future as a consumer-centric company with a more profitable offering of tangible value-add products and services where Just Energy owns and controls the customer relationships.

To achieve profitability and optimize growth in fiscal 2019 and beyond, Just Energy will drive sales growth through its retail and other primary channels while developing additional strategic, alternative channels. Just Energy will also deploy a consistent value creation product strategy across the consumer business.

Management provided guidance for fiscal 2019 Base EBITDA in the range of $200 million to $220 million. This expectation reflects the implementation of IFRS 15 for the full fiscal year.

The Company remains committed to its current dividend policy.

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Management's discussion and analysis – May 16, 2018

The following Management's Discussion and Analysis ("MD&A") is a review of the financial condition and operating results of Just Energy Group Inc. ("Just Energy" or the "Company") for the year ended March 31, 2018. This MD&A has been prepared with all information available up to and including May 16, 2018. This MD&A should be read in conjunction with Just Energy's audited consolidated financial statements for the year ended March 31, 2018. The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise noted. Quarterly reports, the annual report and supplementary information can be found on Just Energy's corporate website at www.justenergygroup.com. Additional information can be found on SEDAR at www.sedar.com or on the U.S. Securities and Exchange Commission's website at www.sec.gov.

Company overview

Established under the laws of Canada, Just Energy is a leading consumer company specializing in electricity and natural gas commodities, energy efficient solutions and renewable energy options. Currently operating in the United States, Canada and various international markets including the United Kingdom, Germany, Ireland and Japan, Just Energy serves residential and commercial customers, providing homes and businesses with a broad range of energy solutions that deliver comfort, convenience and control. Just Energy's margin or gross profit on commodity products is derived from the difference between the commodity sale price to its customers and the related purchase price from its suppliers. The margin on certain non-commodity products is derived from the markup price added to the cost of the product and charged to the customer. Just Energy is the parent company of Amigo Energy, Green Star Energy, Hudson Energy, Interactive Energy Group, Just Energy Advanced Solutions, Tara Energy, terrapass and EdgePower, Inc.

For a more detailed description of Just Energy's business operations, refer to the "Operations overview" section on page 24 of this MD&A.

Forward-looking information

This MD&A may contain forward-looking statements and information, including guidance for Base EBITDA for the fiscal year ending March 31, 2019. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, general economic, business and market conditions, the ability of management to execute its business plan, levels of customer natural gas and electricity consumption, extreme weather conditions, rates of customer additions and renewals, rates of customer attrition, fluctuations in natural gas and electricity prices and interest and exchange rates, actions taken by governmental authorities including energy marketing regulation, increases in taxes and changes in government regulations and incentive programs, changes in regulatory regimes, results of litigation and decisions by regulatory authorities, competition, the performance of acquired companies and dependence on certain suppliers. Additional information on these and other factors that could affect Just Energy's operations, financial results or dividend levels is included in Just Energy's Annual Information Form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at www.sedar.com or by visiting EDGAR on the SEC's website at www.sec.gov.

Key terms

"5.75% convertible debentures" refers to the $100 million in convertible debentures issued by Just Energy to finance the purchase of Fulcrum Retail Holdings, LLC, issued in September 2011. The convertible debentures were fully redeemed on March 27, 2018. See "Debt and financing for operations" on page 41 for further details.

"6.5% convertible bonds" refers to the US$150 million in convertible bonds issued in January 2014, which mature on July 29, 2019. Net proceeds were used to redeem Just Energy's outstanding $90 million convertible debentures and pay down Just Energy's line of credit. See "Debt and financing for operations" on page 41 for further details.

"6.75% $160M convertible debentures" refers to the $160 million in convertible debentures issued in October 2016, which have a maturity date of December 31, 2021. Net proceeds were used to redeem Just Energy's outstanding senior unsecured notes on October 5, 2016 and $225 million of its 6.0% convertible debentures on November 7, 2016. See "Debt and financing for operations" on page 41 for further details.

"6.75% $100M convertible debentures" refers to the $100 million in convertible debentures issued in February 2018, which have a maturity date of March 31, 2023. Net proceeds were used to redeem the 5.75% convertible debentures on March 27, 2018. See "Debt and financing for operations" on page 41 for further details.

"Preferred shares" refers to the 8.50%, fixed-to-floating rate, cumulative, redeemable, perpetual preferred shares that were initially issued at a price of US$25.00 per preferred share in February 2017. The cumulative feature means that preferred shareholders are entitled to receive dividends at a rate of 8.50% on the initial offer price when, as and if declared by our Board of Directors.

"Attrition" means customers whose contracts were terminated prior to the end of the term either at the option of the customer or by Just Energy.

"Customer" refers to an individual customer rather than to an RCE (see key term below).

"Failed to renew" means customers who did not renew expiring contracts at the end of their term.

"Gross margin per RCE" refers to the energy gross margin realized on Just Energy's RCE customer base, including gains/losses from the sale of excess commodity supply.

"LDC" means a local distribution company; the natural gas or electricity distributor for a regulatory or governmentally defined geographic area.

"RCE" means residential customer equivalent, which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis and, as regards electricity, 10 MWh (or 10,000 kWh) of electricity on an annual basis, which represents the approximate amount of gas and electricity, respectively, used by a typical household in Ontario, Canada, including commercial brokerage sales.

Non-IFRS financial measures

Just Energy's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial measures that are defined below do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities and other measures of financial performance as determined in accordance with IFRS, but the Company believes that these measures are useful in providing relative operational profitability of the Company's business.

The Company has updated the definition of Base EBITDA to include gains and losses from the Company's portfolio of equity investments, which are presented in the Company's consolidated statements of comprehensive income. The Company regularly invests in early stage businesses for the purpose of profiting from capital appreciation of the assets as part of the operational activities. These investments are generally in companies that manufacture or distribute value added products that Just Energy markets to customers, or information technology related. Upon adoption of IFRS 9, Financial Instruments, effective April 1, 2018, the Company will continue to record the portfolio of investments at fair value, with changes in fair value included in earnings on the consolidated statements of income, and will continue to include these gains and losses in Base EBITDA.

EBITDA

"EBITDA" refers to earnings before finance costs, income taxes, depreciation and amortization. This is a non-IFRS measure that reflects the operational profitability of the business.

BASE EBITDA

"Base EBITDA" refers to EBITDA adjusted to exclude the impact of mark to market gains (losses) arising from IFRS requirements for derivative financial instruments as well as reflecting an adjustment for share-based compensation and non-controlling interest. This measure reflects operational profitability as the non-cash share-based compensation expense is treated as an equity issuance for the purpose of this calculation, as it will be settled in shares and the mark to market gains (losses) are associated with supply already sold in the future at fixed prices. Also included in Base EBITDA are gains and losses from the Company's portfolio of equity investments, which are presented in the Company's consolidated statements of comprehensive income.

Just Energy ensures that customer margins are protected by entering into fixed-price supply contracts. Under current IFRS, the customer contracts are not marked to market but there is a requirement to mark to market the future supply contracts. This creates unrealized gains (losses) depending upon current supply pricing. Management believes that these short-term mark to market non-cash gains (losses) do not impact the long-term financial performance of Just Energy and management has therefore excluded them from the Base EBITDA calculation.

FUNDS FROM OPERATIONS

Funds from Operations ("FFO") refers to the cash flow generated by operations. FFO is calculated by Just Energy as gross margin adjusted for cash items including administrative expenses, selling and marketing expenses, bad debt expenses, finance costs, corporate taxes, capital taxes and other cash items. FFO also includes a seasonal adjustment for the gas markets in Ontario, Quebec, Manitoba and Michigan in order to include cash received from LDCs for gas not yet consumed by end customers.

BASE FUNDS FROM OPERATIONS

Base Funds from Operations ("Base FFO") refers to FFO reduced by capital expenditures purchased to maintain productive capacity. Capital expenditures to maintain productive capacity represent the capital spend relating to capital and intangible assets.

BASE FUNDS FROM OPERATIONS PAYOUT RATIO

The payout ratio for Base FFO means dividends declared and paid as a percentage of Base FFO.

EMBEDDED GROSS MARGIN

"Embedded gross margin" is a rolling five-year measure of management's estimate of future contracted energy gross margin. The energy marketing embedded gross margin is the difference between existing energy customer contract prices and the cost of supply for the remainder of the term, with appropriate assumptions for RCE attrition and renewals. It is assumed that expiring contracts will be renewed at target margin renewal rates.

Embedded gross margin indicates the margin expected to be realized from existing customers. It is intended only as a directional measure for future gross margin. It is not discounted to present value nor is it intended to take into account administrative and other costs necessary to realize this margin.

Financial highlights

For the years ended March 31
(thousands of dollars, except where indicated and per share amounts)

	Fiscal 2018	**% increase (decrease)**	Fiscal 2017	% increase (decrease)	Fiscal 2016
Sales	**$ 3,626,570**	**(3)%**	$ 3,757,054	(8)%	$ 4,105,860
Gross margin	**640,927**	**(8)%**	695,971	(1)%	702,288
Administrative expenses	**194,699**	**16%**	168,433	(1)%	170,330
Selling and marketing expenses	**233,040**	**3%**	226,308	(12)%	257,349
Finance costs (net of non-cash finance charges)	**41,425**	**(25)%**	54,879	(4)%	57,069
Profit[1]	**518,574**	**NMF[3]**	470,883	NMF[3]	82,494
Profit per share available to shareholders – basic	**3.41**		3.02		0.44
Profit per share available to shareholders – diluted	**2.62**		2.42		0.43
Dividends/distributions	**86,307**	**12%**	76,751	3%	74,792
Base EBITDA[2]	**174,440**	**(22)%**	224,499	8%	207,629
Base Funds from Operations[2]	**91,202**	**(29)%**	127,758	(8)%	138,199
Payout ratio on Base Funds from Operations[2]	**95%**		60%		54%
Embedded gross margin[2]	**1,900,500**	**8%**	1,757,000	(8)%	1,917,600
Total customers (RCEs)	**4,163,000**	**(1)%**	4,202,000	(7)%	4,520,000
Total gross customer (RCE) additions	**1,171,000**	**40%**	839,000	(28)%	1,158,000
Total net customer (RCE) additions	**(48,000)**	**85%**	(318,000)	(92)%	(166,000)

1 Profit includes the impact of unrealized gains (losses), which represents the mark to market of future commodity supply acquired to cover future customer demand. The supply has been sold to customers at fixed prices, minimizing any realizable impact of mark to market gains and losses. Profit also includes investment gain recorded in the consolidated statements of income.
2 See "Non-IFRS financial measures" on page 22
3 Not a meaningful figure.

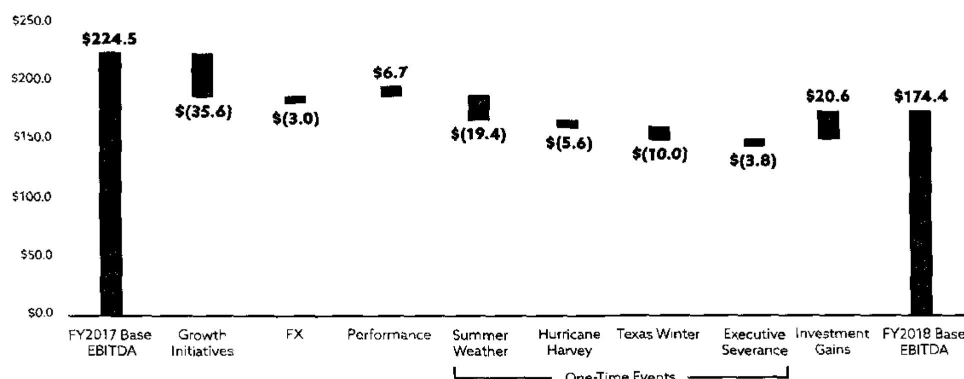
For the year ended March 31, 2018, gross margin was $640.9 million, 8% lower than the prior year, and Base EBITDA amounted to $174.4 million, 22% lower than fiscal 2017. The lower Base EBITDA is largely attributable to the Company's continuing commitment to and investment in its strategic sales growth initiatives, including channel expansion and diversification. The operational performance in the year was adversely affected by a number of extreme weather related events, including the reduction of consumption arising from the abnormally mild summer weather in North America, customer disruptions caused by Hurricane Harvey and higher supply costs due to the January deep freeze in Texas. The change in executive management further contributed to additional costs in the fourth quarter.

The January deep freeze in Texas and extreme cold weather patterns in the U.S. adversely affected Base EBITDA by $21.0 million. With the Company's current weather risk management program, the net impact was reduced to $10.0 million, which was isolated to the highly unusual one-time freeze event in Texas.

The Company's operational performance also included an investment gain relating to the Company's equity investment in ecobee Inc. ("ecobee"). The Company regularly invests in early stage businesses for the purpose of profiting from capital appreciation of the asset. These investments are generally in companies that manufacture or distribute value added products that Just Energy markets to customers, or information technology related. In previously reported periods, the investment in ecobee was carried at cost on the Company's balance sheet as there was no other reliable indication of fair value. In the fourth quarter of fiscal year 2018, certain market-based transactions occurred that indicated a change in the fair value of the Company's investment in ecobee. As such, a gain of $20.6 million was recorded in the Company's consolidated statements of comprehensive income during the fourth quarter of fiscal year 2018 and was also included in the Company's Base EBITDA. Unrealized investment gains on other investments are recorded in the consolidated statements of income to the extent that they are classified as fair value through profit and loss. Accordingly, an unrealized gain of $1.3 million on other investments was recorded during the fourth quarter of fiscal year 2018 and was also included in the Base EBITDA. Upon adoption of IFRS 9, Financial Instruments, effective April 1, 2018, the Company will continue to record this investment and other similar portfolios of investments at fair value, with changes in fair value included in earnings on the consolidated statements of income, and will continue to include these gains and losses in Base EBITDA. The gain or loss on investment recorded in the consolidated statements of comprehensive income was $nil in fiscal 2017.

The Company's financial highlights for the year ended March 31, 2018 are shown below.

FY2018 BASE EBITDA
(MILLIONS)



Operations overview

CONSUMER DIVISION

The sale of gas and electricity to customers with annual consumption equivalent to 15 RCEs and less is undertaken by the Consumer division. Marketing of the energy products of this division is primarily done through retail, online marketing and door-to-door marketing. Consumer customers make up 44% of Just Energy's RCE base, which is currently focused on longer-term price-protected, flat-bill and variable rate product offerings as well as JustGreen products. To the extent that certain markets are better served by shorter-term or enhanced variable rate products, the Consumer division's sales channels also offer these products.

Developments in connectivity and convergence and changes in customer preferences have created an opportunity for Just Energy to provide value added products and service bundles connected to energy. As a conservation solution, smart thermostats are offered as a bundled product with commodity contracts, but were also sold previously as a stand-alone unit. The smart thermostats are manufactured and distributed by ecobee, a company in which Just Energy holds an 8.5% fully diluted equity interest. In addition, Just Energy has also expanded its product offering in some markets to include air filters, LED light bulbs and residential water sprinkler controllers.

COMMERCIAL DIVISION

Customers with annual consumption equivalent to over 15 RCEs are served by the Commercial division. These sales are made through three main channels: brokers; door-to-door commercial independent contractors; and inside commercial sales representatives. Commercial customers make up 56% of Just Energy's RCE base. Products offered to Commercial customers can range from standard fixed-price offerings to "one off" offerings, which are tailored to meet the customer's specific needs. These products can be either fixed

or floating rate or a blend of the two, and normally have terms of less than five years. Gross margin per RCE for this division is lower than Consumer margins, but customer aggregation costs and ongoing customer care costs per RCE are lower as well. Commercial customers have significantly lower attrition rates than those of Consumer customers.

ABOUT THE ENERGY MARKETS

Natural gas

Just Energy offers natural gas customers a variety of products ranging from month-to-month variable-price contracts to five-year fixed-price contracts. Gas supply is purchased from market counterparties based on forecasted Consumer and small Commercial RCEs. For larger Commercial customers, gas supply is generally purchased concurrently with the execution of a contract. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Flat-bill products offer customers the ability to pay a fixed amount per period regardless of usage or changes in the price of the commodity.

The LDCs provide historical customer usage which, when normalized to average weather, enables Just Energy to purchase the expected normal customer load. Furthermore, Just Energy mitigates exposure to weather variations through active management of the gas portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. Just Energy's ability to successfully mitigate weather effects is limited by the degree to which weather conditions deviate from normal. To the extent that balancing requirements are outside the forecasted purchase, Just Energy bears the financial responsibility for fluctuations in customer usage. To the extent that supply balancing is not fully covered through active management or the options employed, Just Energy's realized customer gross margin may be reduced or increased depending upon market conditions at the time of balancing.

Territory	**Gas delivery method**
Ontario, Quebec, Manitoba and Michigan	The volumes delivered for a customer typically remain constant throughout the year. Sales are not recognized until the customer actually consumes the gas. During the winter months, gas is consumed at a rate that is greater than delivery, resulting in accrued gas receivables, and, in the summer months, deliveries to LDCs exceed customer consumption, resulting in gas delivered in excess of consumption. Just Energy receives cash from the LDCs as the gas is delivered, which is even throughout the year.
Alberta, British Columbia, New York, Illinois, Indiana, Ohio, California, Georgia, Maryland, New Jersey, Pennsylvania, Saskatchewan, the United Kingdom, Germany and Ireland	The volume of gas delivered is based on the estimated consumption and storage requirements for each month. Therefore, the amount of gas delivered in the winter months is higher than in the spring and summer months. Consequently, cash flow received from most of these markets is greatest during the third and fourth (winter) quarters, as cash is normally received from the LDCs in the same period as customer consumption.

Electricity

Just Energy services various territories in Canada, the U.S., the U.K., Germany, Ireland and Japan with electricity. A variety of electricity solutions are offered, including fixed-price, flat-bill and variable-price products on both short-term and longer-term electricity contracts. Some of these products provide customers with price-protection programs for the majority of their electricity requirements. Just Energy uses historical usage data for all enrolled customers to predict future customer consumption and to help with long-term supply procurement decisions. Flat-bill products offer a consistent price regardless of usage.

Just Energy purchases power supply from market counterparties for residential and small Commercial customers based on forecasted customer aggregation. Power supply is generally purchased concurrently with the execution of a contract for larger Commercial customers. Historical customer usage is obtained from LDCs, which, when normalized to average weather, provides Just Energy with an expected normal customer consumption. Furthermore, Just Energy mitigates exposure to weather variations through active management of the power portfolio, which involves, but is not limited to, the purchase of options, including weather derivatives.

Just Energy's ability to successfully mitigate weather effects is limited by the degree to which weather conditions deviate from normal. To the extent that balancing power purchases are outside the acceptable forecast, Just Energy bears the financial responsibility for excess or short supply caused by fluctuations in customer usage. Any supply balancing not fully covered through customer pass-throughs, active management or the options employed may impact Just Energy's gross margin depending upon market conditions at the time of balancing.

JustGreen

Customers also have the ability to choose an appropriate JustGreen program to supplement their natural gas and electricity contracts, providing an effective method to offset their carbon footprint associated with the respective commodity consumption.

JustGreen programs for gas customers involve the purchase of carbon offsets from carbon capture and reduction projects. Via power purchase agreements and renewable energy certificates, JustGreen's electricity product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, solar, hydropower or biomass. Additional green products allow customers to offset their carbon footprint without buying energy commodity products and can be offered in all states and provinces without being dependent on energy deregulation.

Just Energy currently sells JustGreen gas and electricity in eligible markets across North America. Of all Consumer customers who contracted with Just Energy in the past year, 34% took JustGreen for some or all of their energy needs. On average, these customers elected to purchase 71% of their consumption as green supply. For comparison, as reported for the year ended March 31, 2017, 29% of Consumer customers who contracted with Just Energy chose to include JustGreen for an average of 87% of their consumption. As of March 31, 2018, JustGreen now makes up 10% of the Consumer gas portfolio, compared to 11% a year ago. JustGreen makes up 12% of the Consumer electricity portfolio, compared to 13% a year ago.

Value added products and services ("VAPS")

In addition to JustGreen, Just Energy also provides energy management solutions to both Consumer and Commercial customers in the form of value added products and services. These products and services may be sold in a bundle with natural gas or electricity, or on a stand-alone basis.

Just Energy's commercial energy management solutions include LED lighting as well as monitoring and control solutions for lighting and HVAC systems. The solutions include custom design, procurement, utility rebate management, and management of installation services that may be purchased outright or financed through third parties.

Energy management for the consumer business focuses on energy efficient products. Just Energy has strategic partnerships to facilitate the purchase and support of smart thermostats, air filter replacements, home warranty products, and smart irrigation controllers. Customers may also redeem points earned through Just Energy's Perks loyalty program for a wide variety of free or discounted energy saving products.

EBITDA

For the years ended March 31
(thousands of dollars)

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Reconciliation to consolidated financial statements			
Profit (loss) for the year	**$ 518,574**	$ 470,883	$ 82,494
Add (subtract):			
Finance costs	**55,972**	78,077	72,540
Provision for (recovery of) income taxes	**20,674**	43,231	(318)
Amortization	**23,930**	25,494	42,652
EBITDA	**$ 619,150**	$ 617,685	$ 197,368
Add (subtract):			
Change in fair value of derivative instruments and other	**(474,356)**	(374,791)	22,803
Change in fair value of investments	**20,591**	-	-
Share-based compensation	**18,353**	6,076	5,348
Profit attributable to non-controlling interest	**(9,298)**	(24,471)	(17,890)
Base EBITDA	**$ 174,440**	$ 224,499	$ 207,629
Gross margin per consolidated financial statements	**$ 640,927**	$ 695,971	$ 702,288
Add (subtract):			
Administrative expenses	**(194,699)**	(168,433)	(170,330)
Selling and marketing expenses	**(233,040)**	(226,308)	(257,349)
Bad debt expense	**(56,331)**	(56,041)	(68,531)
Amortization included in cost of sales	**3,116**	2,974	21,983
Other income (expenses)	**3,174**	807	(2,542)
Change in fair value of investments	**20,591**	-	-
Profit attributable to non-controlling interest	**(9,298)**	(24,471)	(17,890)
Base EBITDA	**$ 174,440**	$ 224,499	$ 207,629

Base EBITDA amounted to $174.4 million for the year ended March 31, 2018, a decrease of 22% from $224.5 million in the prior year. The decline in Base EBITDA was largely attributable to a number of one-time weather related events, including the reduction of consumption arising from the abnormally mild summer weather in North America, customer disruptions caused by Hurricane Harvey and higher supply costs due to unusually colder than normal weather in January in North America. In addition, the lower EBITDA was also the result of the Company's significant investments in strategic sales growth initiatives throughout the year.

The January deep freeze in Texas and extreme cold weather patterns in the U.S. adversely affected Base EBITDA by $21.0 million. With the Company's current weather risk management program, the net impact was reduced to $10.0 million, which was isolated to the highly unusual one-time freeze event in Texas.

The Company's operational performance also included an investment gain of $20.6 million recorded in the Company's consolidated statements of comprehensive income relating to the Company's equity investment in ecobee. The Company regularly invests in early stage businesses for the purpose of profiting from capital appreciation of the asset. These investments are generally in companies that manufacture or distribute value added products that Just Energy markets to customers, or information technology related. In previously reported periods, the investment in ecobee was carried at cost on the Company's balance sheet as there was no other reliable indication of fair value. In the fourth quarter of fiscal year 2018, certain market-based transactions occurred that indicated a change in the fair value of the Company's investment in ecobee. As such, a gain of $20.6 million was recorded in the Company's consolidated statements of comprehensive income during the fourth quarter of fiscal year 2018 and was also included in the Company's Base EBITDA. Unrealized investment gains on other investments are recorded in the consolidated statements of income to the extent that they are classified as fair value through profit and loss. Accordingly, an unrealized gain of $1.3 million on other investments was recorded during the fourth quarter of fiscal year 2018 and was also included in the Base EBITDA. Upon adoption of IFRS 9, Financial Instruments, effective April 1, 2018, the Company will continue to record this investment and other similar portfolios of investments at fair value, with changes in fair value included in earnings on the consolidated statements of income, and will continue to include these gains and losses in Base EBITDA. The gain or loss on investment recorded in the Company's consolidated statements of comprehensive income was $nil in fiscal 2017.

Sales decreased by 3% for the year ended March 31, 2018. The Consumer division's sales increased by 7% as a result of the 2% increase in RCEs as compared to last fiscal year and, for the Commercial division, sales decreased by 17% due to the 4% decrease in RCEs as compared to last fiscal year. Gross margin was down 8% as a result of the reduction of consumption arising from the abnormally mild summer weather in North America, customer disruptions caused by Hurricane Harvey and higher supply costs due to unusually colder than normal weather in January in North America. The sales and gross margin were also negatively impacted by $55.5 million and $9.0 million, respectively, due to the foreign exchange.

Administrative expenses increased by 16% from $168.4 million to $194.7 million. The increase over the prior year was attributable to the costs associated with supporting the 35% growth in the U.K. operations, as well as costs associated with the change in executive management.

Selling and marketing expenses for the year ended March 31, 2018 were $233.0 million, a 3% increase from $226.3 million reported in the prior year. The increase in selling and marketing expenses is as a result of investment in sales growth initiatives including channel expansion and diversification.

Bad debt expense was $56.3 million for the year ended March 31, 2018, a slight increase of 1% from $56.0 million recorded for the prior year. For the year ended March 31, 2018, the bad debt expense of $56.3 million represents approximately 1.9% of revenue in the jurisdictions where the Company bears the credit risk, down from the 2.1% of revenue reported for the year ended March 31, 2017. The management's target range is 2% to 3%.

For more information on the changes in the results from operations, please refer to "Gross margin" on page 36 and "Administrative expenses", "Selling and marketing expenses", "Bad debt expense" and "Finance costs", which are further explained on pages 38 through 39.

For comparative purposes, the table on the previous page includes the results for the years ended March 31, 2017 and 2016. For the year ended March 31, 2017, gross margin was $696.0 million, a decrease of 1% from $702.3 million reported in fiscal 2016, primarily due to lower realized margins per customer and the negative foreign exchange impact on gross margin earned in the U.S. markets compared with fiscal 2016. In fiscal 2017, administrative, selling and marketing, and bad debt expenses amounted to $168.4 million, $226.3 million and $56.0 million, respectively, a decrease of 1%, 12% and 18%, respectively. For fiscal 2017, Base EBITDA amounted to $224.5 million, an increase of 8% from $207.6 million in fiscal 2016, reflecting higher gross margin and operating economies of scale within the Company's cost structure.

EMBEDDED GROSS MARGIN

Management's estimate of the future embedded gross margin is as follows:

(millions of dollars)

	Fiscal 2018	Fiscal 2017	2018 vs. 2017 variance	Fiscal 2016	2017 vs. 2016 variance
Energy marketing	**$ 1,900.5**	$ 1,757.0	8%	$ 1,917.6	(8)%

Management's estimate of the future embedded gross margin within its customer contracts amounted to $1,900.5 million as of March 31, 2018, an increase of 8% compared to the embedded gross margin as of March 31, 2017. The increase is attributable to the growth in the residential customer base in the U.K. and the actualization of gross margin and attrition rates in the U.S., partially offset by the $19.0 million negative foreign exchange impact due to the weakening of the U.S. dollar. The decrease of 8% in fiscal 2017 as compared to fiscal 2016 was a result of the 7% decrease in customer base year over year.

Embedded gross margin indicates the margin expected to be realized over the next five years from existing customers. It is intended only as a directional measure for future gross margin. It is not discounted to present value nor is it intenced to take into account administrative and other costs necessary to realize this margin. As our mix of customers continues to reflect a higher proportion of Commercial volume, the embedded gross margin may, depending on currency rates, grow at a slower pace than customer growth; however, the underlying costs necessary to realize this margin will also decline.

Funds from Operations

For the years ended March 31
(thousands of dollars)

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Cash inflow from operating activities	**$ 62,022**	$ 150,451	$ 187,106
Add (subtract):			
Changes in non-cash working capital	**36,425**	22,756	(18,710)
Profit attributable to non-controlling interest	**(9,298)**	(24,471)	(17,890)
Tax adjustment	**18,763**	(7,283)	708
Funds from Operations	**$ 107,912**	$ 141,453	$ 151,214
Less: Maintenance capital expenditures	**(16,710)**	(13,695)	(13,015)
Base Funds from Operations	**$ 91,202**	$ 127,758	$ 138,199
Gross margin per consolidated financial statements	**$ 640,927**	$ 695,971	$ 702,288
Add (subtract):			
Administrative expenses	**(194,699)**	(168,433)	(170,330)
Selling and marketing expenses	**(233,040)**	(226,308)	(257,349)
Bad debt expense	**(56,331)**	(56,041)	(68,531)
Current income tax provision	**(2,556)**	(27,123)	(13,890)
Adjustment required to reflect net cash receipts from gas sales	**(2,876)**	(681)	14,895
Amortization included in cost of sales	**3,116**	2,974	21,983
Other income	**3,174**	807	(2,542)
Financing charges, non-cash	**14,547**	23,198	15,471
Finance costs	**(55,972)**	(78,077)	(72,540)
Other non-cash adjustments	**(8,378)**	(24,834)	(18,241)
Funds from Operations	**$ 107,912**	$ 141,453	$ 151,214
Less: Maintenance capital expenditures	**(16,710)**	(13,695)	(13,015)
Base Funds from Operations	**$ 91,202**	$ 127,758	$ 138,199
Base Funds from Operations payout ratio	**95%**	60%	54%
Dividends/distributions			
Dividends on common shares	**$ 73,624**	$ 73,717	$ 73,449
Dividends on preferred shares	**11,380**	1,657	-
Distributions for share-based awards	**1,303**	1,377	1,343
Total dividends/distributions	**$ 86,307**	$ 76,751	$ 74,792

Base FFO for the year ended March 31, 2018 was $91.2 million, a decrease of 29% compared with Base FFO of $127.8 million for the prior year. The decline in Base FFO is largely attributable to a number of one-time weather events, including the reduction of consumption arising from the abnormally mild summer weather in North America, customer disruptions caused by Hurricane Harvey and higher supply costs due to unusually colder than normal weather in January in North America. In addition, the lower EBITDA was also attributable to the Company's significant investments in strategic sales growth initiatives including channel expansion and diversification.

Dividends and distributions for the year ended March 31, 2018 were $86.3 million, an increase of 12% from fiscal 2017, due to dividend payments to preferred shareholders following the issuance of preferred shares in February 2017. The payout ratio on Base Funds from Operations was 95% for the year ended March 31, 2018, compared to 60% reported in fiscal 2017, primarily resulting from the higher dividend and lower Base FFO.

Selected consolidated financial data from continuing operations

For the years ended March 31
(thousands of dollars, except per share amounts)

Statement of operations	**Fiscal 2018**	Fiscal 2017	Fiscal 2016
Sales	**$ 3,626,570**	$ 3,757,054	$ 4,105,860
Gross margin	**640,927**	695,971	702,288
Profit from continuing operations	**518,574**	470,883	82,494
Profit from continuing operations per share – basic	**3.41**	3.02	0.44
Profit from continuing operations per share – diluted	**2.62**	2.42	0.43

Balance sheet data

As at March 31

	Fiscal 2018	Fiscal 2017	Fiscal 2016
Total assets	**$1,646,809**	$ 1,237,955	$ 1,299,789
Long-term liabilities	**538,191**	679,645	954,672

2018 COMPARED WITH 2017

Sales decreased by 3% to $3.6 billion in fiscal 2018, compared with $3.8 billion in the prior fiscal year. The decrease is primarily a result of the 1% decrease in customer base and the impact from foreign exchange, due to the weakening of the U.S. dollar.

For the year ended March 31, 2018, gross margin decreased by 8% to $640.9 million from $696.0 million reported in fiscal 2017, of which foreign currency translation (primarily from the weaker U.S. dollar) accounted for a decrease of $9.0 million. One-time weather events in the summer and the winter, including the reduction of consumption due to abnormally mild weather in the summer, customer disruption due to Hurricane Harvey and higher supplier costs due to extreme cold weather in the winter, adversely affected the gross margin in fiscal 2018. Gross margin for the Consumer division decreased to $487.6 million, down 5%, while gross margin for the Commercial division decreased by 16% to $153.3 million.

The profit for fiscal 2018 amounted to $518.6 million, compared to $470.9 million in fiscal 2017. The profit increased as a result of the year over year increase in the change in fair value of the derivative instruments and other on the Company's supply portfolio, which resulted in a gain of $474.4 million, compared with a gain of $374.8 million in fiscal 2017. Under IFRS, there is a requirement to mark to market the future supply contracts, creating unrealized non-cash gains or losses depending on the supply pricing, but the related future customer revenues are not marked to market (which would create an offsetting gain or loss to the supply gain or loss). Just Energy views Base EBITDA and FFO as the better measures of operating performance.

Total assets increased by 33% to $1,646.8 million in fiscal 2018 due to gains in the fair value of derivative instruments, as market prices relative to Just Energy's future electricity supply contracts increased by an average of $9.01/MWh as compared to fiscal 2017. Total long-term liabilities as of March 31, 2018 were $538.2 million, representing a 21% decrease from fiscal 2017. The decrease in total long-term liabilities is primarily a result of reclassification of the credit facility from long-term to current and the repayment of 5.75% convertible debentures, partially offset by the issuance of 6.75% $100M convertible debentures in fiscal 2018.

2017 COMPARED WITH 2016

Sales decreased by 8% to $3.8 billion in fiscal 2017, compared with $4.1 billion in the prior fiscal year. The decrease is primarily a result of the 7% decrease in customer base.

For the year ended March 31, 2017, gross margin decreased by 1% to $696.0 million from $702.3 million reported in fiscal 2016, of which foreign currency translation (primarily from the weaker British pound) accounted for a decrease of $10.7 million, offset by a $4.4 million increase from margin improvement initiatives. Gross margin for the Consumer division decreased to $512.9 million, down 5%, while gross margin for the Commercial division increased by 12% to $183.1 million.

The profit for fiscal 2017 amounted to $470.9 million, compared to $82.5 million in fiscal 2016. The profit increased as a result of stronger operational results in fiscal 2017 as well as the year over year increase in the change in fair value of the derivative instruments and other on the Company's supply portfolio, which resulted in a gain of $374.8 million, compared with a loss of $22.8 million in fiscal 2016. Under IFRS, there is a requirement to mark to market the future supply contracts, creating unrealized non-cash gains or losses depending on the supply pricing, but the related future customer revenues are not marked to market (which would create an offsetting gain or loss to the supply gain or loss). Just Energy views Base EBITDA and FFO as the better measures of operating performance.

Total assets decreased by 5% to $1,238.0 million in fiscal 2017, primarily as a result of the lower impact from foreign exchange on U.K.-based assets. Total long-term liabilities as of March 31, 2017 were $679.6 million, representing a 29% decrease from fiscal 2016. The decrease in total long-term liabilities is primarily a result of the early redemption of the 6.0% convertible debentures with a book

value of $311.0 million as at March 31, 2016 and the repayment of the remaining $80 million on the senior unsecured notes, offset by the issuance of the 6.75% convertible debentures with a book value of $145.6 million and a withdrawal of $68.3 million on the credit facility.

Summary of quarterly results for operations

(thousands of dollars, except per share amounts)

	Q4 Fiscal 2018	Q3 Fiscal 2018	Q2 Fiscal 2018	Q1 Fiscal 2018
Sales	**$ 1,014,734**	**$ 912,203**	**$ 851,927**	**$ 847,706**
Gross margin	**169,396**	**171,305**	**142,663**	**157,563**
Administrative expenses	**48,873**	**50,389**	**46,806**	**48,631**
Selling and marketing expenses	**60,840**	**55,547**	**58,577**	**58,076**
Finance costs	**18,195**	**13,266**	**12,521**	**11,990**
Profit (loss) for the period	**265,773**	**208,415**	**(64,923)**	**109,309**
Profit (loss) for the period per share – basic	**1.80**	**1.42**	**(0.47)**	**0.71**
Profit (loss) for the period per share – diluted	**1.40**	**1.13**	**(0.47)**	**0.56**
Dividends/distributions paid	**21,555**	**21,501**	**21,468**	**21,783**
Base EBITDA	**68,876**	**52,507**	**20,548**	**32,509**
Base Funds from Operations	**25,472**	**37,539**	**7,683**	**20,508**
Payout ratio on Base Funds from Operations	**85%**	**57%**	**279%**	**106%**

	Q4 Fiscal 2017	Q3 Fiscal 2017	Q2 Fiscal 2017	Q1 Fiscal 2017
Sales	$ 947,281	$ 918,536	$ 992,828	$ 898,409
Gross margin	175,412	174,353	183,534	162,672
Administrative expenses	32,448	44,567	46,717	44,701
Selling and marketing expenses	53,727	55,337	59,454	57,790
Finance costs	16,745	25,477	17,882	17,973
Profit (loss) for the period	(38,220)	188,041	(161,608)	482,671
Profit (loss) for the period per share – basic	(0.30)	1.22	(1.13)	3.24
Profit (loss) for the period per share – diluted	(0.30)	0.98	(1.13)	2.51
Dividends/distributions paid	20,344	18,800	18,814	18,793
Base EBITDA	75,018	51,489	56,851	41,141
Base Funds from Operations	28,588	20,940	52,561	25,669
Payout ratio on Base Funds from Operations	71%	90%	36%	73%

Just Energy's results reflect seasonality, as electricity consumption is slightly greater in the first and second quarters (summer quarters) and gas consumption is significantly greater during the third and fourth quarters (winter quarters). Electricity and gas customers currently represent 75% and 25%, respectively, of the customer base. Since consumption for each commodity is influenced by weather, annual quarter over quarter comparisons are more relevant than sequential quarter comparisons.

Fourth quarter financial highlights

For the three months ended March 31
(thousands of dollars, except where indicated and per share amounts)

	Fiscal 2018	% increase (decrease)	Fiscal 2017
Sales	**$ 1,014,734**	**7%**	$ 947,281
Gross margin	**169,396**	**(3)%**	175,412
Administrative expenses	**48,873**	**51%**	32,448
Selling and marketing expenses	**60,840**	**13%**	53,727
Finance costs (net of non-cash finance charges)	**11,483**	**(6)%**	12,279
Profit (loss)[1]	**265,773**	**NMF[3]**	(38,220)
Profit (loss) per share available to shareholders – basic	**1.80**		(0.30)
Profit (loss) per share available to shareholders – diluted	**1.40**		(0.30)
Dividends/distributions	**21,555**	**6%**	20,344
Base EBITDA[2]	**68,876**	**(8)%**	75,018
Base Funds from Operations[2]	**25,472**	**(11)%**	28,588
Payout ratio on Base Funds from Operations[2]	**85%**		71%
Total gross customer (RCE) additions	**312,000**	**37%**	228,000
Total net customer (RCE) additions	**49,000**	**NMF[3]**	(25,000)

1 Profit (loss) includes the impact of unrealized gains (losses), which represents the mark to market of future commodity supply acquired to cover future customer demand. The supply has been sold to customers at fixed prices, minimizing any realizable impact of mark to market gains and losses. Profit also includes investment gain recorded in the consolidated statements of income.
2 See "Non-IFRS financial measures" on page 22.
3 Not a meaningful figure.

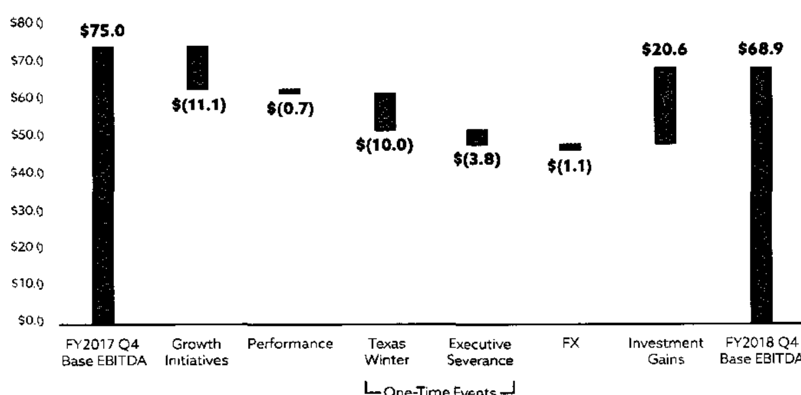
For the three months ended March 31, 2018, gross margin was $169.4 million, 3% lower than the prior comparable quarter, and Base EBITDA amounted to $68.9 million, a decrease of 8% compared to fiscal 2017. The decrease in gross margin is primarily attributable to the higher supply costs due to unusually colder than normal weather in January in North America and the decline in the customer base in North America. In addition, the lower Base EBITDA was also attributable to the Company's significant investments in strategic growth initiatives, such as sales channel expansion and optimization. The change in executive management further increased the cost in the quarter.

The January deep freeze in Texas and extreme cold weather patterns in the U.S. adversely affected Base EBITDA by $21.0 million. With the Company's current weather risk management program, the net impact was reduced to $10.0 million, which was isolated to the highly unusual one time freeze event in Texas.

The Company's operational performance also included an investment gain relating to the Company's equity investment in ecobee. The Company regularly invests in early stage businesses for the purpose of profiting from capital appreciation of the asset. These investments are generally in companies that manufacture or distribute value added products that Just Energy markets to customers, or information technology related. In previously reported periods, the investment in ecobee has been carried at cost on the Company's balance sheet as there was no other reliable indication of fair value. In the fourth quarter of fiscal year 2018, certain market-based transactions occurred that indicated a change in the fair value of the Company's investment in ecobee. As such, a gain of $20.6 million was recorded in the Company's consolidated statements of comprehensive income during the fourth quarter of fiscal year 2018 and was also included in the Company's Base EBITDA. Upon adoption of IFRS 9, Financial Instruments, effective April 1, 2018, the Company will continue to record this investment and other similar portfolios of investments at fair value, with changes in fair value included in earnings on the consolidated statements of income, and will continue to include these gains and losses in Base EBITDA. There is no similar gain or loss on equity investment recorded in the Company's consolidated statements of comprehensive income in the comparable quarter in fiscal 2017.

The Company's financial highlights for the three months ended March 31, 2018 are shown below.

FY2018 Q4 BASE EBITDA
(MILLIONS)



FOURTH QUARTER GROSS MARGIN PER RCE

	Q4 Fiscal 2018	Number of customers	Q4 Fiscal 2017	Number of customers
Consumer customers added and renewed	**$ 216**	**242,000**	$ 192	237,000
Consumer customers lost	**200**	**117,000**	196	127,000
Commercial customers added and renewed	**87**	**220,000**	88	208,000
Commercial customers lost	**81**	**128,000**	83	126,000

For the three months ended March 31, 2018, the average gross margin per RCE for the customers added and renewed by the Consumer division was $216/RCE, compared with $192/RCE in the prior comparable quarter. The increase in average gross margin per RCE for Consumer customers added and renewed in the quarter is a result of the Company's margin optimization efforts in focusing on ensuring customers added meet its profitability targets. The average gross margin per RCE for the Consumer customers lost during the three months ended March 31, 2018 was $200/RCE, compared with $196/RCE in the fourth quarter of fiscal 2017.

For the Commercial division, the average gross margin per RCE for the customers signed during the quarter ended March 31, 2018 was $87/RCE, compared to $88/RCE in the prior comparable quarter. Customers lost through attrition and failure to renew during the three months ended March 31, 2018 were at an average gross margin of $81/RCE, a decrease from $83/RCE reported in the prior comparable quarter. Management will continue its margin optimization efforts by focusing on ensuring customers added meet its profitability targets.

Analysis of the fourth quarter

Sales increased by 7% to $1,014.7 million for the three months ended March 31, 2018 from $947.3 million recorded in the fourth quarter of fiscal 2017. The gross margin was $169.4 million, a decrease of 3% from the prior comparable quarter. Administrative expenses for the three months ended March 31, 2018 increased by 51% to $48.9 million, mainly attributable to the costs of supporting customer growth in the U.K., international expansion as well as change in executive management. Selling and marketing expenses for the three months ended March 31, 2018 increased by 13% to $60.8 million, due to the Company's investments in sales growth initiatives including channel expansion and diversification.

Total finance costs for the three months ended March 31, 2018 amounted to $18.2 million, an increase of 9% from $16.7 million reported for the three months ended March 31, 2017, due to additional finance costs as a result of credit facility withdrawals.

The change in fair value of derivative instruments and other resulted in a non-cash gain of $250.9 million for the three months ended March 31, 2018, compared to a non-cash loss of $99.5 million in the prior comparative quarter, as market prices relative to Just Energy's future electricity supply contracts increased by an average of $8.62/MWh, while future gas contracts decreased by an average of $0.04/GJ. Just Energy ensures that customer margins are protected by entering into fixed-price supply contracts. Under current IFRS, the customer contracts are not marked to market but there is a requirement to mark to market the future supply contracts.

The profit for the three months ended March 31, 2018 was $265.8 million, representing earnings per share of $1.80 and $1.40 on a basic and diluted basis, respectively. For the prior comparable quarter, the loss was $38.2 million, representing loss per share of $0.30 on both a basic and diluted basis.

Base EBITDA was $68.9 million for the three months ended March 31, 2018, a decrease of 8% from $75.0 million in the prior comparable quarter. Base FFO was $25.5 million for the fourth quarter of fiscal 2018, down 11% compared to $28.6 million in the prior comparable quarter as a result of lower Base EBITDA in the current quarter.

Dividends and distributions paid were $21.6 million, an increase of 6% compared to $20.3 million paid in the fourth quarter of fiscal 2017 as a result of dividends paid to preferred shareholders, which amounted to $2.3 million as compared to $1.7 million paid in the prior comparable quarter. The payout ratio on Base FFO for the quarter ended March 31, 2018 was 85%, compared with 71% in the prior comparable quarter.

Segmented Base EBITDA[1]

For the years ended March 31
(thousands of dollars)

			Fiscal 2018
	Consumer division	**Commercial division**	**Consolidated**
Sales	**$ 2,235,093**	**$ 1,391,477**	**$ 3,626,570**
Cost of sales	**(1,747,502)**	**(1,238,141)**	**(2,985,643)**
Gross margin	**487,591**	**153,336**	**640,927**
Add (subtract):			
Administrative expenses	**(157,513)**	**(37,186)**	**(194,699)**
Selling and marketing expenses	**(157,997)**	**(75,043)**	**(233,040)**
Bad debt expense	**(53,759)**	**(2,572)**	**(56,331)**
Amortization included in cost of sales	**3,116**	**-**	**3,116**
Other income (expenses)	**3,067**	**107**	**3,174**
Change in fair value of investments	**20,591**	**-**	**20,591**
Profit attributable to non-controlling interest	**(9,298)**	**-**	**(9,298)**
Base EBITDA from operations	**$ 135,798**	**$ 38,642**	**$ 174,440**

			Fiscal 2017
	Consumer division	Commercial division	Consolidated
Sales	$ 2,083,833	$ 1,673,221	$ 3,757,054
Cost of sales	(1,570,914)	(1,490,169)	(3,061,083)
Gross margin	512,919	183,052	695,971
Add (subtract):			
Administrative expenses	(129,882)	(38,551)	(168,433)
Selling and marketing expenses	(142,883)	(83,425)	(226,308)
Bad debt expense	(46,312)	(9,729)	(56,041)
Amortization included in cost of sales	2,974	-	2,974
Other expenses	1,074	(267)	807
Profit attributable to non-controlling interest	(24,471)	-	(24,471)
Base EBITDA from operations	$ 173,419	$ 51,080	$ 224,499

1 The segment definitions are provided on page 24.

Consumer Energy contributed $135.8 million to Base EBITDA for the year ended March 31, 2018, a decrease of 22% from $173.4 million in fiscal 2017. Consumer gross margin decreased 5% as a result of the 22% decrease in GM per RCE for gas and the 5% decrease in GM per RCE for electricity. Consumer administrative costs increased by 21% due to the costs of supporting the growth in the U.K. business. Consumer selling and marketing expenses were up by 11% due to significant investments in strategic growth initiatives.

Consumer Energy's Base EBITDA includes the change in fair value on the Company's investment in ecobee that is recorded in the Company's statements of comprehensive income in the year ended March 31, 2018. There is no similar gain or loss in fiscal 2017.

Commercial Energy contributed $38.6 million to Base EBITDA, a decrease of 24% from the year ended March 31, 2017, when the segment contributed $51.1 million. The decrease in gross margin was due to the 6% drop in GM per RCE for Commercial customers. The Commercial administrative costs stayed at the same level as for the prior year.

Customer aggregation

RCE SUMMARY
(in thousands)

					Fiscal 2018
	Full Year	**Q4**	**Q3**	**Q2**	**Q1**
Start of period[1]	**4,211**	**4,114**	**4,087**	**4,076**	**4,211**
Additions					
Consumer	**578**	**170**	**105**	**169**	**134**
Commercial	**593**	**142**	**199**	**141**	**111**
Total additions	**1,171**	**312**	**304**	**310**	**245**
Attrition					
Consumer	**(389)**	**(91)**	**(83)**	**(125)**	**(90)**
Commercial	**(146)**	**(38)**	**(40)**	**(27)**	**(41)**
Total attrition	**(535)**	**(129)**	**(123)**	**(152)**	**(131)**
Failed to renew					
Consumer	**(150)**	**(31)**	**(29)**	**(59)**	**(31)**
Commercial	**(534)**	**(103)**	**(125)**	**(88)**	**(218)**
Total failed to renew	**(684)**	**(134)**	**(154)**	**(147)**	**(249)**
Net additions					
Consumer	**39**	**48**	**(7)**	**(15)**	**13**
Commercial	**(87)**	**1**	**34**	**26**	**(148)**
Net RCE additions	**(48)**	**49**	**27**	**11**	**(135)**
Total RCEs	**4,163**	**4,163**	**4,114**	**4,087**	**4,076**

					Fiscal 2017
	Full Year	Q4	Q3	Q2	Q1
Start of period	4,520	4,227	4,311	4,386	4,520
Additions					
Consumer	455	134	101	115	105
Commercial[1]	393	94	109	81	100
Total additions	848	228	210	196	205
Attrition					
Consumer	(394)	(103)	(84)	(103)	(104)
Commercial	(190)	(35)	(63)	(47)	(45)
Total attrition	(584)	(138)	(147)	(150)	(149)
Failed to renew					
Consumer	(159)	(24)	(56)	(50)	(29)
Commercial	(414)	(91)	(91)	(71)	(161)
Total failed to renew	(573)	(115)	(147)	(121)	(190)
Net additions					
Consumer	(98)	7	(39)	(38)	(28)
Commercial	(211)	(32)	(45)	(37)	(106)
Net RCE additions	(309)	(25)	(84)	(75)	(134)
Total RCEs	4,211	4,202	4,227	4,311	4,386

1 The balances have been adjusted for 9,000 large natural gas Commercial and Industrial RCEs that were not reported in the prior period.

Just Energy's total RCE base is currently at 4.2 million, a 1% decrease from one year ago. Gross RCE additions for the year ended March 31, 2018 were 1,171,000, an increase of 40% compared to RCEs added in fiscal 2017. Net additions were a negative 48,000 for fiscal 2018, compared with a negative 318,000 net RCE additions in fiscal 2017.

Fourth quarter gross RCE additions of 312,000 improved 37% year over year. Net RCE additions of 49,000 during the quarter improved 74,000 from a negative 25,000 net RCE additions in the prior comparable period. The net RCE additions have been positive in the past three quarters of fiscal 2018 due to the Company's significant investments in strategic sales growth initiatives throughout the fiscal year.

Consumer RCE additions amounted to 578,000 for the year ended March 31, 2018, a 27% increase from 455,000 gross RCE additions recorded in the prior year. The increase in RCEs was driven by (1) the ramp-up of the Company's new retail sales channel, (2) the U.K.'s acquisition of new customers through the online switching sites and (3) the ramp-up of door-to-door gas sales efforts in California. Net RCE additions for the Consumer division improved to negative 39,000 for the year ended March 31, 2018, compared with negative 98,000 reported in the prior year. As of March 31, 2018, the U.S., Canadian and U.K. segments accounted for 63%, 19% and 18% of the Consumer RCE base, respectively.

Commercial RCE additions were 593,000 for the year ended March 31, 2018, a 51% increase over the prior year as a result of increased additions from large natural gas Commercial and Industrial RCEs in Canada. As of March 31, 2018, the U.S., Canadian and U.K. segments accounted for 70%, 24% and 6% of the Commercial RCE base, respectively.

For the year ended March 31, 2018, 47% of the total Consumer and Commercial RCE additions were generated through online and other non-door-to-door sales channels, 39% from commercial brokers and 14% from door-to-door sales. In the prior year, 39% of RCE additions were generated from commercial brokers, 34% from online and other sales channels and 27% using door-to-door sales.

Just Energy's geographical footprint continues to diversify outside of North America. The U.K. operations increased their RCE base by 35% to 473,000 RCEs during the year ended March 31, 2018 with strong growth in their Consumer RCE base. As of March 31, 2018, the U.S., Canadian and U.K. segments accounted for 67%, 22% and 11% of the RCE base, respectively. At March 31, 2017, the U.S., Canadian and U.K. segments represented 71%, 21% and 8% of the RCE base, respectively.

The Company's launch of the new retail consumer sales channel continued to meet expectations during the fourth quarter. The retail channel added 32,820 new RCEs during the fourth quarter through six retail partnerships, bringing the total to 18 retail partnerships. The total number of stores with a Just Energy kiosk increased in fiscal 2018 by 195, bringing the total to 543 retail stores with kiosks. These partnerships exemplify how Just Energy is expanding its sales channel opportunities to further reach potential residential customers looking to take control of their energy needs.

CUSTOMER SUMMARY
(in thousands)

	As at March 31, 2018	As at April 1, 2017	% increase (decrease)
Consumer	**1,543**	1,357	14%
Commercial	**116**	117	(1)%
Total customer count	**1,659**	1,474	13%

With the diversification of product offerings to include more than commodities, Just Energy anticipates that the number of customers will become an increasingly relevant measure for reporting periods. During the fiscal year 2018, the number of customers grew by 13%.

Just Energy's customer base also includes 42,733 smart thermostat customers. These smart thermostats are bundled with a commodity contract and are currently offered in Canada and the United States. Customers with bundled products have lower attrition and higher overall profitability. Further expansion of the energy management solutions is a key driver of continued growth for Just Energy, with additional product offerings contributing to lower attrition rates.

ATTRITION

	Fiscal 2018	Fiscal 2017
Consumer	**20%**	24%
Commercial	**4%**	7%
Total attrition	**12%**	15%

The combined attrition rate for Just Energy was 12% for the year ended March 31, 2018, a decrease of three percentage points from the 15% reported in the prior year. The Consumer attrition rate decreased four percentage points to 20% from a year ago and the Commercial attrition rate decreased three percentage points to 4%. The decrease in the attrition rates is a result of Just Energy's focus on becoming the customers' "trusted advisor" and providing a variety of energy management solutions to its customer base to drive customer loyalty.

RENEWALS

	Fiscal 2018	Fiscal 2017
Consumer	**70%**	79%
Commercial	**45%**	56%
Total renewals	**55%**	65%

The Just Energy renewal process is a multifaceted program that aims to maximize the number of customers who choose to renew their contract prior to the end of their existing contract term. Efforts begin up to 15 months in advance, allowing a customer to renew for an additional period. Overall, the renewal rate was 55% for the year ended March 31, 2018, a decrease of ten percentage points from 65% as at March 31, 2017. The Consumer renewal rate decreased by nine percentage points to 70%, and the Commercial renewal rate also decreased by 11 percentage points to 45%. The decline in the Commercial renewal rate reflected a very competitive market for Commercial renewals with competitors pricing aggressively and Just Energy's focus on improving retained customers' profitability rather than pursuing low margin growth.

The renewals in Consumer gas in Canada decreased by 11 percentage points to 50% and Consumer electricity decreased by ten percentage points to 48%, mainly due to new regulations in Alberta and Ontario which prohibit selling energy products door-to-door, ban contracting with consumers at their home and disallow the automatic renewal or extension of expiring contracts.

ENERGY CONTRACT RENEWALS

This table shows the customers up for renewal in the following fiscal periods:

	Consumer		Commercial	
	Gas	Electricity	Gas	Electricity
2019	23%	32%	26%	37%
2020	20%	25%	25%	26%
2021	23%	22%	15%	14%
2022	10%	8%	6%	5%
Beyond 2022	24%	13%	28%	18%
Total	100%	100%	100%	100%

Note: All month-to-month customers, which represent 605,047 RCEs, are excluded from the table above.

Gross margin

For the years ended March 31
(thousands of dollars)

	Fiscal 2018			Fiscal 2017		
	Consumer	**Commercial**	**Total**	Consumer	Commercial	Total
Gas	**$ 160,168**	**$ 17,729**	**$ 177,897**	$ 161,622	$ 29,976	$ 191,598
Electricity	**327,423**	**135,607**	**463,030**	351,297	153,076	504,373
	$ 487,591	**$ 153,336**	**$ 640,927**	$ 512,919	$ 183,052	$ 695,971
Decrease	**(5)%**	**(16)%**	**(8)%**			

CONSUMER ENERGY

Gross margin for the year ended March 31, 2018 for the Consumer division was $487.6 million, a decrease of 5% from $512.9 million recorded in fiscal 2017. Gas and electricity gross margins decreased by 1% and 7%, respectively, primarily as a result of the decrease in customer base.

Average realized gross margin for the Consumer division for the year ended March 31, 2018 was $236/RCE, representing an 11% decrease from $265/RCE reported in the prior year. The gross margin/RCE value includes an appropriate allowance for bad debt expense in applicable markets.

Gas

Gross margin from gas customers in the Consumer division was $160.2 million for the year ended March 31, 2018, a decrease of 1% from $161.6 million recorded in the prior year. The change is primarily a result of the Company's margin optimization efforts in focusing on ensuring customers added meet its profitability targets.

Electricity

Gross margin from electricity customers in the Consumer division was $327.4 million for the year ended March 31, 2018, a decrease of 7% from $351.3 million recorded in fiscal 2017. The decrease in gross margin in fiscal 2018 is a result of the abnormally mild summer weather in North America, customer disruptions caused by Hurricane Harvey and higher supply costs due to the January deep freeze in Texas followed with warmer days that resulted in normal monthly average.

COMMERCIAL ENERGY

Gross margin for the Commercial division was $153.3 million for the year ended March 31, 2018, a decrease of 16% from $183.1 million recorded in the prior year. Gas and electricity gross margin decreased by 41% and 11%, respectively. Average realized gross margin for the year ended March 31, 2018 was $83/RCE, a decrease of 7% from $89/RCE. The GM/RCE value includes an appropriate allowance for bad debt expense in various bad debt markets across North America.

Gas

Gas gross margin for the Commercial division was $17.7 million, a decrease of 41% from $30.0 million recorded in fiscal 2017 due to lower gross margin per RCE and negative foreign exchange impact as a result of the weakening of the U.S. dollar.

Electricity

Electricity gross margin for the Commercial division was $135.6 million, a decrease of 11% from $153.1 million recorded in the prior year. The decrease in gross margin was due to the 9% decrease in RCEs as compared to last fiscal year.

GROSS MARGIN ON NEW AND RENEWING CUSTOMERS

The table below depicts the annual margins on contracts for Consumer and Commercial customers signed during the year. This table reflects the gross margin (sales price less costs of associated supply and allowance for bad debt) earned on new additions and renewals, including both brown commodities and JustGreen supply.

Annual gross margin per RCE

		Fiscal 2018	**Number of customers**		Fiscal 2017	Number of customers
Consumer customers added and renewed	**$**	**206**	**995,000**	$	207	881,000
Consumer customers lost		**198**	**544,000**		197	552,000
Commercial customers added and renewed[1]		**80**	**891,000**		84	867,000
Commercial customers lost		**78**	**656,000**		79	605,000

1 Annual gross margin per RCE excludes margins from IEG and large Commercial and Industrial customers

For the year ended March 31, 2018, the average gross margin per RCE for the customers added and renewed by the Consumer division was $206/RCE, a decrease from $207/RCE added in the prior year. The average gross margin per RCE for the Consumer customers lost during the year ended March 31, 2018 was $198/RCE, a decrease from $197/RCE margin lost on customers in the prior year.

For the Commercial division, the average gross margin per RCE for the customers signed during the year ended March 31, 2018 was $80/RCE, a decrease from $84/RCE added in the prior year. Customers lost through attrition and failure to renew during the year ended March 31, 2018 were at an average gross margin of $78/RCE, a decrease from $79/RCE reported in the prior year. Management will continue to focus on meeting its profitability target by optimizing the margin of customers added and renewed and capturing a larger customer base.

Overall consolidated results

ADMINISTRATIVE EXPENSES

For the years ended March 31
(thousands of dollars)

	Fiscal 2018	Fiscal 2017	% increase
Consumer Energy	**$ 157,513**	$ 129,882	21%
Commercial Energy	**37,186**	38,551	(4)%
Total administrative expenses	**$ 194,699**	$ 168,433	16%

Administrative expenses increased by 16% from $168.4 million to $194.7 million. The Consumer division's administrative expenses *were $157.5 million for the year ended March 31, 2018, an increase of 21% from $129.9 million recorded in fiscal 2017. The Commercial* division's administrative expenses were $37.2 million for fiscal 2018, down from last year by 4%. The overall increase over the prior year was primarily driven by higher costs required to support customer growth in the U.K., international expansion as well as change in executive management.

SELLING AND MARKETING EXPENSES

For the years ended March 31
(thousands of dollars)

	Fiscal 2018	Fiscal 2017	% increase (decrease)
Consumer Energy	**$ 157,997**	$ 142,883	11%
Commercial Energy	**75,043**	83,425	(10)%
Total selling and marketing expenses	**$ 233,040**	$ 226,308	3%

Selling and marketing expenses, which consist of commissions paid to independent sales contractors, brokers and sales agents, as well as sales-related corporate costs, were $233.0 million, an increase of 3% from $226.3 million recorded in fiscal 2017. The overall increase over the prior year is as a result of investment into sales growth initiatives including channel expansion and diversification.

The selling and marketing expenses for the Consumer division were $158.0 million for the year ended March 31, 2018, an 11% increase from $142.9 million recorded in the prior year as a result of the investment into the new retail sales channels.

The selling and marketing expenses for the Commercial division were $75.0 million for the year ended March 31, 2018, a 10% decrease from $83.4 million recorded in the prior year.

The aggregation costs per customer for the last 12 months for Consumer customers signed by independent representatives and Commercial customers signed by brokers were as follows:

	Fiscal 2018	Fiscal 2017
Consumer	**$ 199/RCE**	$ 216/RCE
Commercial	**$ 41/RCE**	$ 43/RCE

The average aggregation cost for the Consumer division was $199/RCE for the year ended March 31, 2018, a decrease of 8% from the $216/RCE reported in the prior year. This is primarily related to Consumer Gas segment costs per RCE reduction as compared to the last year which stand at $174/RCE against the $207/RCE in the prior year.

The $41 average aggregation cost for Commercial division customers is based on the expected average annual cost for the respective customer contracts. It should be noted that commercial broker contracts are paid further commissions averaging $41 per year for each additional year that the customer flows. Assuming an average life of 2.8 years, this would add approximately $74 (1.8 x $41) to the year's average aggregation cost reported above. As at March 31, 2017, the average aggregation cost for commercial brokers was $43/RCE. The higher cost in the prior comparable year is a function of broker commissions being a percentage of higher margins.

BAD DEBT EXPENSE

In Illinois, Alberta, Texas, Delaware, Ohio, California, Michigan, Georgia and the U.K., Just Energy assumes the credit risk associated with the collection of customer accounts. In addition, for commercial direct-billed accounts in British Columbia, Just Energy is responsible for the bad debt risk. Credit review processes have been established to manage the customer default rate. Management factors default from credit risk into its margin expectations for all of the above-noted markets. During the year ended March 31, 2018, Just Energy was exposed to the risk of bad debt on approximately 81% of its sales, compared with 72% during the year ended March 31, 2017.

Bad debt expense is included in the consolidated statements of income under other operating expenses. Bad debt expense for the year ended March 31, 2018 was $56.3 million, consistent with the prior year. Management integrates its default rate for bad debt within its margin targets and continuously reviews and monitors the credit approval process to mitigate customer delinquency. For the year ended March 31, 2018, the bad debt expense represents 1.9% of relevant revenue, down from 2.1% reported in fiscal 2017.

Management expects that bad debt expense will remain in the range of 2% to 3% of relevant revenue where the Company bears credit risk. For each of Just Energy's other markets, the LDCs provide collection services and assume the risk of any bad debt owing from Just Energy's customers for a regulated fee.

FINANCE COSTS

Total finance costs for the year ended March 31, 2018 amounted to $56.0 million, a decrease of 28% from $78.1 million recorded during fiscal 2017. The decrease in finance costs was a result of the redemption of the 6.0% convertible debentures and the senior unsecured notes, partially offset by the issuance of 6.75% $160M debentures in fiscal 2017.

FOREIGN EXCHANGE

Just Energy has an exposure to U.S. dollar, U.K. pound and European euro exchange rates as a result of its international operations. Any changes in the applicable exchange rate may result in a decrease or increase in other comprehensive income. For the year ended March 31, 2018, a foreign exchange unrealized loss of $3.7 million was reported in other comprehensive income, versus an unrealized gain of $0.6 million reported in fiscal 2017. In addition to changes in the U.S. foreign exchange rate, this fluctuation is a result of the significant decrease in the mark to market liability position of the Company's derivative financial instruments.

Overall, the negative impact from the translation of the U.S.-based operations resulted in an unfavourable $2.8 million on Base EBITDA for the year ended March 31, 2018.

Just Energy retains sufficient funds in its foreign subsidiaries to support ongoing growth; surplus cash is deployed in Canada and hedges for cross border cash flow are placed. Just Energy hedges between 50% and 90% of the next 12 months of cross border cash flows depending on the level of certainty of the cash flow.

PROVISION FOR INCOME TAX

For the years ended March 31
(thousands of dollars)

	Fiscal 2018	Fiscal 2017
Current income tax expense	**$ 2,556**	$ 27,123
Deferred tax provision	**18,118**	16,108
Provision for income tax	**$ 20,674**	$ 43,231

Just Energy recorded a current income tax expense of $2.6 million for the year ended March 31, 2018, versus $27.1 million in fiscal 2017. The decrease is mainly due to decreased taxable income. For the year ended March 31, 2018, a deferred tax expense of $18.1 million was recorded as compared to a deferred tax expense of $16.1 million in the prior year. The change was primarily driven by changes in fair value of derivative instruments.

Liquidity and capital resources

SUMMARY OF CASH FLOWS
For the years ended March 31
(thousands of dollars)

	Fiscal 2018	Fiscal 2017
Operating activities	**$ 62,022**	$ 150,451
Investing activities	**(21,076)**	(58,157)
Financing activities, excluding dividends	**35,344**	(84,064)
Effect of foreign currency translation	**1,456**	(1,740)
Increase in cash before dividends	**77,746**	6,490
Dividends (cash payments)	**(86,261)**	(76,710)
Decrease in cash	**(8,515)**	(70,220)
Cash and cash equivalents – beginning of year	**57,376**	127,596
Cash and cash equivalents – end of year	**$ 48,861**	$ 57,376

OPERATING ACTIVITIES
Cash flow from operating activities for the year ended March 31, 2018 was an inflow of $62.0 million, compared to $150.5 million in the prior year. Cash flow from operations was lower in the current year due to the $50.1 million decrease in Base EBITDA as compared to last year and the negative foreign exchange impact on U.S. operations.

INVESTING ACTIVITIES
Investing activities for fiscal 2018 included purchases of capital and intangible assets totalling $4.8 million and $30.9 million, respectively, compared with $8.3 million and $18.1 million, respectively, in fiscal 2017. Just Energy's capital spending related primarily to information technology-related purchases for process improvement initiatives.

FINANCING ACTIVITIES
Financing activities, excluding dividends, relates primarily to the issuance and repayment of long-term financing. In fiscal 2018, Just Energy issued an additional $9.3 million in preferred shares and withdrew an additional $53.9 million on the credit facility. This was offset by common shares repurchases of $11.9 million in the year.

Just Energy's liquidity requirements are driven by the delay from the time that a customer contract is signed until cash flow is generated. The elapsed period between the time a customer is signed and receipt of the first payment from the customer varies with each market. The time delays per market are approximately two to nine months. These periods reflect the time required by the various LDCs to enroll, flow the commodity, bill the customer and remit the first payment to Just Energy. In Alberta, Georgia and Texas and for commercial direct-billed customers, Just Energy receives payment directly.

DIVIDENDS AND DISTRIBUTIONS
During the year ended March 31, 2018, Just Energy paid cash dividends to its shareholders and distributions to holders of share-based awards in the amount of $86.3 million, compared to $76.8 million paid in the prior comparable year. The increase is a result of the issuance of preferred shares in February 2017.

Just Energy's annual dividend rate is currently $0.50 per common share paid quarterly. The current dividend policy states that common shareholders of record on the 15th day of March, June, September and December, or the first business day thereafter, receive dividends at the end of that month. Dividends are not guaranteed and are subject to Board approval each quarter.

Preferred shareholders are entitled to receive dividends at a rate of 8.50% on the initial offer price of US$25.00 per preferred share when, as and if declared by our Board of Directors, out of funds legally available for the payments of dividends, on the applicable dividend payment date. As the preferred shares are cumulative, dividends on preferred shares will accrue even if they are not paid. Common shareholders will not receive dividends until the preferred share dividends in arrears are paid. Dividend payment dates are quarterly on the last day of each of March, June, September and December. The dividend payment on March 31, 2018 was US$0.53125 per preferred share.

Balance sheet as at March 31, 2018, compared to March 31, 2017

Total cash and short-term investments decreased from $83.6 million as at March 31, 2017 to $48.9 million as at March 31, 2018. The decrease in cash is primarily attributable to the lower gross margin earned in the current year.

As of March 31, 2018, trade receivables and unbilled revenue amounted to $395.7 million and $301.6 million, respectively, compared to March 31, 2017, when the trade receivables and unbilled revenue amounted to $369.5 million and $218.4 million, respectively. Trade payables, which include gas and electricity commodity payables of $208.3 million, increased from $499.2 million to $616.4 million during the year as a result of the extension of payment terms negotiated in fiscal 2017 for some of the commodity suppliers.

In certain markets, more gas has been delivered to LDCs than consumed by customers, resulting in gas delivered in excess of consumption and a deferred revenue position of $2.7 million and $41.7 million, respectively, as of March 31, 2018. These amounts increased from $3.2 million and $17.5 million, respectively, as of March 31, 2017. The deferred revenue increase primarily relates to the U.K. operations, which increased by 176% from $12.5 million to $39.3 million as at March 31, 2018. As at March 31, 2018, more gas was consumed by customers than Just Energy had delivered to the LDCs in Ontario and Manitoba, and as a result, Just Energy recognized an accrued gas receivable and accrued gas payable of $15.9 million and $12.3 million, respectively, down from $16.4 million and $12.5 million, respectively, recorded in fiscal 2017. These changes represent the normal seasonality of gas storage. Total prepaid expenses and deposits decreased from $114.6 million at March 31, 2017 to $109.4 million as of March 31, 2018.

Fair value of derivative financial assets and fair value of financial liabilities relate entirely to the financial derivatives. The mark to market gains and losses can result in significant changes in profit and, accordingly, shareholders' equity from year to year due to commodity price volatility. Given that Just Energy has purchased this supply to cover future customer usage at fixed prices, management believes that these non-cash changes are not meaningful and will not be experienced as future costs or cash outflows.

Long-term debt decreased from $498.1 million as at March 31, 2017 to $422.1 million as at March 31, 2018. This decrease is a result of reclassification of credit facility from long term to current liabilities. The book value of net debt was 2.8x for Base EBITDA, higher than the 1.8x reported for March 31, 2017.

Debt and financing for operations

(thousands of dollars)

	March 31, 2018	March 31, 2017
Just Energy credit facility	**$ 122,115**	$ 68,258
6.75% $100M convertible debentures	**85,760**	-
6.75% $160M convertible debentures	**148,146**	145,579
6.5% convertible bonds	**188,147**	190,486
5.75% convertible debentures	**-**	96,022

The various debt instruments are described as follows:

- A $342.5 million credit facility expiring on September 1, 2018, supported by guarantees and secured by, among other things, a general security agreement and an asset pledge excluding, primarily, the U.K., Japan and Germany operations. Credit facility withdrawals amounted to $122.1 million as of March 31, 2018, compared with $68.3 million as of March 31, 2017. In addition, total letters of credit outstanding as at March 31, 2018 amounted to $113.4 million (March 31, 2017 – $109.2 million).

Subsequent to March 31, 2018, the Company has renegotiated an agreement with a syndicate of lenders that includes Canadian Imperial Bank of Commerce ("CIBC"), National Bank of Canada ("National"), HSBC Bank Canada, JPMorgan Chase Bank N.A., Alberta Treasury Branches and Canadian Western Bank. In addition, Morgan Stanley Senior Funding, Inc., a subsidiary of Morgan Stanley Bank N.A., joined the syndicate. The agreement was finalized on April 18, 2018 and extends Just Energy's credit facility for an additional two years to September 1, 2020. The facility size was increased to $352.5 million from $342.5 million, with an accordion for Just Energy to draw up to $370 million.

- A 6.75% $160M senior unsecured subordinated debenture with a maturity date of December 31, 2021 was issued during the third quarter of fiscal 2017 for which interest is payable semi-annually in arrears on June 30 and December 31, at a rate of 6.75% per annum.
- A 6.75% $100M senior unsecured subordinated debenture with a maturity date of March 31, 2023 was issued during the fourth quarter of fiscal 2018 for which interest is payable semi-annually in arrears on March 31 and September 30, at a rate of 6.75% per annum.
- A 5.75% convertible extendible unsecured subordinated debenture maturing on September 30, 2018 with interest payable semi-annually on March 31 and September 30, at a rate of 5.75% per annum. The debt under this instrument was fully redeemed on March 27, 2018.
- A 6.5% European-focused senior unsecured convertible bond with a maturity date of July 29, 2019 and interest payable semi-annually in arrears on January 29 and July 29, at a rate of 6.5% per annum.

See Note 19 of the consolidated financial statements for further details regarding the nature of each debt agreement.

Acquisition of businesses

ACQUISITION OF INTELL ENERCARE SOLUTIONS INC.

On June 6, 2017, Just Energy completed the acquisition of 100% of the issued and outstanding shares of Intell Enercare Solutions Inc., a complete service provider for supply, design and installation of energy saving technologies, for up to $11.0 million, subject to closing adjustments. The purchase price consideration included cash consideration of $2.2 million. There is contingent consideration where Just Energy will pay up to $9.0 million to the sellers over three years provided that certain EBITDA targets are satisfied. The EBITDA target with respect to the contingent consideration for 2018 is $3,500. For the 2019 and 2020 years, it is $3,000 and $2,500, respectively. The fair value of the contingent consideration at acquisition was estimated to be $7.8 million based on the three-year forecast provided by the seller at the time of acquisition. The acquisition of Intell Enercare Solutions Inc. was accounted for using the purchase method of accounting.

For an allocated breakdown of the purchase price to identified assets and liabilities acquired in the acquisition, see Note 17 of the consolidated financial statements for the year ended March 31, 2018.

ACQUISITION OF DB SWDIREKT GMBH AND DB SWPRO GMBH

On December 8, 2016, Just Energy completed the acquisition of 95% of the issued and outstanding shares of SWDirekt, a retail energy company, and 51% of the issued and outstanding shares of SWPro, a sales and marketing company, for $6.4 million, subject to closing adjustments. Terms of the deal include a $2.2 million payment upon the achievement of sales targets.

The acquisition of SWDirekt and SWPro was accounted for using the purchase method of accounting. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition.

For an allocated breakdown of the purchase price to identified assets and liabilities acquired in the acquisition, see Note 17 of the consolidated financial statements for the year ended March 31, 2018.

ACQUISITION OF EDGEPOWER, INC.

On February 28, 2018, Just Energy completed the acquisition of the issued and outstanding shares of EdgePower, Inc. ("EdgePower"), a privately held energy monitoring and management company operating out of Aspen, Colorado. EdgePower provides lighting and HVAC controls, as well as enterprise monitoring, in hundreds of commercial buildings in North America. Just Energy acquired 100% of the equity interests of EdgePower for the purposes of integrating their lighting and HVAC controls with the commercial business. The fair value of the total consideration transferred is US$14.0 million, of which US$7.0 million was paid in cash and US$7.0 million was settled through the issuance of 1,415,285 Just Energy common shares. The goodwill that was acquired as part of this acquisition relates primarily to the EdgePower workforce and synergies between Just Energy and EdgePower.

In addition, the former shareholders of EdgePower are entitled to a payment of up to a maximum of US$6.0 million, payable in cash, subject to continuing employment and the achievement of certain annual and cumulative performance thresholds of the EdgePower business. The payment is calculated as 20% of EBITDA for the EdgePower business for the years of 2019–2021 with minimum thresholds that must be met. As at the acquisition date, the amount recognized for management remuneration was $nil. The amount of revenue and loss of EdgePower since the acquisition date included in the consolidated statements of income for the reporting period is $209 and $112, respectively. The revenue and profit or loss for the current reporting period, assuming the acquisition date for EdgePower that occurred during the year had been as of the beginning of the annual reporting period, would be $4,282 and $2,469, respectively.

For an allocated breakdown of the purchase price to identified assets and liabilities acquired in the acquisition, see Note 17 of the consolidated financial statements for the year ended March 31, 2018.

Contractual obligations

In the normal course of business, Just Energy is obligated to make future payments for contracts and other commitments that are known and non-cancellable.

PAYMENTS DUE BY PERIOD

(thousands of dollars)

	Less than 1 year	1–3 years	4–5 years	After 5 years	Total
Trade and other payables	$ 616,434	$ –	$ –	$ –	$ 616,434
Long-term debt	122,115	*193,410*	*260,000*	–	575,525
Interest payments	30,815	41,386	24,300	–	96,501
Premises and equipment leasing	4,874	7,388	6,691	7,302	26,255
Gas, electricity and non-commodity contracts	1,867,383	1,202,940	69,658	31,041	3,171,022
	$ 2,641,622	$ 1,445,124	$ 360,649	$ 38,343	$ 4,485,738

On August 1, 2017, Just Energy announced that it reached an agreement with its joint venture partner, Red Ventures LLC, to end the exclusive relationship for online sales of the Just Energy brand in North America. To facilitate the transaction, Just Energy acquired the outstanding 50% interest of each of Just Ventures LLC in the United States and Just Ventures L.P. in Canada. Under the terms of the agreement, the purchase price is a function of go-forward earnings based on the current client base and is payable in quarterly installments over five years estimated at $99.8 million. As at March 31, 2018, the current liabilities amount to $26.4 million and long-term liabilities amount to $56.6 million.

OTHER OBLIGATIONS

In the opinion of management, Just Energy has no material pending actions, claims or proceedings that have not been included either in its accrued liabilities or in the consolidated financial statements. In the normal course of business, Just Energy could be subject to certain contingent obligations that become payable only if certain events were to occur. The inherent uncertainty surrounding the timing and financial impact of any events prevents any meaningful measurement, which is necessary to assess any material impact on future liquidity. Such obligations include potential judgments, settlements, fines and other penalties resulting from actions, claims or proceedings.

Transactions with related parties

Just Energy does not have any material transactions with any individuals or companies that are not considered independent of Just Energy or any of its subsidiaries and/or affiliates.

Off balance sheet items

The Company has issued letters of credit in accordance with its credit facility totalling $113.4 million (March 31, 2017 – $109.2 million) to various counterparties, primarily utilities in the markets where it operates, as well as suppliers.

Pursuant to separate arrangements with several bond agencies, The Hanover Insurance Group and Charter Brokerage LLC, Just Energy has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at March 31, 2018 were $56.5 million (March 31, 2017 – $55.9 million).

Critical accounting estimates

The consolidated financial statements of Just Energy have been prepared in accordance with IFRS. Certain accounting policies require management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, cost of sales, selling and marketing, and administrative expenses. Estimates are based on historical experience, current information and various other assumptions that are believed to be reasonable under the circumstances. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates.

The following assessment of critical accounting estimates is not meant to be exhaustive. Just Energy might realize different results from the application of new accounting standards promulgated, from time to time, by various rule-making bodies.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for uncollectible accounts reflects Just Energy's best estimates of losses on the accounts receivable balances. Just Energy determines the allowance for doubtful accounts on customer receivables by applying loss rates based on historical results to the outstanding receivable balance. Just Energy is exposed to customer credit risk on its continuing operations in Alberta, Texas, Illinois, Ohio, Delaware, California, Michigan, Georgia, the U.K. and commercial direct-billed accounts in British Columbia. Credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

Revenues related to the sale of energy are recorded when energy is delivered to customers. The determination of energy sales to individual customers is based on systematic readings of customer meters generally on a monthly basis. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and corresponding unbilled revenue is recorded. The measurement of unbilled revenue is affected by the following factors: daily customer usage, losses of energy during delivery to customers and applicable customer rates.

Increases in volumes delivered to the utilities' customers and favourable rate mix due to changes in usage patterns in the period could be significant to the calculation of unbilled revenue. Changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date would also have an effect on the measurement of unbilled revenue; however, total operating revenues would remain materially unchanged.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Just Energy has historically performed its annual impairment test using a value-in-use, discounted cash flow projection model. The change in the goodwill impairment model was made for the purpose of reducing the amount of unobservable inputs and did not avoid or delay an impairment charge. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2018, the market capitalization of Just Energy was above the book value of its equity.

Goodwill acquired through business combinations and intangible assets with indefinite lives has been allocated to one of five cash-generating units ("CGU"). These units are U.K. Consumer, North America Consumer, U.K. Commercial, North America Commercial and the Germany division. The goodwill associated with the EdgePower acquisition was not allocated to an operating segment for the purposes of the impairment test as at March 31, 2018.

The recoverable amount of each of the CGUs has been determined based on a fair value less costs of disposal model using actual EBITDA of the operating segment multiplied by the entity's EBITDA multiple. The EBITDA multiple and the EBITDA of the operating segment that have been utilized in the fair value less costs of disposal model are consistent with external sources of information and are considered a Level 2 input within the fair value hierarchy.

The EBITDA multiple is derived from the expected return on investment by Just Energy's investors which equated to 8.5 for the year ended March 31, 2018. A 5% decrease in the EBITDA multiple would not have an impact on the results of the impairment test.

DEFERRED TAXES

In accordance with IFRS, Just Energy uses the liability method of accounting for income taxes. Under the liability method, deferred income tax assets and liabilities are recognized on the differences between the carrying amounts of assets and liabilities and their respective income tax basis.

The tax effects of these differences are reflected in the consolidated statements of financial position as deferred income tax assets and liabilities. An assessment must be made to determine the likelihood that our future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, deferred income tax assets must be reduced. The reduction of the deferred income tax asset can be reversed if the estimated future taxable income improves. No assurances can be given as to whether any reversal will occur or as to the amount or timing of any such reversal. Management must exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation to ensure deferred income tax assets and liabilities are complete and fairly presented. Assessments and applications differing from our estimates could materially impact the amount recognized for deferred income tax assets and liabilities.

Deferred income tax assets of $9.4 million and $23.0 million have been recorded on the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, respectively. These assets primarily relate to mark to market losses on our derivative financial instruments and tax loss carryforward in the U.S. Management believes there will be sufficient taxable income and taxable temporary differences that will permit the use of these future tax assets in the tax jurisdictions where they exist. When evaluating the future tax position, Just Energy assesses its ability to use deferred tax assets based on expected taxable income and taxable temporary differences in future periods.

Deferred income tax liabilities of $6.9 million and $1.7 million have been recorded on the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, respectively. These liabilities are primarily due to mark to market gains on the derivative financial instruments, and intangible assets acquired through share acquisitions of the Company.

The enactment of the Tax Cuts and Jobs Act of 2017 in the U.S. resulted in a reduction in the federal corporate income tax rate effective January 1, 2018 and other tax measures. As at March 31, 2018, the deferred taxes in the U.S. have been recognized at the substantially enacted federal income tax rate of 21% and the respective state income tax rates.

SUBSIDIARIES

Subsidiaries that are not wholly owned by Just Energy require judgment in determining the amount of control that Just Energy has over that entity and the appropriate accounting treatments. In these financial statements, management has determined that Just Energy controls SWDirekt and SWPro and, therefore, has treated the portion that is not owned by Just Energy as a non-controlling interest.

USEFUL LIFE OF KEY PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Each significant component is depreciated over its estimated useful life. A component can be separately identified as an asset and is expected to provide a benefit of greater than one year. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence and regulations. The useful lives of property, plant and equipment and depreciation rates used are reviewed at least annually to ensure they continue to be appropriate.

Depreciation and amortization expense from operations for the year ended March 31, 2018 recorded in the consolidated financial statements of cash flows were $4.1 million and $16.7 million, respectively, compared with $6.6 million and $15.9 million, respectively, for the year ended March 31, 2017.

FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Just Energy has entered into a variety of derivative financial instruments as part of the business of purchasing and selling gas, electricity and JustGreen supply. Just Energy enters into contracts with customers to provide electricity and gas at fixed prices and provide comfort to certain customers that a specified amount of energy will be derived from green generation or carbon destruction. These customer contracts expose Just Energy to changes in market prices to supply these commodities. To reduce its exposure to commodity market price changes, Just Energy uses derivative financial and physical contracts to secure fixed-price commodity supply to cover its estimated fixed-price delivery or green commitment.

Just Energy uses a forward interest rate curve along with a volume weighted average share price to value its share swap. The Eurobond conversion feature is valued using an option pricing model.

Just Energy's objective is to minimize commodity risk, other than consumption changes, usually attributable to weather. Accordingly, it is Just Energy's policy to hedge the estimated fixed-price requirements of its customers with offsetting hedges of natural gas and electricity at fixed prices for terms equal to those of the customer contracts. The cash flow from these supply contracts is expected to be effective in offsetting Just Energy's price exposure and serves to fix acquisition costs of gas and electricity to be delivered under the fixed-price or price-protected customer contracts. Just Energy's policy is not to use derivative instruments for speculative purposes.

Just Energy's U.S., U.K., Germany and Ireland operations introduce foreign exchange-related risks. Just Energy enters into foreign exchange forwards in order to hedge its exposure to fluctuations in cross border cash flows.

The consolidated financial statements are in compliance with IAS 32, Financial Instruments: Presentation; IAS 39, Financial Instruments: Recognition and Measurement; and IFRS 7, Financial Instruments: Disclosure. All the mark to market changes on Just Energy's derivative instruments are recorded on a single line on the consolidated statements of income. Due to commodity volatility and to the size of Just Energy, the swings in mark to market on these positions will increase the volatility in Just Energy's earnings.

The Company's financial instruments are valued based on the following fair value ("FV") hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The main cause of changes in the fair value of derivative instruments is changes in the forward curve prices used for the fair value calculations. For a sensitivity analysis of these forward curves, see Note 15 of the consolidated financial statements for the year ended March 31, 2018. Other inputs, including volatility and correlations, are driven off historical settlements.

Just Energy common and preferred shares

As at May 16, 2018, there were 148,394,152 common shares and 4,653,349 preferred shares of Just Energy outstanding.

In May 2017, Just Energy announced it has entered into an at-the-market issuance ("ATM offering") sales agreement pursuant to which Just Energy may, at its discretion and from time to time, offer and sell in the United States preferred shares having an aggregate offering price of up to US$150 million. As at May 16, 2018, Just Energy has issued an additional 613,349 preferred shares for aggregate total gross proceeds of $19.4 million under the ATM offering.

Normal course issuer bid

Just Energy has the ability to make a normal course issuer bid ("NCIB") to purchase for cancellation a portion of the outstanding 5.75% convertible debentures as well as the Just Energy common shares up to March 16, 2018. Under each NCIB, Just Energy may purchase debentures and common shares representing 10% of the outstanding public float at close of business February 28, 2017 up to daily and total limits. For the year ended March 31, 2018, Just Energy had purchased $11.9 million of common shares through the NCIB program, compared to $6.5 million purchased in the prior year.

On March 15, 2018, Just Energy announced a renewal of the NCIB for its common shares and a new NCIB for the 6.75% convertible debentures. No purchases have been made as of May 16, 2018.

As of March 27, 2018, Just Energy has fully redeemed the 5.75% convertible debentures.

Just Energy believes that the debentures and common shares may trade in a range that may not fully reflect their value. As a result, Just Energy believes that the purchase of the debentures and common shares from time to time can be undertaken at prices that make the acquisition of such securities an appropriate use of Just Energy's available funds. In addition, purchases under each of the

NCIBs may increase the liquidity of the debentures and common shares and will enable Just Energy to deleverage its balance sheet. Just Energy intends to continue to buy back debentures and common shares when the circumstances present themselves in a way that maximizes value for Just Energy. The Company's current priority is the repurchase of debentures at attractive prices.

Accounting standards issued but not yet applied

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. Just Energy intends to adopt these standards, if applicable, when they become effective.

Standard	Change summary	Effective for fiscal years commencing after:
IFRS 9, Financial Instruments ("IFRS 9")	IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value.	January 1, 2018
IFRS 15, Revenue from Contracts with Customers ("IFRS 15")	IFRS 15 establishes a five-step model to recognize revenue earned from contracts with a customer, regardless of the type of revenue transaction or industry.	January 1, 2018
Amendments to IFRS 2, Share-based Payments ("IFRS 2")	IFRS 2 clarifies how to account for certain types of share-based payment transactions.	January 1, 2018
IFRS 16, Leases ("IFRS 16")	IFRS 16 brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases.	January 1, 2019

Effective April 1, 2018, Just Energy has adopted IFRS 15, the new revenue recognition standard which replaces IAS 18. The core principle of IFRS 15 is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for the goods and services provided. The standard also specifies that direct incremental costs of obtaining and fulfilling a contract that are expected to be recovered should be capitalized and amortized over the useful life of customers. Based on our assessment, we do not expect that IFRS 15 will have a material impact on the accounting for revenue streams upon adoption of the standard. The major impact to the business relates to the accounting treatment of direct incremental costs incurred to obtain customer contracts. Incremental costs are costs that would not have been incurred had that individual contract not been obtained – for example, sales commissions. Just Energy pays commission expenses on both its consumer and commercial business. Currently, based on the requirements of IAS 18, due to the different terms and conditions of the contracts, the Company in general capitalizes commissions relating to contracts associated with its commercial business and expenses commissions on the consumer side of the business as part of its selling and marketing costs. Under IFRS 15, all upfront costs relating to commissions will be eligible for capitalization. These assets will be disclosed as long-term and short-term contract assets on the statements of financial position and amortized to the statements of income over the expected term of the customer contracts. Had Just Energy early adopted the standard in fiscal 2018, approximately $17.0 million of the $233.0 million expensed during the year would be eligible for capitalization, of which approximately $3.0 million would be amortized to the statements of income.

For more information on the new accounting pronouncements not yet applied, as well as the Company's analysis of accounting impacts, reference Note 6 of the consolidated financial statements for the year ended March 31, 2018.

Risk factors

Described below are the principal risks and uncertainties that Just Energy can foresee. It is not an exhaustive list, as some future risks may be as yet unknown and other risks, currently regarded as immaterial, could turn out to be material.

MARKET RISK

Market risk is a potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity.

Commodity price risk

Just Energy's cost to serve its retail energy customers is exposed to fluctuations in commodity prices. Although Just Energy enters into commodity derivative instruments with its suppliers to manage the commodity price risks, it is exposed to commodity price risk where estimated customer requirements do not match actual customer requirements or where it is not able to exactly purchase the estimated customer requirements. In such cases, Just Energy may suffer a loss if it is required to sell excess supply in the spot market (compared to its weighted average cost of supply) or to purchase additional supply in the spot market. Such losses could have a material adverse impact on Just Energy's operating results, cash flow and liquidity.

A key risk to Just Energy's business model is a sudden and significant drop in the commodity market price resulting in an increase in customer churn, regulatory pressure and resistance on enforcement of liquidation damages and enactment of provisions to reset the customer price to current market price levels which could have a significant impact on Just Energy's business.

Commodity volume balancing risk

Depending on several factors including weather, Just Energy's customers may use more or less commodity than the volume purchased by Just Energy for delivery to them. Just Energy bears the financial responsibility, is exposed to market risk and, furthermore, may also be exposed to penalties by the LDCs for balancing the customer volume requirements. Although Just Energy manages the volume balancing risk through balancing language in some of its retail energy contracts, enters into weather derivative and insurance transactions to mitigate weather and volume balancing risk, and leverages natural gas storage facilities to manage daily delivery requirements, increased costs and/or losses resulting from occurrences of volume imbalance net of Just Energy's risk management activities could have a material adverse impact on Just Energy's operating results, cash flow and liquidity.

Interest rate risk

Just Energy is exposed to interest rate risk associated with its working capital facility. Current exposure to interest rate risk does not economically warrant the use of derivative instruments. Just Energy may enter into derivative instruments to mitigate insurance rate risk; however, large fluctuations in interest rates and increases in interest costs net of Just Energy's risk management activities could have a material adverse impact on Just Energy's cash flow and liquidity.

Foreign exchange rate risk

Just Energy is exposed to foreign exchange risk on foreign investment outflow and repatriation of foreign currency denominated income against Canadian dollar denominated common share dividends. In addition, Just Energy is exposed to translation risk on foreign currency denominated earnings and foreign investments. Just Energy enters into foreign exchange derivative instruments to manage the cash flow risk on foreign investments and repatriation of foreign funds. Currently, Just Energy does not enter into derivative instruments to manage foreign exchange translation risk. Large fluctuations in foreign exchange rates may have a significant impact on Just Energy's earnings and cash flow. In particular, a significant rise in the relative value of the Canadian dollar to the U.S. dollar or U.K. pound could materially reduce reported earnings and cash flow.

LIQUIDITY RISK

Just Energy is at risk of not being able to settle its future debt obligations including convertible debentures and commercial notes. Increase in liquidity risk may put Just Energy's cash dividend at risk or require Just Energy to raise additional funds. Liquidity risk may cause Just Energy to close down, sell or otherwise dispose of all or part of the business of Just Energy's subsidiaries.

Credit agreement and other debt

Just Energy maintains a credit facility of up to $342.5 million for working capital purposes, pursuant to a credit agreement with various lenders (the "Credit Agreement"). The lenders under the Credit Agreement, together with certain suppliers of Just Energy and its affiliates, are party to the Credit Agreement and related security agreement, which provide for a joint security interest over all customer contracts in North America. There are various covenants pursuant to the Credit Agreement that govern activities of Just Energy and its affiliates. The restrictions in the Credit Agreement may adversely affect Just Energy's ability to finance its future operations and capital needs and to pursue available business opportunities. Should Just Energy or its subsidiary default under the terms of the Credit Agreement, the credit facility thereunder may become unavailable and may materially reduce Just Energy's liquidity. There can be no assurance that Just Energy would be able to obtain alternative financing or that such financing would be on terms favourable to Just Energy. In addition, Just Energy may not be able to extend, renew or refinance the credit facility on terms favourable to Just Energy, or at all, which would materially and adversely affect Just Energy's liquidity position, in which case Just Energy could be forced to sell assets or secure additional financing to make up for any shortfall in its payment obligations under unfavourable circumstances.

Just Energy has significant levels of other debt, including convertible debentures, which could further limit Just Energy's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, restructuring, acquisitions or general corporate purposes, which could make Just Energy more vulnerable to economic downturns and adverse industry developments or limit flexibility in planning for or reacting to changes in its business. There can be no assurance that Just Energy would be able to refinance or replace such debt on terms favourable to Just Energy, or at all, which would materially and adversely affect Just Energy's liquidity position.

Working capital requirements (availability of credit)

In several markets where Just Energy operates, payment is provided to Just Energy by LDCs only when the customer has paid the LDC for the consumed commodity, rather than when the commodity is delivered. Just Energy also manages natural gas storage facilities where Just Energy must inject natural gas in advance of payment. These factors, along with seasonality in energy consumption, create a working capital requirement necessitating the use of Just Energy's available credit. In addition, Just Energy and its subsidiaries are required to post collateral to LDCs and Electricity System Operators. Any changes in payment terms managed by LDCs, any termination of extended payment terms by commodity suppliers, any increase in cost of carrying natural gas storage inventory, and any increase in collateral posting requirements could result in significant liquidity risk to Just Energy.

Earnings seasonality and volatility

Just Energy's business is seasonal in nature. In addition to regular seasonal fluctuations in its earnings, there is significant volatility in its earnings associated with the requirement to mark its commodity contracts to market. The earnings volatility associated with seasonality and mark to market accounting may affect the ability of Just Energy to access capital and increase its liquidity risk.

Cash dividends are not guaranteed

The ability to pay dividends on common and preferred shares and the actual amount of dividends on common shares will depend upon numerous factors, including profitability, fluctuations in working capital, debt service requirements (including compliance with Credit Agreement obligations), additional issuance of senior preferred shares or indebtedness and the sustainability of margins. Cash dividends are not guaranteed and will fluctuate with the performance of Just Energy and the availability of cash liquidity from ongoing business operations.

Share ownership dilution

Just Energy may issue an unlimited number of common shares and up to 50,000,000 preferred shares without the approval of shareholders which would dilute existing shareholders' interests.

SUPPLY COUNTERPARTY RISK

Counterparty risk is a loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations.

Credit risk

Just Energy enters into long-term derivative contracts with its counterparties. If a derivative counterparty were to default on its contractual obligations, Just Energy would be required to replace its contracted commodities or instruments at prevailing market prices, which may negatively affect related customer margin or cash flows. Just Energy mitigates credit risk by procuring a majority of its derivatives from investment grade rated counterparties, therefore restricting its exposure to unrated counterparties.

Supply delivery risk

Just Energy's business model is based on contracting for supply of electricity or natural gas to deliver to its customers. Failure by Just Energy's supply counterparties to deliver these commodities to Just Energy due to business failure, supply shortage, force majeure, or any other failure of such counterparties to perform their obligations under the applicable contracts would put Just Energy at risk of not meeting its delivery requirements with LDCs, thereby resulting in penalties, price risk, liquidity and collateral risk and may have a significant impact on the business, financial condition, results of operations and cash flows of Just Energy. Just Energy attempts to mitigate supply delivery risk by diversifying its commodity procurement and purchasing from multiple suppliers.

LEGAL AND REGULATORY RISK

Legal and regulatory risk is a potential loss that may be incurred as a result of changes in regulations or legislation affecting Just Energy's business model, costs or operations, as well as being a risk of potential litigation against Just Energy resulting in impact to Just Energy's cash flow.

Regulatory environment

In most jurisdictions in which Just Energy operates, Just Energy is required to be licensed by the relevant regulatory authority. Just Energy's commodity business is dependent on continuing to be licensed in existing markets and receiving approval for additional licenses in new and existing markets. If Just Energy is denied a license, has a license revoked or is not granted renewal of a license, Just Energy's financial results may be negatively impacted. Additionally, the denial or revocation or non-renewal of a license in one jurisdiction may adversely impact Just Energy's current or future licenses in other jurisdictions and relationships with the various regulatory agencies.

Just Energy is able to operate in deregulated segments of the natural gas and electricity industries under currently effective state, provincial and federal regulations. If the competitive restructuring of the natural gas and electricity utility industries is altered, reversed, discontinued or delayed, Just Energy's business, financial condition, results of operations and cash flows could be materially adversely affected. The retail energy industry is highly regulated. Regulations may be revised or reinterpreted, or new laws and regulations may be adopted or become applicable to Just Energy or its operations. Such changes may have a detrimental impact on Just Energy's business, including Just Energy's ability to use its sales and marketing channels. In certain deregulated electricity markets, proposals have been made by governmental agencies and/or other interested parties to partially or fully re-regulate areas of these markets. Other proposals to re-regulate may be made and legislated or other attention to the electric and gas restructuring process may: (i) delay or reverse the deregulation process; (ii) interfere with our ability to do business; (iii) inhibit our growth; (iv) increase our commodity, operating or financing costs; or (v) otherwise impact Just Energy's profitability. If competitive restructuring of electricity and natural gas markets is altered, reversed, discontinued or delayed, our business, financial condition, results of operations and cash flows could be adversely affected. For example, in December 2016, the New York Public Service Commission ("PSC") established an evidentiary hearing process to consider whether to adopt a complete prohibition on retail energy supplier service to mass market customers, or other market, reforms such as requiring that retail energy suppliers' charges be no greater than utility supply charges, and requiring the tariffing of retail energy suppliers' service, including the potential for the PSC to, void existing retail energy supply contracts if it tariffs retail energy services. The New York PSC is also considering the extent to which retail energy suppliers should be subject to Article 4 of the Public Service Law, which sets forth the PSC's authority to establish rates to ensure that they are just and reasonable rates and to accordingly regulate such rates. Similarly, several other states are taking preliminary actions to more closely monitor and control marketing activities, in particular as those activities relate to retail electricity markets. Negative outcomes in these matters or any future litigation or regulatory actions could result in significant settlements, damages or other penalties and could also increase legal costs, divert management attention from other business issues or harm Just Energy's reputation with customers, any of which could adversely affect our financial results and the viability of Just Energy's business.

Just Energy may receive complaints from consumers which may involve sanctions from regulatory and legal authorities. The most significant potential sanction is the suspension or revocation of a license which would prevent Just Energy from selling in a particular jurisdiction.

Just Energy is exposed to changes in energy market regulations that may put onus on Just Energy to adhere to stricter renewable energy compliance standards, procure additional volume of capacity and transmission units and pay regulated tariff and charges for transmission and distribution of energy, which may change from time to time. In certain cases, Just Energy may not be able to pass through the additional costs from changes in energy market regulations to its customers that may impact Just Energy's business, financial condition and cash flows.

Just Energy's business model involves entering into derivative financial instruments to manage commodity price and supply risk. Financial reforms in the U.S., Canada and Europe may require Just Energy to comply with certain aspects of reporting, record keeping, position limits and other risk mitigation and price transparency rules that result in increased scrutiny of commodity procurement activities. Costs resulting from Just Energy's compliance with certain new regulatory requirements as well as increased costs of doing business with Just Energy's counterparties who may be subject to even greater regulatory requirements could have a material impact on Just Energy's business.

In June 2016, a majority of voters in the U.K. elected to withdraw from the European Union in a national referendum. The decision to withdraw has created significant uncertainty about the future relationship between the U.K. and the European Union, including determining which European Union-derived laws to replace or replicate in the event of the U.K.'s withdrawal. These developments, or the perception that they can occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, which may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity, restrict our access to capital or disrupt the operations and growth strategies of our subsidiaries in the region, which could have a material adverse effect on our business, financial condition and results of operations.

Litigation

In addition to the litigation referenced herein (see "Legal proceedings" on page 53) and occurring in the ordinary course of business, Just Energy may in the future be subject to class actions and other actions arising in relation to its consumer contracts and marketing practices. This litigation is, and any such additional litigation could be, time consuming and expensive and could distract the executive team from the conduct of Just Energy's daily business and may result in costly settlement arrangements. An adverse resolution or reputational damage of any specific lawsuit could have a material adverse effect on Just Energy's business or results of operations and the ability to favourably resolve other lawsuits.

In certain jurisdictions, independent contractors that contracted with Just Energy to provide door-to-door sales have made claims, either individually or as a class, that they are entitled to employee benefits such as minimum wage or overtime pursuant to legislation, even though they have entered into a contract with Just Energy that provides that they are not entitled to benefits normally available to employees. Just Energy's position has been confirmed in some instances and overturned by regulatory bodies and courts in others, and some of these decisions are under appeal. Should the regulatory bodies or claimants ultimately be successful, Just Energy would be required to remit unpaid tax amounts plus interest and might be assessed a penalty, of which amounts could be substantial.

RETAIL RISK

Retail customer risk is a potential loss that may be incurred as a result of change in customer behaviour and from an increase in competition in the retail energy industry.

Consumer contract attrition and renewal rates

Just Energy may experience an increase in attrition rates and lower acceptance rates on renewal requests due to commodity price volatility, increased competition or change in customer behaviour. There can be no assurance that the historical rates of annual attrition will not increase substantially in the future or that Just Energy will be able to renew its existing energy contracts at the expiry of their terms. Any such increase in attrition or failure to renew could have a material adverse impact on Just Energy's business, financial condition, operating results, cash flow, liquidity and prospects.

Customer credit risk

Just Energy has customer credit risk in various markets where bills are sent directly to customers for energy consumption from Just Energy. If a significant number of direct bill customers were to default on their payments, it could have a material adverse effect on the results of operations, cash flow and liquidity of Just Energy.

For the remaining customers, the LDCs provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. There is no assurance that the LDCs that provide these services will continue to do so in the future, which would mean that Just Energy would have to accept additional customer credit risk.

Competition

A number of companies and incumbent utility subsidiaries compete with Just Energy in the residential, commercial and small industrial market. It is possible that new entrants may enter the market as marketers and compete directly for the customer base that Just Energy targets, slowing or reducing its market share. If the LDCs are permitted by changes in the current regulatory framework to sell natural gas or electricity at prices other than at cost, their existing customer bases could provide them with a significant competitive advantage. This could limit the number of customers available for marketers, including Just Energy, and impact Just Energy's growth and retention.

Sales channel risk

Just Energy's residential customers are generally acquired through the use of online advertising,retail stores, telemarketing and door-to-door sales. Commercial customers are primarily solicited through commercial brokers and independent sales agents. Just Energy's ability to increase revenues in the future will depend significantly on the success of these marketing techniques, as well as its ability to expand into new sales channels to acquire customers. There is no assurance that competitive conditions will allow this sales channel strategy to continue or whether new sales channels will be successful in signing up new customers. Further, if Just Energy's services are not attractive to, or do not generate sufficient revenue for, commercial brokers, retail stores and sales partners, Just Energy may lose these existing relationships, which would have a material adverse effect on the Company's business, revenues, results of operations and financial condition.

Retailer and product acceptance risk

Just Energy's profitability and growth depends upon the customer's broad acceptance of energy retailers and their products. There is no assurance that customers will widely accept Just Energy or its retail and value added energy products. The acceptance of Just Energy's products may be adversely affected by Just Energy's ability to offer a competitive value proposition, and customer concerns relating to product reliability and general resistance to change. Unfavourable publicity involving customer experiences with other energy retailers could also adversely affect Just Energy's acceptance. Lastly, market acceptance could be affected by regulatory and legal developments. Failure to achieve deep market penetration may have material adverse effects on Just Energy's business, financial condition and results of operations.

BUSINESS OPERATIONS RISKS

Business operations risk is a potential loss occurring from an unplanned interruption or cyber-attack, manual or system errors, or business earnings risk unique to the retail energy sales industry.

Cyber risk

Just Energy's business requires retaining important customer information that is considered private, such as name, address, banking and payment information, drivers' licenses, and Social Security and Social Insurance numbers. Although Just Energy protects this information with restricted access and enters into cyber risk insurance policies, there could be a significant adverse impact to the business, its reputation and its customer relations should the private information be compromised due to a cyber-attack on Just Energy's information technology systems.

Just Energy's vendors, suppliers and market operators rely on information technology systems to deliver services to Just Energy. These systems may be prone to cyber-attacks, which could result in market disruption and impact Just Energy's business operations, finances and cash.

Just Energy is also subject to federal, state, provincial and foreign laws regarding privacy and protection of data. Changes to such data protection laws may impose more stringent requirements for compliance and impose significant penalties for non-compliance. Just Energy's failure to comply with federal, state, provincial and foreign laws regarding privacy and protection of data could lead to significant fines and penalties imposed by regulators, as well as claims by our customers. There can be no assurance that the limitations of liability in Just Energy's contracts would be enforceable or adequate or would otherwise protect Just Energy from any such liabilities or damages with respect to any particular claim. The successful assertion of one or more large claims against Just Energy that exceeds its available insurance coverage could have an adverse effect on our business, financial condition and results of operations.

Information technology systems

Just Energy relies on Information Technology ("IT") systems to store critical information, generate financial forecasts, report financial results and make applicable securities law filings. Just Energy also relies on IT systems to make payments to suppliers, pay commissions to brokers and independent contractors, enroll new customers, send monthly bills to customers and collect payments from customers. Failure of these systems could have a material adverse effect on Just Energy's business and financial prospects or cause it to fail to meet its reporting obligations, which could result in a suspension or delisting of its common shares.

Model risk

The approach to calculation of market value and customer forecasts requires data-intensive modelling used in conjunction with certain assumptions when independently verifiable information is not available. Although Just Energy uses industry standard approaches and validates its internally developed models, should underlying assumptions prove incorrect or an embedded modelling error go undetected in the vetting process, this could result in incorrect estimates and thereby have a material adverse impact on Just Energy's business, financial condition, results of operations, cash flow and liquidity.

Accounting estimates risks

Just Energy makes accounting estimates and judgments in the ordinary course of business. Such accounting estimates and judgments will affect the reported amounts of Just Energy's assets and liabilities at the date of its financial statements and the reported amounts of its operating results during the periods presented. Additionally, Just Energy interprets the accounting rules in existence as of the date of its financial statements when the accounting rules are not specific to a particular event or transaction. If the underlying estimates are ultimately proven to be incorrect, or if Just Energy's auditors or regulators subsequently interpret Just Energy's application of accounting rules differently, subsequent adjustments could have a material adverse effect on Just Energy's operating results for the period or periods in which the change is identified. Additionally, subsequent adjustments could require Just Energy to restate historical financial statements.

Risks from adoption of new accounting standards or interpretations

Implementation of and compliance with changes in accounting rules and interpretations could adversely affect Just Energy's operating results or cause unanticipated fluctuations in its results in future periods. The accounting rules and regulations that Just Energy must comply with are complex and continually changing. While Just Energy believes that its financial statements have been prepared in accordance with IFRS, Just Energy cannot predict the impact of future changes to accounting principles or Just Energy's accounting policies on its financial statements going forward.

Risks from deficiencies in internal control over financial reporting

Just Energy may face risks if there are deficiencies in its internal control over financial reporting and disclosure controls and procedures. The Board of Directors, in coordination with the Audit Committee, is responsible for assessing the progress and sufficiency of internal control over financial reporting and disclosure controls and procedures and makes adjustments as necessary. Any deficiencies, if uncorrected, could result in Just Energy's financial statements being inaccurate and in future adjustments or restatements of Just Energy's historical financial statements, which could adversely affect the business, financial condition and results of operations of Just Energy.

Outsourcing and third party service agreements

Just Energy has outsourcing arrangements to support its call centre's requirements for business continuity plans and independence for regulatory purposes, billing and settlement arrangements for certain jurisdictions, scheduling responsibilities in certain jurisdictions and operational support for its operations in the United Kingdom. Contract data input is also outsourced as is some corporate business continuity, IT development and disaster recovery functions. Should the outsourced counterparties not deliver their contracted services, Just Energy may experience service and operational gaps that adversely impact customer retention and aggregation and cash flows.

In most jurisdictions in which Just Energy operates, the LDCs currently perform billing and collection services. If the LDCs cease to perform these services, Just Energy would have to seek a third party billing provider or develop internal systems to perform these functions. This could be time consuming and expensive.

Disruption to infrastructure

Customers are reliant upon the LDCs to deliver their contracted commodity. LDCs are reliant upon the continuing availability of their distribution infrastructure. Any disruptions in this infrastructure as a result of a hurricane, act of terrorism, cyber-attack or otherwise could result in counterparties' default and, thereafter, Just Energy enacting the force majeure clauses of their contracts. Under such severe circumstances there could be no revenue or margin for the affected areas.

Additionally, any disruptions to Just Energy's operations or sales office may also have a significant impact on business and financial prospects. Although Just Energy has insurance policies that cover business interruption and natural calamities, in certain cases, the insurance coverage may not be sufficient to cover the potential loss.

OTHER RISKS

Integration of acquisitions

Just Energy may acquire businesses from time to time. The ability to realize the anticipated benefits of such acquisitions will depend in part on Just Energy successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on the ability to realize the anticipated growth and potential synergies from such acquisitions into Just Energy's current operations. There can be no assurance that Just Energy will be successful in integrating any acquired company's operations, or that the expected benefits will be realized.

Share price volatility risk

The common and preferred shares currently trade on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE"). The trading price of the shares has in the past been, and may in the future be, subject to significant fluctuations. These fluctuations may be caused by events related or unrelated to Just Energy's operating performance and beyond its control. Factors such as actual or anticipated fluctuations in Just Energy's operating results (including as a result of seasonality and volatility caused by mark to market accounting for commodity contracts), fluctuations in the share prices of other companies operating in business sectors comparable to those in which Just Energy operates, outcomes of litigation or regulatory proceedings or changes in estimates of future operating results by securities analysts, among other things, may have a significant impact on the market price of the common shares or

preferred shares. In addition, the stock market has experienced volatility, which often has been unrelated to the operating performance of the affected companies. The preferred shares may be adversely affected by changes in market interest rates. These market fluctuations may materially and adversely affect the market price of the common and preferred shares, which may make it more difficult for shareholders to sell their shares.

Management retention risk

Just Energy's future success will depend on, among other things, its ability to keep the services of its management and to hire other highly qualified employees at all levels. Just Energy will compete with other potential employers for employees, and may not be successful in hiring and keeping the services of executives and other employees that it needs. The loss of the services of, or the inability to hire, executives or key employees could hinder Just Energy's business operations and growth.

Risks related to the preferred shares

Dividends paid on the preferred shares to a U.S. holder (or other non-resident holder) may be subject to Canadian withholding tax
Since Just Energy is incorporated in Canada, dividends on preferred shares paid or credited or deemed to be paid or credited to a non-resident holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividends, subject to any reduction in the rate of withholding to which the non-resident holder is entitled under any applicable income tax treaty or convention between Canada and the country in which the non-resident holder is resident. For example, where a non-resident holder is a resident of the United States, is fully entitled to the benefits under the Canada-United States Tax Convention (1980), as amended, and is the beneficial owner of the dividend, the applicable rate of Canadian withholding tax is generally reduced to 15% of the amount of such dividend.

The preferred shares represent perpetual equity interests in the Company
The preferred shares represent perpetual equity interests in Just Energy and, unlike Just Energy's indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the preferred shares may be required to bear the financial risks of an investment in the preferred shares for an indefinite period of time. In addition, the preferred shares will rank junior in right of payment to all Just Energy's existing and future indebtedness (including indebtedness outstanding under the credit facility, the 6.5% convertible bonds and the 6.75% convertible debentures) and other liabilities, and any other senior securities the Company may issue in the future with respect to assets available to satisfy claims against Just Energy.

The preferred shares have not been rated
The Company has not sought to obtain a rating for the preferred shares, and the preferred shares may never be rated. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the preferred shares or that the Company may elect to obtain a rating of the preferred shares in the future. In addition, the Company may elect to issue other securities for which Just Energy may seek to obtain a rating. If any ratings are assigned to the preferred shares in the future or if Just Energy issues other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the preferred shares. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including the preferred shares. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of the preferred shares may not reflect all risks related to the Company or the Company's business, or the structure or market value of the preferred shares.

The preferred shares are subordinated to our existing and future indebtedness, and a purchaser's interests could be diluted by the issuance of additional equity interests in the Company, including additional preferred shares, and by other transactions
The preferred shares are subordinated to all of Just Energy's existing and future indebtedness (including indebtedness outstanding under the credit facility, the 6.5% convertible bonds and the 6.75% convertible debentures). Therefore, if Just Energy becomes bankrupt, liquidates our assets, reorganizes or enters into certain other transactions, the Company's assets will be available to pay its obligations with respect to the preferred shares only after the Company has paid all of its existing and future indebtedness in full. There may be insufficient assets remaining following such payments to make any payments to holders of the preferred shares then outstanding.

In addition, a significant amount of Just Energy's business is conducted through its subsidiaries. None of Just Energy's subsidiaries have guaranteed or otherwise become obligated with respect to the preferred shares and, as a result, the preferred shares will be structurally subordinated to all liabilities and other obligations of the Company's subsidiaries. Accordingly, Just Energy's right to receive assets from any of its subsidiaries upon its bankruptcy, liquidation or reorganization, and the right of holders of preferred shares to participate in those assets, is structurally subordinated to claims of that subsidiary's creditors, including trade creditors. Even if the Company were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any security interest in the assets of that subsidiary and any indebtedness of that subsidiary senior to that held by the Company.

Investors should not expect Just Energy to redeem the preferred shares on the date the preferred shares become redeemable by the Company or on any particular day afterwards
The preferred shares have no maturity or mandatory redemption date and are not redeemable at the option of investors under any circumstances. The preferred shares may be redeemed by Just Energy at its option at any time on or after March 31, 2022, in whole or in part, out of funds legally available for such redemption, at a redemption price of US$25.00 per preferred share plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any decision the Company may make at any time to redeem the preferred shares will depend upon, among other things, Just Energy's evaluation of its cash and capital position and general market conditions at that time and will be subject to limitations contained in the documents governing its indebtedness.

The Change of Control Conversion Right may make it more difficult for a party to acquire Just Energy or discourage a party from acquiring Just Energy
The Change of Control Conversion Right may have the effect of discouraging a third party from making an acquisition proposal to Just Energy or of delaying, deferring or preventing certain of our change of control transactions under circumstances that otherwise could provide the holders of our common shares and preferred shares with the opportunity to realize a premium over the then-current market price of such equity securities or that unitholders may otherwise believe is in their best interests.

Just Energy could be prevented from paying cash dividends on the Series A preferred shares
Holders of preferred shares do not have a right to dividends on such shares unless declared or set aside for payment by the Company's Board of Directors. No dividends on preferred shares shall be authorized by Just Energy's Board of Directors or paid, declared or set aside for payment by the Company at any time when the authorization, payment, declaration or setting aside for payment would be unlawful under the Canadian Business Corporations Act or any other applicable law, or when the terms and provisions of any limiting documents, including the credit facility, prohibiting the authorization, payment, declaration or setting aside for payment thereof or provide that the authorization, payment, declaration or setting aside for payment thereof would constitute a breach of such documents.

Legal proceedings

Just Energy's subsidiaries are party to a number of legal proceedings. Other than as set out below, Just Energy believes that each proceeding constitutes a routine legal matter incidental to the business conducted by Just Energy and that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated earnings, cash flows or financial position.

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against Commerce Energy Inc., Just Energy Marketing Corp. and the Company (collectively referred to as "Just Energy") in the Ohio Federal Court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the federal Fair Labor Standards Act ("FLSA") on their own behalf and similarly situated door-to-door sales representatives who sold for Commerce in certain regions of the United States. The Court granted the plaintiffs' request to certify the lawsuit as a class action. Approximately 1,800 plaintiffs opted into the federal minimum wage and overtime claims, and approximately 8,000 plaintiffs were certified as part of the Ohio state overtime claims. A jury trial on the liability phase was completed on October 6, 2014. The jury refused to find a willful violation by Just Energy but reached a verdict that supports the plaintiffs' class and collective action that certain individuals were not properly classified as outside salespeople in order to qualify for an exemption under the minimum wage and overtime requirements pursuant to the FLSA and Ohio wage and hour laws. Just Energy disagrees with the result of the October 2014 trial and is of the opinion that it is not supported by existing law and precedent. On January 9, 2015, the Court struck the plaintiffs' damage expert report. A separate damages phase on contested matters is scheduled for trial by the end of May 2018. Potential amounts owing have yet to be determined. Just Energy's appeal opportunities will remain open after conclusion of the damages phase. Just Energy strongly believes it complied with the law and continues to vigorously defend against the claims.

In August 2013, Levonna Wilkins, a former door-to-door independent contractor for Just Energy Marketing Corp. ("JEMC"), filed a lawsuit against Just Energy Illinois Corp., Commerce Energy Inc., JEMC and the Company (collectively referred to as "Just Energy") in the Illinois Federal District Court claiming entitlement to payment of minimum wage and overtime under Illinois wage claim laws and the FLSA on her own behalf and similarly situated door-to-door sales representatives who sold in Illinois. On March 13, 2015, the Court granted Wilkins' request to certify the lawsuit as a class action to include a class made up of Illinois sales representatives who sold for Just Energy Illinois and Commerce. On March 22, 2016, Just Energy's summary judgment motion to dismiss Wilkins' claims was denied. On June 16, 2016, the Court granted Just Energy's motion for reconsideration which objected to Wilkins' class definition and revised the definition to exclude sales representatives who sold for Commerce. Certain class plaintiffs were dismissed by agreement of the parties due to failure to appear at deposition or failure to fit within the revised class definition. Motion for decertification of the class was filed and remains pending and under review with the court. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

In March 2015, Kevin Flood, a former door-to-door independent contractor for Just Energy Marketing Corp., filed a lawsuit against JEMC, Just Energy New York Corp. and the Company (collectively referred to as "Just Energy") in New York Federal District Court (Southern District) claiming entitlement to payment of minimum wage and overtime under New York wage claim laws and the FLSA on his own behalf and similarly situated door-to-door sales representatives who sold in New York. On January 25, 2016, the Court granted Flood's request to certify the lawsuit as a class action for the FLSA claims to include a class made up of New York sales representatives who sold for Just Energy New York. 167 individuals opted in to the FLSA class. Flood also filed a request to certify the lawsuit as a class action for alleged violations of the New York wage claim laws. On January 20, 2017, the Court granted Just Energy's motion for summary judgment dismissing Flood's claims and denied the motion to certify the class action. On February 16, 2017, Flood and opt-in plaintiffs filed an appeal of the dismissal of the Federal District Court's order to the Court of Appeals for the Second Circuit. Appellate oral argument was held on February 20, 2018 and the review remains pending with the court. Just Energy strongly believes it complied with the law and will vigorously contest the appeal of the dismissal.

In May 2015, Kia Kordestani, a former door-to-door independent contractor ("IC") sales representative for Just Energy Corp., filed a lawsuit against Just Energy Corp., Just Energy Ontario L.P. and the Company (collectively referred to as "Just Energy") in the Superior Court of Justice, Ontario, claiming status as an employee and seeking benefits and protections of the Employment Standards Act such as minimum wage, overtime pay, and vacation and public holiday pay on his own behalf and similarly situated door-to-door sales representatives who sold in Ontario. On Just Energy's request, Mr. Kordestani was removed as a plaintiff but replaced with Haidar Omarali, also a former door-to-door sales representative. In August 2015, Omarali filed a motion to certify a proposed class action of

door-to-door sales representatives, and the Court set a hearing for June 21, 2016. The Court issued its certification decision on July 27, 2016, which granted Omarali's request for certification with certain changes. Importantly, the Court refused to certify Omarali's request for damages on an aggregate basis, finding that any alleged class member damages "cannot be determined without proof by individual class members", and the Court left any further resolution on this issue to the common issues trial judge. The Court also refused to certify Omarali's request for the option of punitive damages against Just Energy and found that there was no evidence that Just Energy's conduct justified a punitive damages question, largely because the evidence presented showed that over the years Just Energy was "reassured that their sales agents were indeed ICs, not employees" by "various administrative agencies including the *Canada Revenue Agency, the Workplace Safety and Insurance Board, and at least on one occasion before an employment officer of the* Employment Standards Act". Examinations are being held during 2018. No trial date has been scheduled. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of March 31, 2018, the Company's management, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of its disclosure controls and procedures, as defined under the rules adopted by the U.S. Securities and Exchange Commission (SEC) and the Canadian securities regulatory authorities, and have concluded that the Company's disclosure controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

Management assessed the effectiveness of internal control over financial reporting, using the Internal Control – Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and based on that assessment concluded that internal control over financial reporting was effective as of March 31, 2018.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the year ended March 31, 2018.

Corporate governance

Just Energy is committed to maintaining transparency in its operations and ensuring its approach to governance meets all recommended standards. Full disclosure of Just Energy's compliance with existing corporate governance rules is available at *www.justenergygroup.com and is included in Just Energy's Management Proxy Circular. Just Energy actively monitors the corporate* governance and disclosure environment to ensure timely compliance with current and future requirements.

Outlook

Just Energy is executing a strategic shift from a retail energy provider to a consumer company focused on differentiated value-add products, unparalleled customer satisfaction and profitable customer growth. Historically, Just Energy operated as a retail energy provider and was viewed as offering price-based, invisible products which consumers didn't fully understand. Today, Just Energy is transforming from an era of price-based commodities sold through third parties to a future as a customer-centric consumer company with a more profitable offering of tangible value-add products and services where Just Energy owns and controls the customer relationships. Just Energy's future as a consumer company centres on real value creation and value delivery, while participating in the significant growth opportunities supported by the Company's sales, marketing and customer service expertise.

To achieve profitability and optimize growth in fiscal 2019 and beyond, Just Energy will drive sales growth through its retail and other primary channels while developing additional strategic, alternative channels. Just Energy will also deploy a consistent value creation product strategy across the consumer business.

Management provided guidance for fiscal 2019 Base EBITDA in the range of $200 million to $220 million. This expectation reflects the implementation of IFRS 15 for the full fiscal year.

The Company remains committed to its current dividend policy.

Management's responsibility for financial reporting

The accompanying consolidated financial statements of Just Energy Group Inc. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated financial statements include some amounts that are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Financial information presented elsewhere in this annual report has been prepared on a consistent basis with that in the consolidated financial statements.

Just Energy Group Inc. maintains systems of internal accounting and administrative controls. These systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company assets are properly accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and is composed entirely of non-management directors. The Audit Committee meets periodically with management and the external auditors, to discuss auditing, internal controls, accounting policy and financial reporting matters. The committee reviews the consolidated financial statements with both management and the external auditors and reports its findings to the Board of Directors before such statements are approved by the Board.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) on behalf of the shareholders. The external auditors have full and free access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

On behalf of Just Energy Group Inc.

Pat McCullough
Chief Executive Officer

Jim Brown
Chief Financial Officer

Toronto, Canada
May 16, 2018

Management's report on internal control over financial reporting

The management of Just Energy Group Inc. ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Management has used "Internal Control - Integrated Framework" to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the design and operation of the Company's internal control over financial reporting as of March 31, 2018, and has concluded that such internal control over financial reporting is effective.

Ernst & Young LLP, the independent auditors appointed by the shareholders of the Company who have audited the consolidated financial statements, have also audited internal control over financial reporting and have issued their report on the following page of this annual report.

Pat McCullough
Chief Executive Officer

Jim Brown
Chief Financial Officer

Toronto, Canada
May 16, 2018

Report of independent registered public accounting firm

To the Shareholders and Board of Directors of Just Energy Group Inc.

OPINION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited Just Energy Group Inc.'s ("Just Energy's") internal control over financial reporting as of March 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, Just Energy maintained, in all material respects, effective internal control over financial reporting as of March 31, 2018, based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of income, comprehensive income, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information and our report dated May 16, 2018 expressed an unqualified opinion thereon.

BASIS FOR OPINION

Just Energy's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Just Energy's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Just Energy in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst + Young LLP

Toronto, Canada
May 16, 2018

Report of independent registered public accounting firm

To the Board of Directors and Shareholders of Just Energy Group Inc.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Just Energy Group Inc. ("Just Energy"), which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of income, *comprehensive income, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and the related notes,* comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Just Energy as at March 31, 2018 and March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), Just Energy's internal control over financial reporting as of March 31, 2018, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated May 16, 2018 expressed an unqualified opinion on the effectiveness of Just Energy's internal control over financial reporting.

BASIS FOR OPINION

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to Just Energy in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to Just Energy's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Ernst & Young LLP

We have served as Just Energy's auditor since 2011.
Toronto, Canada
May 16, 2018

Consolidated statements of financial position

As at March 31
(in thousands of Canadian dollars)

	Notes	**2018**	2017
ASSETS			
Current assets			
Cash and cash equivalents		**$ 48,861**	$ 57,376
Short-term investments	7	**-**	26,255
Restricted cash	8	**3,515**	3,620
Trade and other receivables	9	**395,730**	369,491
Unbilled revenues		**301,577**	218,413
Gas in storage		**11,812**	12,350
Prepaid expenses, deposits and other current assets	10	**109,697**	114,555
Fair value of derivative financial assets	15	**218,769**	11,656
Corporate tax recoverable		**5,617**	2,986
		1,095,578	816,702
Non-current assets			
Investments	11	**36,314**	15,561
Property, plant and equipment	12	**18,893**	21,682
Intangible assets	13	**401,926**	357,987
Other non-current assets	14	**19,987**	-
Fair value of derivative financial assets	15	**64,662**	3,010
Deferred tax asset	21	**9,449**	23,013
		551,231	421,253
TOTAL ASSETS		**$1,646,809**	$ 1,237,955
LIABILITIES			
Current liabilities			
Trade and other payables	16	**$ 616,434**	$ 499,169
Deferred revenue		**41,684**	17,546
Income taxes payable		**7,304**	13,913
Fair value of derivative financial liabilities	15	**86,288**	168,793
Provisions	20	**4,714**	8,215
Current portion of long-term debt	19	**121,451**	-
		877,875	707,636
Non-current liabilities			
Long-term debt	19	**422,053**	498,088
Deferred lease inducements		**773**	1,088
Fair value of derivative financial liabilities	15	**51,871**	178,724
Other non-current liabilities	18	**56,576**	-
Deferred tax liability	21	**6,918**	1,745
		538,191	679,645
TOTAL LIABILITIES		**1,416,066**	1,387,281
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Shareholders' capital	22	**1,215,826**	1,198,439
Equity component of convertible debentures		**13,029**	13,508
Contributed surplus (deficit)		**(22,693)**	58,266
Deficit		**(1,066,931)**	(1,489,900)
Accumulated other comprehensive income		**91,934**	70,361
Non-controlling interest		**(422)**	-
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**230,743**	(149,326)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$1,646,809**	$ 1,237,955

Commitments and Guarantees (Note 31)

See accompanying notes to the consolidated financial statements

Approved on behalf of Just Energy Group Inc.

Rebecca MacDonald
Executive Chair

H. Clark Hollands
Corporate Director

Consolidated statements of income

For the years ended March 31
(in thousands of Canadian dollars, except where indicated and per share amounts)

	Notes	2018	2017
OPERATIONS			
Sales	24	**$ 3,626,570**	$ 3,757,054
Cost of sales	25(b)	**2,985,643**	3,061,083
GROSS MARGIN		**640,927**	695,971
EXPENSES			
Administrative		**194,699**	168,433
Selling and marketing		**233,040**	226,308
Other operating expenses	25(a)	**95,498**	84,637
		523,237	479,378
Operating profit before the following		**117,690**	216,593
Finance costs	19	**(55,972)**	(78,077)
Change in fair value of derivative instruments and other	15	**474,356**	374,791
Other income		**3,174**	807
Profit before income taxes		**539,248**	514,114
Provision for income taxes	21	**20,674**	43,231
PROFIT FOR THE YEAR		**$ 518,574**	$ 470,883
Attributable to:			
Shareholders of Just Energy		**$ 509,276**	$ 446,412
Non-controlling interest	18	**9,298**	24,471
PROFIT FOR THE YEAR		**$ 518,574**	$ 470,883
Earnings per share available to shareholders	27		
Basic		**$ 3.41**	$ 3.02
Diluted		**$ 2.62**	$ 2.42

See accompanying notes to the consolidated financial statements

Consolidated statements of comprehensive income

For the years ended March 31
(in thousands of Canadian dollars)

	Notes	2018	2017
PROFIT FOR THE YEAR		**$ 518,574**	$ 470,883
Other comprehensive income to be reclassified to profit or loss in subsequent years:			
Unrealized gain on translation of foreign operations		**3,710**	575
Unrealized gain on revaluation of investments, net of tax		**17,863**	-
		21,573	575
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**$ 540,147**	$ 471,458
Total comprehensive income attributable to:			
Shareholders of Just Energy		**$ 530,849**	$ 446,987
Non-controlling interest	18	**9,298**	24,471
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**$ 540,147**	$ 471,458

See accompanying notes to the consolidated financial statements

Consolidated statements of changes in shareholders' equity (deficiency)

For the years ended March 31
(in thousands of Canadian dollars)

	Notes	2018	2017
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated earnings (losses)			
Accumulated earnings (losses), beginning of year		**$ 259,571**	$ (186,841)
Profit for the year, attributable to shareholders		**509,276**	446,412
Accumulated earnings, end of year		**768,847**	259,571
DIVIDENDS			
Dividends, beginning of year		**(1,749,471)**	(1,672,720)
Dividends declared and paid	30	**(86,307)**	(76,751)
Dividends, end of year		**(1,835,778)**	(1,749,471)
DEFICIT		**$ (1,066,931)**	$ (1,489,900)
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income, beginning of year		**$ 70,361**	$ 69,786
Other comprehensive income		**21,573**	575
Accumulated other comprehensive income, end of year		**$ 91,934**	$ 70,361
SHAREHOLDERS' CAPITAL	22		
Common shares			
Common shares, beginning of year		**$ 1,070,076**	$ 1,069,434
Share-based units exercised		**11,954**	7,191
Acquisition of subsidiary	17	**8,966**	
Repurchase and cancellation of shares		**(11,941)**	(6,549)
Common shares, end of year		**1,079,055**	1,070,076
Preferred shares			
Preferred shares, beginning of year		**$ 128,363**	$ -
Shares issued		**9,260**	132,973
Shares issuance costs		**(852)**	(4,610)
Preferred shares, end of year		**136,771**	128,363
SHAREHOLDERS' CAPITAL		**$ 1,215,826**	$ 1,198,439
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of year		**$ 13,508**	$ 25,795
Add: Issuance of convertible debentures	19(b)	**7,130**	5,899
Less: Redemption of convertible debentures	19(e)	**(7,609)**	(18,186)
Balance, end of year		**$ 13,029**	$ 13,508
CONTRIBUTED SURPLUS (DEFICIT)			
Balance, beginning of year		**$ 58,266**	$ 43,459
Add: Share-based compensation expense	25(a)	**18,353**	6,076
Redemption of convertible debentures	19(e)	**7,126**	18,328
Non-cash deferred share grant distributions		**45**	40
Less: Purchase of non-controlling interest	18	**(89,010)**	-
Share-based units exercised	22	**(11,954)**	(7,191)
Share-based compensation adjustment		**(5,519)**	(2,446)
Balance, end of year		**$ (22,693)**	$ 58,266
NON-CONTROLLING INTEREST			
Distributions to non-controlling shareholders		**$ (9,603)**	$ (24,471)
Foreign exchange impact on non-controlling interest		**(117)**	-
Profit attributable to non-controlling interest		**9,298**	24,471
Balance, end of year		**$ (422)**	$ -
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**$ 230,743**	$ (149,326)

See accompanying notes to the consolidated financial statements

Consolidated statements of cash flows

For the years ended March 31
(in thousands of Canadian dollars)

	Notes	2018	2017
Net inflow (outflow) of cash related to the following activities			
OPERATING			
Profit before income taxes		**$ 539,248**	$ 514,114
Items not affecting cash			
Amortization of intangible assets	25(a)	**16,699**	15,941
Depreciation of property, plant and equipment	25(a)	**4,115**	6,579
Amortization included in cost of sales	25(b)	**3,116**	2,974
Share-based compensation	25(a)	**18,353**	6,076
Financing charges, non-cash portion		**14,547**	23,198
Other		**(369)**	(363)
Change in fair value of investments		**1,289**	-
Change in fair value of derivative instruments and other	15	**(474,356)**	(374,791)
Adjustment required to reflect net cash receipts from gas sales	32	**(2,876)**	(681)
Net change in non-cash working capital balances	33	**(36,425)**	(22,756)
Income taxes paid		**(21,319)**	(19,840)
Cash inflow from operating activities		**62,022**	150,451
INVESTING			
Purchase of property, plant and equipment	12	**(4,838)**	(8,315)
Purchase of intangible assets	13	**(30,938)**	(18,074)
Acquisition of businesses	17	**(10,832)**	(3,994)
Short-term investments	7	**25,532**	(26,255)
Investments in businesses	11	**-**	(5,394)
Decrease in restricted cash	8	**-**	3,875
Cash outflow from investing activities		**(21,076)**	(58,157)
FINANCING			
Dividends paid		**(86,261)**	(76,710)
Repayment of long-term debt		**(100,000)**	(401,261)
Issuance of long-term debt		**100,000**	160,000
Debt issuance costs		**(4,115)**	(7,592)
Credit facilities withdrawal		**53,857**	68,258
Issuance of preferred shares		**9,260**	132,973
Preferred shares issuance costs		**(2,114)**	(5,422)
Shares repurchase		**(11,941)**	(6,549)
Distributions to non-controlling interest		**(9,603)**	(24,471)
Cash outflow from financing activities		**(50,917)**	(160,774)
Effect of foreign currency translation on cash balances		**1,456**	(1,740)
Net cash outflow		**(8,515)**	(70,220)
Cash and cash equivalents, beginning of year		**57,376**	127,596
Cash and cash equivalents, end of year		**$ 48,861**	$ 57,376
Supplemental cash flow information:			
Interest paid		**$ 38,551**	$ 53,343

See accompanying notes to the consolidated financial statements

Notes to the consolidated financial statements

For the year ended March 31, 2018
(in thousands of Canadian dollars, except where indicated and per share amounts)

1 ORGANIZATION

Just Energy Group Inc. ("JEGI", "Just Energy" or the "Company") is a corporation established under the laws of Canada to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates. The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The consolidated financial statements consist of Just Energy and its subsidiaries and affiliates. The consolidated financial statements were approved by the Board of Directors on May 16, 2018.

2 OPERATIONS

Just Energy is a leading retail energy provider specializing in electricity and natural gas commodities, energy efficiency solutions and renewable energy options. With offices located across the United States ("U.S."), Canada, the United Kingdom ("U.K."), Germany, Ireland and Japan, Just Energy serves residential and commercial customers, providing homes and businesses with a broad range of energy solutions that deliver comfort, convenience and control. Just Energy is the parent company of Amigo Energy, Green Star Energy, Hudson Energy, Interactive Energy Group, Just Energy Advanced Solutions, Tara Energy, terrapass and EdgePower, Inc.

By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Just Energy derives its margin or gross profit from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

In addition, Just Energy markets smart thermostats, offering the thermostats as a stand-alone unit or bundled with certain commodity products. The smart thermostats are manufactured and distributed by ecobee Inc. ("ecobee"), a company in which Just Energy holds an 8.5% fully diluted equity interest. Just Energy also offers green products through its JustGreen program. The JustGreen electricity product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, solar, hydropower or biomass. The JustGreen gas product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. Additional green products allow customers to offset their carbon footprint without buying energy commodity products and can be offered in all states and provinces without being dependent on energy deregulation.

Just Energy markets its product offerings through a number of sales channels including door-to-door marketing, broker, retail and affinity relationships, and online marketing. Prior to August 1, 2017, the online marketing of gas and electricity contracts was primarily conducted through Just Ventures LLC and Just Ventures L.P. (collectively, "Just Ventures"), a joint venture in which Just Energy held a 50% equity interest. This exclusive relationship ended on July 31, 2017. See Note 18 for further information.

3 FINANCIAL STATEMENT PREPARATION

(a) Statement of compliance with IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these consolidated financial statements were based on IFRS issued and outstanding as at March 31, 2018.

The consolidated financial statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousand, except where indicated. The Company's consolidated financial statements are prepared on the historical cost basis of accounting, except as disclosed in the accounting policies set out below.

(b) Principles of consolidation

The consolidated financial statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries as at March 31, 2018. Subsidiaries are consolidated from the date of acquisition and control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect these returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, income, expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4 SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents and restricted cash

All highly liquid temporary cash investments with an original maturity of three months or less when purchased are considered to be cash equivalents. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Restricted cash includes cash and cash equivalents, where the availability of funds is restricted by debt arrangements or held in escrow as part of prior acquisition agreements.

Short-term investments
Short-term investments include investments in equities and fixed income producing securities and are held for trading.

Accrued gas receivable/accrued gas payable or gas delivered in excess of consumption/deferred revenue
Accrued gas receivable is stated at fair value and results when customers consume more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas payable represents the obligation to the LDCs with respect to gas consumed by customers in excess of that delivered to the LDCs.

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Collections from customers in advance of their consumption of gas result in deferred revenue.

Assuming normal weather and consumption patterns, during the winter months, customers will have consumed more than what was delivered, resulting in the recognition of unbilled revenues/accrued gas payable; however, in the summer months, customers will have consumed less than what was delivered, resulting in the recognition of gas delivered in excess of consumption/ deferred revenue.

These adjustments are applicable solely to the Ontario, Manitoba, Quebec, Saskatchewan and Michigan gas markets.

Gas in storage
Gas in storage represents the gas delivered to the LDCs in Illinois, Indiana, New York, Ohio, Georgia, Maryland, California and Alberta. The balance will fluctuate as gas is injected into or withdrawn from storage.

Gas in storage is valued at the lower of cost and net realizable value with cost being determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of any accumulated depreciation and impairment losses. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary and/or the present value of all dismantling and removal costs. Where major components of property, plant and equipment have different useful lives, the components are recognized and depreciated separately. Just Energy recognizes, in the carrying amount, the cost of replacing part of an item when the cost is incurred and if it is probable that the future economic benefits embodied with the item can be reliably measured. When significant parts of property, plant and equipment are required to be replaced at intervals, Just Energy recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income as a general and administrative expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

Asset category	Depreciation method	Rate/useful life
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Computer equipment	Declining balance	30%
Leasehold improvements	Straight-line	Term of lease
Thermostats	Straight-line	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of income.

The useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Business combinations
All identifiable assets acquired and liabilities assumed are measured at the acquisition date at fair value. The Company records all identifiable intangible assets including identifiable assets that had not been recognized by the acquiree before the business combination. Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets acquired and liabilities assumed is recorded as goodwill. During the measurement period (which is within one year from the acquisition date), Just Energy may adjust the amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Adjustments related to facts and circumstances that did not exist at the consolidated balance sheet date are taken to the income statement. The Company records acquisition-related costs as expenses in the periods in which the costs are incurred with the exception of certain costs relating to registering and issuing debt and equity securities which may be recorded in equity. Non-controlling interests are recognized at their proportionate share of the fair value of identifiable assets and liabilities, unless otherwise indicated.

Goodwill
Goodwill is initially measured at cost, which is the excess of the cost of the business combination over Just Energy's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Any negative difference is recognized directly in the consolidated statements of income.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Just Energy's operating segments that are expected to benefit from the synergies of the combination, irrespective of whether other assets and liabilities of the acquiree are assigned to those segments.

Intangible assets
Intangible assets acquired outside of a business combination are measured at cost on initial recognition. Intangible assets acquired in a business combination are recorded at fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and/or accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization method and amortization period of an intangible asset with a finite useful life are reviewed at least once annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statements of income in the expense category associated with the function of the intangible assets.

Intangible assets consist of gas customer contracts, electricity customer contracts, sales network, brand and goodwill, acquired through business combinations and asset purchases, as well as software, commodity billing and settlement systems and information technology system development.

Internally generated intangible assets are capitalized when the product or process is technically and commercially feasible, the future economic benefit is measurable, Just Energy can demonstrate how the asset will generate future economic benefits and Just Energy has sufficient resources to complete development. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management.

The brand and goodwill are considered to have indefinite useful lives and are not amortized, but rather tested annually for impairment. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statements of income when the asset is derecognized.

Intangible asset category	Amortization method	Rate/useful life
Customer contracts	Straight-line	Term of contract
Contract relationships	Straight-line	Term of contract
Commodity billing and settlement system	Straight-line	5 years
Sales network and affinity relationships	Straight-line	5–8 years
Information technology system development	Straight-line	3–5 years
Software	Straight-line	1 year
Technology	Straight-line	15 years

Impairment of non-financial assets
Just Energy assesses whether there is an indication that an asset may be impaired at each reporting date. If such an indication exists or when annual testing for an asset is required, Just Energy estimates the asset's recoverable amount. The recoverable amounts of goodwill and intangible assets with an indefinite useful life are estimated at least annually. The recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value-in-use. Value-in-use is determined by discounting estimated future pre-tax cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, an appropriate valuation model has to be used. The recoverable amount of assets that do not generate independent cash flows is determined based on the CGU to which the asset belongs.

An impairment loss is recognized in the consolidated statements of income if an asset's carrying amount or that of the CGU to which it is allocated is higher than its recoverable amount. Impairment losses of CGUs are first charged against the value of assets in proportion to their carrying amount.

In the consolidated statements of income, an impairment loss is recognized in the expense category associated with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, Just Energy estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statements of income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each segment to which the goodwill relates. Where the recoverable amount of the segment is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date and whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset.

Just Energy as a lessee

Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Just Energy as a lessor

Leases where Just Energy does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Financial instruments

Financial assets and liabilities

Just Energy classifies its financial assets as either (i) financial assets at fair value through profit or loss, (ii) loans and receivables, (iii) other financial assets, or iv) available-for-sale, and its financial liabilities as either (i) financial liabilities at fair value through profit or loss or (ii) other financial liabilities. Appropriate classification of financial assets and liabilities is determined at the time of initial recognition or when reclassified in the consolidated statements of financial position.

Financial instruments are recognized on the trade date, which is the date on which Just Energy commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as fair value through profit or loss if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into that are not designated as hedging instruments in hedge relationships as defined by IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). Included in this class are primarily physical delivered energy contracts, for which the own-use exemption could not be applied, financially settled energy contracts and foreign currency forward contracts.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 15. Related realized and unrealized gains and losses are included in the consolidated statements of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category include receivables. Loans and receivables are initially recognized at fair value net of transaction costs. They are subsequently measured at amortized cost using the effective interest rate method less any impairment. The effective interest amortization is included in finance costs in the consolidated statements of income.

Financial assets classified as available-for-sale

Available-for-sale financial assets are held at fair value with gains and losses included in other comprehensive income. Just Energy uses this classification for assets that are not derivatives and are not held for trading purposes or otherwise designated at fair value through profit or loss, or at amortized cost.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when Just Energy has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

Just Energy assesses whether there is objective evidence that a financial asset is impaired at each reporting date. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows that can be reliably estimated.

For financial assets carried at amortized cost, Just Energy first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If Just Energy determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of other income in the consolidated statements of income.

Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other operating costs in the consolidated statements of income.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by Just Energy that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Included in this class are primarily physically delivered energy contracts, for which the own-use exemption could not be applied, financially settled energy contracts and foreign currency forward contracts.

Gains or losses on liabilities held-for-trading are recognized in the consolidated statements of income.

Other financial liabilities
Other financial liabilities are measured at amortized cost using the effective interest rate method. Financial liabilities include long-term debt issued and are initially measured at fair value. Fair value is the consideration received, net of transaction costs incurred, trade and other payables and bank indebtedness. Transaction costs related to the long-term debt instruments are included in the value of the instruments and amortized using the effective interest rate method. The effective interest expense is included in finance costs in the consolidated statements of income.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Derivative instruments
Just Energy enters into fixed-term contracts with customers to provide electricity and gas at fixed prices. These customer contracts expose Just Energy to changes in consumption as well as changes in the market prices of gas and electricity. To reduce its exposure to movements in commodity prices, Just Energy enters into contracts with suppliers that expose the Company to changes in prices for the purchase and sale of power and natural gas. These contracts are treated as derivatives as they do not meet the own-use criteria under IAS 32. The primary factors affecting the fair value of derivative instruments at any point in time are the volume of open derivative positions and the changes of commodity market prices. Prices for power and natural gas are volatile, which can result in material changes in the fair value measurements reported in Just Energy's consolidated financial statements in the future.

Just Energy analyzes all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Embedded derivatives are accounted for separately from the underlying contract at the inception date when their economic characteristics are not closely related to those of the host contract and the host contract is not carried as held-for-trading or designated as fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss.

All derivatives are recognized at fair value on the date on which the derivative is entered into and are remeasured to fair value at each reporting date. Derivatives are carried in the consolidated statements of financial position as other financial assets when the fair value is positive and as other financial liabilities when the fair value is negative. Just Energy does not utilize hedge accounting; therefore, changes in the fair value of these derivatives are recorded directly to the consolidated statements of income and are included within change in fair value of derivative instruments and other.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques that are recognized by market participants. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 15.

Revenue recognition
Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. In the case of gas and electricity, transfer of risks and rewards is upon consumption of the commodity. Just Energy recognizes revenue from thermostat leases, based on rental rates over the term commencing from the installation date.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes.

The Company assumes credit risk for all customers in Alberta, Illinois, Texas, Michigan, California, Georgia, Delaware, Ohio, the U.K. and for certain large-volume customers in British Columbia. In these markets, the Company ensures that credit review processes are in place prior to the commodity flowing to the customer.

Foreign currency translation
Functional and presentation currency
Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For U.S.-based subsidiaries, this is U.S. dollars ("USD"); for subsidiaries based in the U.K., it is British pounds ("GBP"), and for subsidiaries based in Germany and Ireland it is Euros ("EUR"). The consolidated financial statements are presented in Canadian dollars, which is the parent Company's presentation and functional currency.

Transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income.

Translation of foreign operations
The results and consolidated financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recorded in other comprehensive income ("OCI").

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income are recognized in the consolidated statements of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Earnings per share amounts
The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares assuming the exercise of stock options, restricted share grants ("RSGs"), performance bonus incentive grants ("PBGs"), deferred share grants ("DSGs") and convertible debentures, if dilutive.

Share-based compensation plans

Equity-based compensation liability

Share-based compensation are equity-settled transactions. The cost of share-based compensation is measured by reference to the fair value at the date on which it was granted. Awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and Just Energy's best estimate of the number of the shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

When options, RSGs, PBGs and DSGs are exercised or exchanged, the amounts previously credited to contributed surplus are reversed and credited to shareholders' capital.

Employee future benefits

In Canada, Just Energy offers a long-term wealth accumulation plan (the "Plan") for all permanent full-time and permanent part-time employees (working more than 26 hours per week).The Plan consists of two components, a Deferred Profit Sharing Plan ("DPSP") and an Employee Profit Sharing Plan ("EPSP"). For participants of the DPSP, Just Energy contributes an amount equal to a maximum of 2% per annum of an employee's base earnings. For the EPSP, Just Energy contributes an amount up to a maximum of 2% per annum of an employee's base earnings towards the purchase of shares of Just Energy, on a matching one-for-one basis.

For U.S. employees, Just Energy has established a long-term savings plan (the "Plan") for all permanent full-time and part-time employees (working more than 30 hours per week) of its subsidiaries. The Plan consists of two components, a 401(k) and an Employee Unit Purchase Plan ("EUPP"). For participants who are enrolled only in the EUPP, Just Energy contributes an amount up to a maximum of 3% per annum of an employee's base earnings towards the purchase of Just Energy shares, on a matching one-for-one basis. For participants who are enrolled only in the 401(k), Just Energy contributes an amount up to a maximum of 4% per annum of an employee's base earnings, on a matching one-for-one basis. In the event an employee participates in both the EUPP and 401(k), the maximum Just Energy will contribute is 5% total, comprising of 3% to the EUPP and 2% to the 401(k).

Participation in the plans in Canada or the U.S. is voluntary. For the 401(k), there is a two-year vesting period beginning from the date of hire, and for the EUPP, there is a six-month vesting period from the employee's enrollment date in the plan.

Obligations for contributions to the Plan are recognized as an expense in the consolidated statements of income when the employee makes a contribution.

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where Just Energy operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Just Energy follows the liability method of accounting for deferred income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated tax consequences attributable to the temporary differences between the carrying value of the assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled by the parent and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized in cumulative translation adjustment or equity is recognized in cumulative translation adjustment or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions
Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Just Energy expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statements of income.

Selling and marketing expenses
Commissions and various other costs related to obtaining and renewing customer contracts are charged to income in the period incurred except as disclosed below:

Commissions related to obtaining and renewing Commercial customer contracts are paid in one of the following ways: all or partially up front or as a residual payment over the term of the contract. If the commission is paid all or partially up front, it is recorded as prepaid expenses and expensed in selling and marketing expenses over the term for which the associated revenue is earned. If the commission is paid as a residual payment, the amount is expensed as earned.

In addition, commissions related to leasing thermostats are capitalized as part of the cost of the equipment.

Green provision and certificates
Just Energy is a retailer of green energy and records a provision to its regulators as green energy sales are recognized. A corresponding cost is included in cost of sales. Just Energy measures its provision based on the extent of green certificates that it holds or has committed to purchase and has recorded this obligation net of its green certificates. Any provision balance in excess of the green certificates held or that Just Energy has committed to purchase is measured at fair value. Green certificates are purchased by Just Energy to settle its obligation with the regulators.

Non-current assets held-for-sale and discontinued operations
Just Energy classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for the held-for-sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of income. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held-for-sale.

5 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis for making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Judgments made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Business combinations
In accounting for business combinations, judgment is required in estimating the acquisition date fair values of the identifiable assets acquired (including intangible assets) and liabilities assumed (including contingent liabilities). The necessary measurements are based on information available on the acquisition date and expectations and assumptions that have been deemed reasonable by management. During the measurement period (which is within one year from the acquisition date), Just Energy may adjust the amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Refer to Note 4 for further details.

Impairment of non-financial assets
Just Energy's impairment test is based on fair value less costs to sell calculations that use the EBITDA multiple model. The EBITDA is derived from actual figures and the EBITDA multiple is sourced from external sources of information.

Deferred taxes
Significant management judgment is required to determine the amount of deferred tax assets and liabilities that can be recognized, based upon the likely timing and the level of future taxable income realized, including the usage of tax-planning strategies.

Useful life of key property, plant and equipment and intangible assets
The amortization method and useful lives reflect the pattern in which management expects the assets' future economic benefits to be consumed by Just Energy.

Provisions for litigation
Significant management judgment is required to determine the amount of provisions to record a liability relating to litigation.

Provisions are recognized when Just Energy has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statements of income. Refer to Note 20 for further information.

Trade receivables
Just Energy reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statements of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the allowance for doubtful accounts. In estimating these cash flows, Just Energy makes judgments about the borrower's financial situation and the fair value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models or transacted/quoted prices of identical assets that are not active. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgment includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 15 for further details about the assumptions as well as a sensitivity analysis.

Subsidiaries
Subsidiaries that are not wholly owned by Just Energy require judgment determining the amount of control that Just Energy has over that entity and the appropriate accounting treatments. In these consolidated financial statements, management has determined that Just Energy controlled Just Ventures until July 31, 2017, and therefore has treated the 50% that is not owned by Just Energy as a non-controlling interest until July 31, 2017. Refer to Note 18 for further details on change in control during fiscal 2018. Just Energy also owns 95% of the issued and outstanding shares of db swdirekt GmbH ("SWDirekt"), and 51% of the issued and outstanding shares of db swpro GmbH ("SWPro"), and therefore has treated the 5% and 49% that is not owned by Just Energy as a non-controlling interest.

6 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. Just Energy intends to adopt these standards, if applicable, when they become effective.

IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB on July 24, 2014, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is only applied to financial liabilities. IFRS 9 uses a new expected loss impairment model and also uses a new model for hedge accounting aligning the accounting treatment with

risk management activities. The measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

As part of the implementation of IFRS 9, the Company has established a transition team to implement the accounting system, process and internal control changes that result from the new standard. The new impairment and classification and measurement requirements will be applied by adjusting the Company's consolidated financial statements on April 1, 2018, the date of initial application, with no restatement of comparative period financial information.

The transition team has assessed the impact of IFRS 9 on the consolidated financial statements and has determined that the adoption of IFRS 9 will enhance disclosure requirements and is expected to increase the deficit as at April 1, 2018, primarily due to the increases in the expected lifetime credit losses for the Company's contract assets, as well as trade and other receivables. Contract assets such as unbilled revenues are required to be tested for impairment under IFRS 9. As a result, the increase to the expected lifetime credit losses is expected to be approximately $11.0 million to $14.0 million, net of taxes. The investment in ecobee will be classified as fair value through profit or loss, instead of as available-for-sale. Further gains and losses related to the investment in ecobee will go through the statement of income instead of other comprehensive income. The Company will continue to revise, refine and validate the impairment models and related process controls leading up to the June 30, 2018 reporting.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), was jointly issued by the IASB and the Financial Accounting Standards Board, effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 outlined a single comprehensive model to account for revenue arising from contracts with customers and will replace the majority of existing IFRS requirements on revenue recognition including IAS 18, Revenue. The core principle of IFRS 15 is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standarc provides a single, principles-based five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or industry. The standard will also provide guidance on the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The standard also specifies that direct incremental costs of obtaining and fulfilling a contract that are expected to be recovered should be capitalized and amortized over the expected contract term. Disclosure requirements will increase, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates made. Just Energy will be implementing IFRS 15, using the modified retrospective approach where IFRS 15 will be applied to 2019 results, beginning April 1, 2018 without restating comparative periods.

Management has appointed an IFRS 15 transition team to assess the financial statement impact of IFRS 15. The transition team has assessed the impact of IFRS 15 on the consolidated financial statements and its revenue recognition policies and has determined that the capitalization of direct incremental costs paid on all active contracts existing as at March 31, 2018 will result in an increase in the opening retained earnings in the range of $18.0 million to $22.0 million, net of taxes. The standard specifies that an entity recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. Depending on whether certain criteria are met, revenue is recognized either over time, in a manner that depicts the entity's performance, or at a point in time, when control is transferred to the customer. The transition team also assessed Just Energy's revenue streams and underlying contracts with customers. The majority of revenues within the scope of IFRS 15 are earned through the sale of gas and electricity and other value added products. We have not identified any significant differences in the timing or amount of recognition of revenue as a result of IFRS 15, and therefore the changes to revenue earned on customer contracts is not expected to be significant. Additional disclosure, however, will be required on the disaggregation of revenue. The transition team is currently assessing how revenues will be disaggregated to meet the new disclosure requirement. Transition adjustments will be disclosed in the Q1 2019 interim condensed consolidated financial statements.

Amendments to IFRS 2, Share-based Payment ("IFRS 2"), clarify how to account for certain types of share-based payment transactions. IFRS 2 stipulates new conditions on the accounting for three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting of a modification to the terms and conditions of a share-based payment that changes the transaction from cash-settled to equity-settled. IFRS 2 is applied prospectively; retroactive application is only permitted if the application can be performed without using hindsight. Requirements to apply IFRS 2 are effective for annual periods beginning on or after January 1, 2018. Management has appointed an IFRS 2 transition team to assess the financial statement impact of IFRS 2. The transition team will implement the accounting system, process and internal control changes that result from the new standard.

IFRS 16, Leases ("IFRS 16"), was issued by the IASB in January 2016. This guidance brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Furthermore, per the standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease

assets and lease liabilities for leases with a lease term of 12 months or less, and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17, Leases, and its related Interpretations, and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Just Energy has not yet assessed the impact of this standard.

7 SHORT-TERM INVESTMENTS

	As at March 31, 2018	As at March 31, 2017
Fixed income	**$ -**	$ 23,872
Equities	**-**	2,383
	$ -	$ 26,255

8 RESTRICTED CASH

As part of the disposal of the Commercial Solar division on November 5, 2014, Just Energy was required to transfer cash into restricted bank accounts. The Company has indemnified the buyer for certain obligations. The cash will be released as these obligations are satisfied. As of March 31, 2018, these restricted cash balances were $3,515 (2017 – $3,620).

9 TRADE AND OTHER RECEIVABLES

	As at March 31, 2018	As at March 31, 2017
Trade account receivables, net	**$ 332,083**	$ 288,255
Accrued gas receivable	**15,893**	16,352
Other	**47,754**	64,884
	$ 395,730	$ 369,491

10 PREPAID EXPENSES, DEPOSITS AND OTHER CURRENT ASSETS

	As at March 31, 2018	As at March 31, 2017
Prepaid expenses and deposits	**$ 64,752**	$ 62,087
Green certificates	**42,230**	49,236
Gas delivered in excess of consumption	**2,715**	3,232
	$ 109,697	$ 114,555

11 INVESTMENTS

(a) On August 10, 2012, Just Energy, through a subsidiary, acquired an interest in ecobee, a private company that designs, manufactures and distributes smart thermostats, for an amount of $6.4 million. During the fiscal year 2017, Just Energy further increased its investment in the company by $5.4 million. The Company markets these smart thermostats in all its core markets, bundling the thermostats with commodity and home service products. As at March 31, 2018, Just Energy owns approximately 8.5% of ecobee. Previously, this investment was measured at cost as fair value could not be measured reliably. This investment is measured at fair value and is classified as available-for-sale. The fair value of the investment has been determined directly from transacted/quoted prices of identical assets that are not active (Level 2 measurement). During the year ended March 31, 2018, the fair value of the investment increased by $20.6 million (2017 – $nil).

(b) Just Energy has an instrument that is convertible upon the option of the holder into an equity investment in Energy Earth, a private company that offers products related to the conservation of natural resources. This investment is designated as fair value through profit or loss. The fair value of the investment has been determined by reference to direct inputs other than quoted prices that are observable for the asset (Level 2 measurement). During the year ended March 31, 2018, the fair value of the investment increased by $1.3 million (2017 – $nil) to $3.9 million (2017 – $nil).

12 PROPERTY, PLANT AND EQUIPMENT

As at March 31, 2018

	Computer equipment	Furniture and fixtures	Office equipment	Thermo-stats	Leasehold improve-ments	Total
Cost:						
Opening balance – April 1, 2017	$ 18,672	$ 6,774	$ 14,947	$ 13,471	$ 4,517	$ 58,381
Additions	3,561	147	352	387	391	4,838
Retirements	-	-	-	(517)	-	(517)
Exchange differences	(60)	(60)	(90)	(103)	(14)	(327)
Ending balance, March 31, 2018	22,173	6,861	15,209	13,238	4,894	62,375
Accumulated depreciation:						
Opening balance – April 1, 2017	(11,600)	(4,776)	(10,095)	(7,713)	(2,515)	(36,699)
Depreciation charge to cost of sales	-	-	-	(3,116)	-	(3,116)
Depreciation charge for the year	(2,431)	(262)	(745)	-	(677)	(4,115)
Retirements	-	-	-	208	-	208
Exchange differences	47	43	64	66	20	240
Ending balance, March 31, 2018	(13,984)	(4,995)	(10,776)	(10,555)	(3,172)	(43,482)
Net book value, March 31, 2018	$ 8,189	$ 1,866	$ 4,433	$ 2,683	$ 1,722	$ 18,893

As at March 31, 2017

	Computer equipment	Furniture and fixtures	Vehicles	Office equipment	Thermo-stats	Leasehold improve-ments	Total
Cost:							
Opening balance – April 1, 2016	$ 19,494	$ 7,300	$ 6	$ 23,157	$ 17,792	$ 8,913	$ 71,662
Additions	3,651	788	-	1,142	1,213	1,521	8,315
Retirements	(4,531)	(1,493)	(6)	(9,649)	(594)	(6,046)	(22,319)
Exchange differences	58	179	-	297	60	129	723
Ending balance, March 31, 2017	18,672	6,774	-	14,947	13,471	4,517	58,381
Accumulated depreciation:							
Opening balance – April 1, 2016	(11,968)	(5,544)	(6)	(16,314)	(4,985)	(7,800)	(46,617)
Depreciation charge to cost of sales	-	-	-	-	(2,974)	-	(2,974)
Depreciation charge for the year	(2,426)	(409)	-	(3,183)	-	(561)	(6,579)
Retirements	4,531	1,493	6	9,649	281	6,046	22,006
Exchange differences	(1,737)	(316)	-	(247)	(35)	(200)	(2,535)
Ending balance, March 31, 2017	(11,600)	(4,776)	-	(10,095)	(7,713)	(2,515)	(36,699)
Net book value, March 31, 2017	$ 7,072	$ 1,998	$ -	$ 4,852	$ 5,758	$ 2,002	$ 21,682

13 INTANGIBLE ASSETS

As at March 31, 2018

	Goodwill	Brand	Technology[1]	Customer relation-ships	Sales networks and affinity relation-ships	Other	Total
Cost:							
Opening balance – April 1, 2017	$289,201	$ 31,154	$ 48,525	$ -	$ 53,595	$ -	$422,475
Acquisition of a subsidiary	14,699	-	1,409	17,387	-	347	33,842
Additions	-	-	30,938	-	-	-	30,938
Exchange differences	(3,227)	(949)	(471)	640	(1,632)	148	(5,491)
Ending balance, March 31, 2018	300,673	30,205	80,401	18,027	51,963	495	481,764
Accumulated amortization:							
Opening balance – April 1, 2017	-	-	(27,641)	-	(36,847)	-	(64,488)
Amortization charge for the year	-	-	(8,924)	(1,309)	(6,466)	-	(16,699)
Exchange differences	-	-	256	-	1,093	-	1,349
Ending balance, March 31, 2018	-	-	(36,309)	(1,309)	(42,220)	-	(79,838)
Net book value, March 31, 2018	$300,673	$ 30,205	$ 44,092	$ 16,718	$ 9,743	$ 495	$401,926

1 Technology includes work-in-progress IT projects of $19.8 million.

As at March 31, 2017

	Gas contracts	Electricity contracts	Goodwill	Brand	Technology	Sales network and affinity relationships	Total
Cost:							
Opening balance – April 1, 2016	$ 122,010	$ 320,185	$ 280,513	$ 30,423	$ 83,876	$ 160,243	$ 997,250
Retirements	(123,204)	(331,335)	–	–	(55,296)	(111,578)	(621,413)
Acquisition of a subsidiary	–	–	6,020	–	–	–	6,020
Additions	–	–	–	–	18,074	–	18,074
Exchange differences	1,194	11,150	2,668	731	1,871	4,930	22,544
Ending balance, March 31, 2017	–	–	289,201	31,154	48,525	53,595	422,475
Accumulated amortization:							
Opening balance – April 1, 2016	(122,010)	(320,185)	–	–	(71,837)	(137,345)	(651,377)
Retirements	123,204	331,335	–	–	55,296	111,578	621,413
Amortization charge for the year	–	–	–	–	(9,329)	(6,612)	(15,941)
Exchange differences	(1,194)	(11,150)	–	–	(1,771)	(4,468)	(18,583)
Ending balance, March 31, 2017	–	–	–	–	(27,641)	(36,847)	(64,488)
Net book value, March 31, 2017	$ –	$ –	$ 289,201	$ 31,154	$ 20,884	$ 16,748	$ 357,987

The capitalized internally developed costs relate to the development of new customer billing and analysis software solutions for the different energy markets of Just Energy. All research costs and development costs not eligible for capitalization have been expensed and are recognized in administrative expenses.

14 OTHER NON-CURRENT ASSETS

	As at March 31, 2018	As at March 31, 2017
Prepaid commission	**$ 17,101**	$ –
Income taxes recoverable	**2,336**	–
Other	**550**	–
	$ 19,987	$ –

15 FINANCIAL INSTRUMENTS

(a) Fair value of derivative financial instruments and other

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Management has estimated the value of financial swaps, physical forwards and option contracts for electricity, natural gas, carbon and renewable energy certificates, and generation and transmission capacity contracts using a discounted cash flow method, which employs market forward curves that are either directly sourced from third parties or are developed internally based on third-party market data. These curves can be volatile, thus leading to volatility in the mark to market with no immediate impact to cash flows. Gas options have been valued using the Black option value model using the applicable market forward curves and the implied volatility from other market traded options.

The following table illustrates gains (losses) related to Just Energy's derivative financial instruments classified as fair value through profit or loss and recorded on the consolidated statements of financial position as fair value of derivative financial assets and fair value of derivative financial liabilities, with their offsetting values recorded in change in fair value of derivative instruments and other on the consolidated statements of income.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in fair value of derivative instruments and other		
Physical forward contracts and options (i)	**$ 400,583**	$ 215,935
Financial swap contracts and options (ii)	**59,710**	144,288
Foreign exchange forward contracts	**(1,842)**	(1,756)
Share swap	**(4,484)**	(98)
6.5% convertible bond conversion feature	**7,764**	14,261
Unrealized foreign exchange on 6.5% convertible bond	**6,101**	(4,309)
Other derivative options	**6,524**	6,470
Change in fair value of derivative instruments and other	**$ 474,356**	$ 374,791

The following table summarizes certain aspects of the fair value of derivative financial assets and liabilities recorded in the consolidated statement of financial position as at March 31, 2018:

	Financial assets (current)	**Financial assets (non-current)**	**Financial liabilities (current)**	**Financial liabilities (non-current)**
Physical forward contracts and options (i)	**$ 198,891**	**$ 60,550**	**$ 32,451**	**$ 29,003**
Financial swap contracts and options (ii)	**8,133**	**1,342**	**34,369**	**22,117**
Foreign exchange forward contracts	**-**	**-**	**1,068**	**505**
Share swap	**-**	**-**	**18,400**	**-**
6.5% convertible bond conversion feature	**-**	**-**	**-**	**246**
Other derivative options	**11,745**	**2,770**	**-**	**-**
As at March 31, 2018	**$ 218,769**	**$ 64,662**	**$ 86,288**	**$ 51,871**

The following table summarizes certain aspects of the fair value of derivative financial assets and liabilities recorded in the consolidated statement of financial position as at March 31, 2017:

	Financial assets (current)	Financial assets (non-current)	Financial liabilities (current)	Financial liabilities (non-current)
Physical forward contracts and options	$ 982	$ 983	$ 89,472	$ 124,173
Financial swap contracts and options	3,207	2,027	65,362	46,246
Foreign exchange forward contracts	565	-	-	295
Share swap	-	-	13,916	-
6.5% convertible bond conversion feature	-	-	-	8,010
Other derivative options	6,902	-	43	-
As at March 31, 2017	$ 11,656	$ 3,010	$ 168,793	$ 178,724

Below is a summary of the financial instruments classified through profit or loss as at March 31, 2018, to which Just Energy has committed:

(i) Physical forward contracts and options consist of:

- Electricity contracts with a total remaining volume of 32,522,439 MWh, a weighted average price of $42.50/MWh and expiry dates up to December 31, 2027.

- Natural gas contracts with a total remaining volume of 86,541,853 GJs, a weighted average price of $3.72/GJ and expiry dates up to October 31, 2023.
- Renewable energy certificates ("RECs") and emission-reduction credit contracts with a total remaining volume of 3,662,766 MWh and 422,550 tonnes, respectively, a weighted average price of $27.84/REC and $2.50/tonne, respectively, and expiry dates up to December 31, 2028 and December 31, 2021.
- Electricity generation capacity contracts with a total remaining volume of 5,410 MWCap, a weighted average price of $6,912.86/MWCap and expiry dates up to October 31, 2022.
- Ancillary contracts with a total remaining volume of 933,679 MWh, a weighted average price of $19.45/MWh and expiry dates up to December 31, 2020.

(ii) Financial swap contracts and options consist of:

- Electricity contracts with a total remaining volume of 15,724,012 MWh, an average price of $49.41/MWh and expiry dates up to July 23, 2023.
- Natural gas contracts with a total remaining volume of 117,006,333 GJs, an average price of $3.54/GJ and expiry dates up to December 31, 2022.
- Electricity generation capacity contracts with a total remaining volume of 273 MWCap, a weighted average price of $4,146.69/MWCap and expiry dates up to October 31, 2020.
- Ancillary contracts with a total remaining volume of 962,506 MWh, a weighted average price of $13.76/MWh and expiry dates up to December 31, 2019.

These derivative financial instruments create a credit risk for Just Energy since they have been transacted with a limited number of counterparties. Should any counterparty be unable to fulfill its obligations under the contracts, Just Energy may not be able to realize the financial assets' balance recognized in the consolidated financial statements.

Share swap agreement

Just Energy has entered into a share swap agreement to manage the consolidated statement of income volatility associated with the Company's restricted share grant and deferred share grant plans. The value, on inception, of the 2,500,000 shares under this share swap agreement was approximately $33,803. Net monthly settlements received under the share swap agreement are recorded in other income. Just Energy records the fair value of the share swap agreement in the non-current derivative financial liabilities on the consolidated statements of financial position. Changes in the fair value of the share swap agreement are recorded through the consolidated statements of income as a change in fair value of derivative instruments and other.

Fair value ("FV") hierarchy derivatives

Level 1

The fair value measurements are classified as Level 1 in the FV hierarchy if the fair value is determined using quoted unadjusted market prices.

Level 2

Fair value measurements that require observable inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, significant inputs must be directly or indirectly observable in the market. *Just Energy values its New York Mercantile Exchange ("NYMEX") financial gas fixed-for-floating swaps under Level 2.*

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips and hourly prices from block strips for the purposes of mark to market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input for the purposes of establishing the level in the FV hierarchy. For the natural gas supply contracts, Just Energy uses three different market observable curves: (i) Commodity (predominately NYMEX), (ii) Basis and (iii) Foreign exchange. NYMEX curves extend for over five years (thereby covering the length of Just Energy's contracts); however, most basis curves extend only 12 to 15 months into the future. In order to calculate basis curves for the remaining years, Just Energy uses extrapolation, which leads natural gas supply contracts to be classified under Level 3.

For the share swap, Just Energy uses a forward interest rate curve along with a volume weighted average share price.

Just Energy's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no transfers into or out of Level 1, Level 2 or Level 3 during the years ended March 31, 2018 or 2017.

Fair value measurement input sensitivity
The main cause of changes in the fair value of derivative instruments is changes in the forward curve prices used for the fair value calculations. Just Energy provides a sensitivity analysis of these forward curves under the "Market risk" section of this note. Other inputs, including volatility and correlations, are driven off historical settlements.

The following table illustrates the classification of derivative financial assets (liabilities) in the FV hierarchy as at March 31, 2018:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$ -	$ -	$ 283,431	$ 283,431
Derivative financial liabilities	-	(21,092)	(117,067)	(138,159)
Total net derivative assets (liabilities)	**$ -**	**$ (21,092)**	**$ 166,364**	**$ 145,272**

The following table illustrates the classification of derivative financial assets (liabilities) in the FV hierarchy as at March 31, 2017:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$ -	$ -	$ 14,666	$ 14,666
Derivative financial liabilities	-	(17,741)	(329,776)	(347,517)
Total net derivative liabilities	$ -	$ (17,741)	$ (315,110)	$ (332,851)

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of up to 5% price extrapolation to calculate monthly prices that extend beyond the market observable 12- to 15-month forward curve.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the following periods:

	Year ended March 31, 2018	Year ended March 31, 2017
Balance, beginning of year	**$ (315,110)**	$ (638,231)
Total gains (losses)	**105,709**	(42,084)
Purchases	**207,531**	(30,265)
Sales	**(64,464)**	2,084
Settlements	**232,698**	393,386
Balance, end of year	**$ 166,364**	$ (315,110)

(b) Classification of non-derivative financial assets and liabilities

As at March 31, 2018 and March 31, 2017, the carrying value of cash and cash equivalents, short-term investments, restricted cash, current trade and other receivables, unbilled revenues and trade and other payables approximates their fair value due to their short-term nature.

Long-term debt recorded at amortized cost has a fair value as at March 31, 2018 of $570.1 million (2017 – $542.0 million) and the interest payable on outstanding amounts is at rates that vary from Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the exceptions of the 6.75% $100M convertible debentures, 6.75% $160M convertible debentures, 6.5% convertible bonds and 5.75% convertible debentures, which are fair valued based on market value. The 6.75% $100M convertible debentures, 6.75% $160M convertible debentures, 6.5% convertible bonds and 5.75% convertible debentures are classified as Level 1 in the FV hierarchy.

Investments in equity instruments have a fair value as at March 31, 2018 of $36.3 million and are measured based on Level 2 of the FV hierarchy. Level 2 inputs for non-derivative financial assets include quoted prices for similar assets in active markets, quoted prices for identical or similar assets that are not active.

The fair values of the investment in both ecobee and Energy Earth has been derived from transacted/quoted prices of identical assets that are not active. No adjustments were made in valuing the investment in ecobee or Energy Earth based on unobservable inputs that would be significant to the entire measurement and require the fair value measurement to be categorized within Level 3 of the FV hierarchy.

The following table illustrates the classification of investments in the FV hierarchy as at March 31, 2018:

	Level 1	Level 2	Level 3	Total
Investment in ecobee	$ -	$ 32,446	$ -	$ 32,446
Investment in Energy Earth	-	3,868	-	3,868
Total investments	**$ -**	**$ 36,314**	**$ -**	**$ 36,314**

(c) Management of risks arising from financial instruments

The risks associated with Just Energy's financial instruments are as follows:

(i) Market risk

Market risk is the potential loss that may be incurred as a result of changes in the market or fair value of a particular instrument or commodity. Components of market risk to which Just Energy is exposed are discussed below.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investments in U.S. and international operations.

The performance of the Canadian dollar relative to the U.S. dollar could positively or negatively affect Just Energy's income, as a portion of Just Energy's income is generated in U.S. dollars and is subject to currency fluctuations upon translation to Canadian dollars. Due to its growing operations in the U.S. and Europe, Just Energy expects to have a greater exposure to foreign currency fluctuations in the future than in prior years. Just Energy has economically hedged between 50% and 90% of forecasted cross border cash flows that are expected to occur within the next 12 months and between 0% and 50% of certain forecasted cross border cash flows that are expected to occur within the next 13 to 24 months. The level of economic hedging is dependent on the source of the cash flow and the time remaining until the cash repatriation occurs.

Just Energy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged.

With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended March 31, 2018, assuming that all the other variables had remained constant, profit for the year would have been $15.0 million lower/higher and other comprehensive income would have been $37.8 million lower/higher.

Interest rate risk

Just Energy is only exposed to interest rate fluctuations associated with its floating rate credit facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. Just Energy's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that its long-term debt exposes the Company to material interest rate risks but has set out parameters to actively manage this risk within its Risk Management Policy.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) of approximately $758 in profit before income taxes for the year ended March 31, 2018 (2017 – $332).

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the gas and electricity portfolios which also feed a Value at Risk limit. Should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins such that shareholder dividends can be appropriately established. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor the above market risks could have a material adverse effect on the operations and cash flows of Just Energy. Just Energy mitigates the exposure to variances in customer requirements that are driven by changes in expected weather conditions through active management of the underlying portfolio, which involves, but is not limited to, the purchase of options including weather derivatives. Just Energy's ability to mitigate weather effects is limited by the degree to which weather conditions deviate from normal.

Commodity price sensitivity – all derivative financial instruments

If all the energy prices associated with derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit before income taxes for the year ended March 31, 2018 would have increased (decreased) by $228,721 ($227,245), primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

Commodity price sensitivity – Level 3 derivative financial instruments
If the energy prices associated with only Level 3 derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit before income taxes for the year ended March 31, 2018 would have increased (decreased) by $232,801 ($231,393), primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

(ii) Credit risk
Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Just Energy is exposed to credit risk in two specific areas: customer credit risk and counterparty credit risk.

Customer credit risk
In Alberta, Texas, Illinois, British Columbia, California, Michigan, Delaware, Ohio, Georgia and the U.K., Just Energy has customer credit risk and, therefore, credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy. Management factors default from credit risk in its margin expectations for all the above markets.

The aging of the accounts receivable from the above markets was as follows:

	March 31, 2018	March 31, 2017
Current	**$ 113,786**	$ 96,510
1–30 days	**44,374**	30,672
31–60 days	**21,241**	12,806
61–90 days	**12,686**	8,358
Over 90 days	**69,207**	47,059
	$ 261,294	$ 195,405

Changes in the allowance for doubtful accounts related to the balances in the table above were as follows:

	March 31, 2018	March 31, 2017
Balance, beginning of year	**$ 49,431**	$ 58,789
Provision for doubtful accounts	**56,300**	56,041
Bad debts written off	**(41,802)**	(64,262)
Foreign exchange	**(3,808)**	(1,137)
Balance, end of year	**$ 60,121**	$ 49,431

In the remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee. Management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal. There is no assurance that the LDCs providing these services will continue to do so in the future.

Counterparty credit risk
Counterparty credit risk represents the loss that Just Energy would incur if a counterparty fails to perform under its contractual obligations. This risk would manifest itself in Just Energy replacing contracted supply at prevailing market rates, thus impacting the related customer margin. Counterparty limits are established within the Risk Management Policy. Any exceptions to these limits require approval from the Board of Directors of Just Energy. The Risk Department and Risk Committee monitor current and potential credit exposure to individual counterparties and also monitor overall aggregate counterparty exposure. However, the failure of a counterparty to meet its contractual obligations could have a material adverse effect on the operations and cash flows of Just Energy.

As at March 31, 2018, the estimated counterparty credit risk exposure amounted to $283,431 (2017 – $14,666), representing the risk relating to Just Energy's exposure to derivatives that are in an asset position.

(iii) Liquidity risk
Liquidity risk is the potential inability to meet financial obligations as they fall due. Just Energy manages this risk by monitoring detailed weekly cash flow forecasts covering a rolling six-week period, monthly cash forecasts for the next 12 months, and quarterly forecasts for the following two-year period to ensure adequate and efficient use of cash resources and credit facilities.

The following are the contractual maturities, excluding interest payments, reflecting undiscounted disbursements of Just Energy's financial liabilities:

As at March 31, 2018:

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**1–3 years**	**4–5 years**	**More than 5 years**
Trade and other payables	**$ 616,434**	**$ 616,434**	**$ 616,434**	**$ -**	**$ -**	**$ -**
Long-term debt[1]	**543,504**	**575,525**	**122,115**	**193,410**	**260,000**	**-**
Gas, electricity and non-commodity contracts	**138,159**	**3,171,037**	**1,867,389**	**1,202,949**	**69,658**	**31,041**
	$ 1,298,097	**$ 4,362,996**	**$ 2,605,938**	**$ 1,396,359**	**$ 329,658**	**$ 31,041**

1 Included in long-term debt are the 6.75% $100M convertible debentures, 6.75% convertible bonds, 6.5% convertible debentures and 5.75% convertible debentures, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

As at March 31, 2017:

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	$ 499,169	$ 499,169	$ 499,169	$ -	$ -	$ -
Long-term debt[1]	498,088	527,743	-	367,743	160,000	-
Gas, electricity and non-commodity contracts	347,517	3,397,692	1,982,896	1,189,745	188,282	36,769
	$ 1,344,774	$ 4,424,604	$ 2,482,065	$ 1,557,488	$ 348,282	$ 36,769

1 Included in long-term debt are the 6.75% $100M convertible debentures, 6.75% convertible debentures, 6.5% convertible bonds and 5.75% convertible debentures, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, as at March 31, 2018, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years
Interest payments	$ 30,815	$ 41,386	$ 24,300	$ -

(iv) Supplier risk
Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. As at March 31, 2018, Just Energy has applied an adjustment factor to determine the fair value of its financial assets in the amount of $4,737 (2017 – $4,980) to accommodate for its counterparties' risk of default.

16 TRADE AND OTHER PAYABLES

	As at March 31, 2018	As at March 31, 2017
Commodity suppliers' payables	**$ 209,610**	$ 203,581
Accrued liabilities	**135,733**	140,753
Green provisions	**152,542**	70,955
Sales tax payable	**15,794**	19,241
Trade accounts payable	**45,887**	20,025
Payable for former JV partner (Note 18)	**26,375**	-
Accrued gas payable	**12,261**	12,537
Other payables	**18,232**	32,077
	$ 616,434	$ 499,169

17 ACQUISITION OF BUSINESSES

(a) Acquisition of Intell Enercare Solutions Inc.

On June 6, 2017, Just Energy completed the acquisition of 100% of the issued and outstanding shares of Intell Enercare Solutions Inc., a complete service provider for supply, design and installation of energy saving technologies, for up to $11.0 million, subject to closing adjustments. The purchase price consideration included cash consideration of $2.2 million. There is contingent consideration where Just Energy will pay up to $9.0 million to the sellers over three years provided that certain EBITDA targets are satisfied. The EBITDA target with respect to the contingent consideration for 2018 is $3,500. For the 2019 and 2020 years, it is $3,000 and $2,500, respectively. The fair value of the contingent consideration at acquisition was estimated to be $7.8 million based on the three-year forecast. The acquisition of Intell Enercare Solutions Inc. was accounted for using the purchase method of accounting. Just Energy allocated the preliminary purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Net assets acquired		
Intangible assets	$	877
Goodwill		9,644
Working capital		(302)
Deferred tax		(232)
Total consideration	$	9,987
Cash paid, net of estimated working capital adjustment	$	2,199
Contingent consideration		7,788
Total consideration	$	9,987

The transaction costs related to the acquisition have been expensed and are included in other operating expenses in the consolidated statements of income. The goodwill represents the synergies and potential for cross-selling energy saving technologies to Just Energy customers. The amount of revenue and profit or (loss) of Intell Enercare Solutions Inc. since the acquisition date included in the consolidated statement of income for the fiscal year is $1,495 and ($850), respectively. The revenue and profit or (loss) for the current reporting period, assuming the acquisition date for Intell Enercare Solutions Inc. that occurred during the year had been as of the beginning of the annual reporting period, would be $1,635 and ($1,019), respectively. The fair value of the contingent consideration was subsequently reduced to $1,300 during the year through the consolidated statements of income due to changes in the assumptions within the forecast.

(b) Acquisition of SWDirekt and SWPro

On December 8, 2016, Just Energy completed the acquisition of 95% of the issued and outstanding shares of SWDirekt, a retail energy company, and 51% of the issued and outstanding shares of SWPro, a sales and marketing company, for $6.4 million, subject to closing adjustments. Terms of the deal include a $2.2 million payment upon the achievement of sales targets.

The acquisition of SWDirekt and SWPro was accounted for using the purchase method of accounting. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Net assets acquired		
Working capital	$	588
Property, plant and equipment		56
Intangible assets		1,172
Goodwill		4,831
Non-controlling interest		(41)
Other liabilities		(221)
Total consideration	$	6,385
Cash paid, net of working capital adjustment	$	4,221
Contingent consideration		2,164
Total consideration	$	6,385

The contingent consideration was subsequently written down to $nil through the consolidated statements of income due to changes within the cash flows forecast.

(c) Acquisition of EdgePower, Inc.

On February 28, 2018, Just Energy completed the acquisition of the issued and outstanding shares of EdgePower, Inc. ("EdgePower"), a privately held energy monitoring and management company operating out of Aspen, Colorado. EdgePower provides lighting and HVAC controls, as well as enterprise monitoring, in hundreds of commercial buildings in North America. Just Energy acquired 100% of the equity interests of EdgePower for the purposes of integrating their lighting and HVAC controls with the commercial business. The fair value of the total consideration transferred is US$14.0 million, of which US$7.0 million *was paid in cash and US$7.0 million was settled through the issuance of 1,415,285 Just Energy common shares. The goodwill* that was acquired as part of this acquisition relates primarily to the EdgePower workforce and synergies between Just Energy and EdgePower.

In addition, the former shareholders of EdgePower are entitled to a payment of up to a maximum of US$6.0 million, payable in cash, subject to continuing employment and the achievement of certain annual and cumulative performance thresholds of the EdgePower business. The payment is calculated as 20% of EBITDA for the EdgePower business for the years of 2019–2021 with minimum thresholds that must be met. As at the acquisition date, the amount recognized for management remuneration was $nil. The amount of revenue and loss of EdgePower since the acquisition date included in the consolidated statements of income for the reporting period is $209 and $112, respectively. The revenue and profit or loss for the current reporting period, assuming the acquisition date for EdgePower that occurred during the year had been as of the beginning of the annual reporting period, would be $4,282 and $2,469, respectively.

The following is the preliminary purchase price allocation for EdgePower:

Net assets acquired		
Working capital	$	993
Intangible assets		15,115
Goodwill		5,879
Deferred tax liabilities		(4,066)
Total consideration	$	17,921
Cash paid, net of working capital adjustment	$	8,286
Common shares issued		8,966
Payable to seller		669
Total consideration	$	17,921

18 NON-CONTROLLING INTEREST

		March 31, 2018		March 31, 2017
Profit (loss) allocated to non-controlling interest				
Just Ventures (a)	**$**	**9,603**	$	24,558
Just Energy Deutschland GmbH (b)		**(305)**		(72)
SWPro (b)		-		(15)
	$	**9,298**	$	24,471

		Just Ventures		**Just Energy Deutschland GmbH**		**SWPro**
		(until August 1, 2017)				
Summarized financial information for 2018:						
Gross margin	**$**	**38,501**	**$**	**82**	**$**	**78**
Selling and marketing expenses		**13,829**		**2,148**		**477**
Profit (loss) from operations		**24,672**		**(2,106)**		**(399)**
Cash flows provided by (used in) operating activities		**24,672**		**(2,106)**		**(399)**
Cash flows used in financing activities		**(24,672)**		**-**		**-**

	Just Ventures	Just Energy Deutschland GmbH	SWPro
Summarized financial information for 2017:			
Gross margin	$ 82,357	$ 5	$ (43)
Selling and marketing expenses	34,264	235	100
Profit (loss) from operations	48,093	(349)	(143)
Cash flows provided by (used in) operating activities	48,093	(349)	(143)
Cash flows used in financing activities	(48,093)	-	-

(a) On August 1, 2017, Just Energy announced that it reached an agreement with its joint venture partner, Red Ventures LLC, to end the exclusive relationship for online sales of the Just Energy brand in North America. To facilitate the transaction, Just Energy acquired the outstanding 50% interest of each of Just Ventures LLC in the United States and Just Ventures L.P. in Canada. Under the terms of the agreement, the purchase price is a function of go forward earnings based on the current client base and is *payable in quarterly installments over five years estimated at* $99.8 *million. As at* March 31, 2018, *the current liabilities amount to* $26.4 million and long-term liabilities amount to $56.6 million.

(b) Just Energy owns 95% of the issued and outstanding shares of Just Energy Deutschland GmbH and 51% of the issued and outstanding shares of db SWPro GmbH ("SWPro"), and therefore has treated the 5% and 49%, respectively, that is not owned by Just Energy as a non-controlling interest.

19 LONG-TERM DEBT AND FINANCING

	Maturity	**March 31, 2018**	March 31, 2017
Credit facility (a)	September 1, 2018	**$ 122,115**	$ 68,258
Less: Debt issue costs (a)		**(664)**	(2,257)
6.75% $100M convertible debentures (b)	March 31, 2023	**85,760**	-
6.75% $160M convertible debentures (c)	December 31, 2021	**148,146**	145,579
6.5% convertible bonds (d)	July 29, 2019	**188,147**	190,486
5.75% convertible debentures (e)	September 30, 2018	**-**	96,022
		543,504	498,088
Less: Current portion		**(121,451)**	-
		422,053	498,088

Future annual minimum repayments are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Credit facility (a)	$ 122,115	$ -	$ -	$ -	$ 122,115
6.75% $100M convertible debentures (b)	-	-	100,000	-	100,000
6.75% $160M convertible debentures (c)	-	-	160,000	-	160,000
6.5% convertible bonds (d)	-	193,410	-	-	193,410
	$ 122,115	$ 193,410	$ 260,000	$ -	$ 575,525

The details for long-term debt are as follows

	As at April 1, 2017	Cash inflows/ (outflows)	FX	Non-cash changes	**As at March 31, 2018**
Credit facility (a)	$ 66,001	$ 53,857	$ -	$ 1,593	**$ 121,451**
6.75% $100M convertible debentures (b)	-	95,869	-	(10,109)	**85,760**
6.75% $160M convertible debentures (c)	145,579	-	-	2,567	**148,146**
6.5% convertible bonds (d)	190,486	-	(6,101)	3,761	**188,147**
5.75% convertible debentures (e)	96,022	(100,000)	-	3,978	**-**
	498,088	49,726	(6,101)	1,790	**543,504**
Less: Current portion	-	-	-	-	**(121,451)**
	498,088	49,726	(6,101)	1,790	**422,053**

	As at April 1, 2016	Cash inflows/ (outflows)	FX	Non-cash changes	As at March 31, 2017
Credit facility (a)	$ (2,980)	$ 68,258	$ -	$ 723	$ 66,001
6.75% $160M *convertible debentures* (c)	-	152,407	-	(6,828)	145,579
6.5% convertible bonds (d)	182,564	-	4,309	3,613	190,486
5.75% convertible debentures (e)	93,637	-	-	2,385	96,022
6.0% convertible debentures (f)	311,028	(321,261)	-	10,233	-
Senior unsecured note (g)	76,294	(80,000)	-	3,706	-
	660,543	(180,596)	4,309	13,832	498,088

The following table details the finance costs for the year ended March 31. Interest is expensed based on the effective interest rate.

	2018	2017
Credit facility (a)	**$ 12,883**	$ 10,564
6.75% $100M convertible debentures (b)	**497**	-
6.75% $160M convertible debentures (c)	**12,773**	7,090
6.5% convertible bonds (d)	**15,753**	16,418
5.75% convertible debentures (e)	**9,173**	8,135
6.0% convertible debentures (f)	**-**	19,396
Loss on redemption of 6.0% convertible debentures (f)	**-**	4,415
Senior unsecured note (g)	**-**	10,999
Unwinding of discount and other	**4,893**	1,060
	$ 55,972	$ 78,077

(a) As at March 31, 2018, Just Energy has a $342.5 million credit facility to meet working capital requirements, which includes an increase to the capacity by $50 million for a letter of credit facility (the "LC facility"), effective December 30, 2016. The principal amount outstanding under the LC facility is guaranteed by Export Development Canada under its Account Performance Security Guarantee Program. The syndicate of lenders includes Shell Energy North America (Canada) Inc./Shell Energy North America (U.S.), L.P., Canadian Imperial Bank of Commerce ("CIBC"), National Bank of Canada, HSBC Bank Canada, Alberta Treasury Branches, JP Morgan Chase Bank, N.A. and Canadian Western Bank.

Interest is payable on outstanding loans at rates that vary with Bankers' Acceptance rates, LIBOR, Canadian bank prime rate or U.S. prime rate. Under the terms of the operating credit facility, Just Energy is able to make use of Bankers' Acceptances and LIBOR advances at stamping fees of 3.40%. Prime rate advances are at a rate of bank prime (Canadian bank prime rate or U.S. prime rate) plus 2.40% and letters of credit are at a rate of 3.40%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2018, the Canadian prime rate was 3.45% and the U.S. prime rate was 4.75%. Just Energy has drawn $122.1 million against the facility and the total letters of credit outstanding as of the current period amounted to $113.4 million (2017 - $109.2 million). As at March 31, 2018, Just Energy has $102 million of the facility remaining as well as a $5 million swing line with CIBC for future working capital and/or security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, primarily, the international operations. Just Energy is required to meet a number of financial covenants under the various debt agreements. As at March 31, 2018, the Company was compliant with all of these covenants.

Subsequent to March 31, 2018, the Company has renegotiated an agreement with a syndicate of lenders to extend Just Energy's credit facility for an additional two years to September 1, 2020. For further details, please refer to Note 34 to the consolidated financial statements.

(b) On February 22, 2018, Just Energy issued $100 million of convertible unsecured senior subordinated debentures (the "6.75% $100 million convertible debentures"). The 6.75% $100 million convertible debentures bear interest at an annual rate of 6.75%, payable semi-annually in arrears on March 31 and September 30 in each year, and have a maturity date of March 31, 2023. Each $1,000 principal amount of the 6.75% $100 million convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 112.3596 common shares of Just Energy, representing a conversion price of $8.90, subject to certain anti-dilution provisions. Holders who convert their debentures will receive accrued and unpaid interest for the period from and including the date of the latest interest payment up to, but excluding, the date of conversion.

The 6.75% $100 million convertible debentures will not be redeemable at the option of the Company on or before March 31, 2021. After March 31, 2021 and prior to March 31, 2022, the 6.75% $100 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares of Just Energy on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is at least 125% of the conversion price. On or after March 31, 2022, the 6.75% $100 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest.

The conversion feature of the 6.75% $100 million convertible debentures has been accounted for as a separate component of shareholders' equity in the amount of $9.7 million. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $2.6 million and reduced the equity component of the convertible debentures by this amount. The remainder of the net proceeds of the 6.75% $100 million convertible debentures has been recorded as long-term debt, which is being accreted up to the face value of $100 million over the term of the 6.75% $100 million convertible debentures using an effective interest rate of 10.7%. If the 6.75% $100 million convertible debentures are converted into common shares, the value of the conversion will be reclassified to share capital along with the principal amount converted. No amounts of the 6.75% $100 million convertible debentures have been converted or redeemed as at March 31, 2018.

(c) On October 5, 2016, Just Energy issued $160 million of convertible unsecured senior subordinated debentures (the "6.75% $160 million convertible debentures"). The 6.75% $160 million convertible debentures bear interest at an annual rate of 6.75%, payable semi-annually in arrears on June 30 and December 31 in each year, and have a maturity date of December 31, 2021. Each $1,000 principal amount of the 6.75% $160 million convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 107.5269 common shares of Just Energy, representing a conversion price of $9.30, subject to certain anti-dilution provisions. Holders who convert their debentures will receive accrued and unpaid interest for the period from and including the date of the latest interest payment up to, but excluding, the date of conversion.

The 6.75% $160 million convertible debentures will not be redeemable at the option of the Company on or before December 31, 2019. After December 31, 2019 and prior to December 31, 2020, the 6.75% $160 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares of Just Energy on the Toronto Stock Exchange (the "TSX") for the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is at least 125% of the conversion price. On or after December 31, 2020, the 6.75% $160 million convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest.

The conversion feature of the 6.75% $160 million convertible debentures has been accounted for as a separate component of shareholders' equity in the amount of $8.0 million. Upon initial recognition of the convertible debentures, Just Energy recorded a deferred tax liability of $2.1 million and reduced the equity component of the convertible debentures by this amount. The remainder of the net proceeds of the 6.75% $160 million convertible debentures has been recorded as long-term debt, which is being accreted up to the face value of $160 million over the term of the 6.75% $160 million convertible debentures using an

effective interest rate of 9.1%. If the 6.75% $160 million convertible debentures are converted into common shares, the value of the conversion will be reclassified to share capital along with the principal amount converted. No amounts of the 6.75% $160 million convertible debentures have been converted or redeemed as at March 31, 2018.

(d) On January 29, 2014, Just Energy issued US$150 million of European-focused senior convertible unsecured convertible bonds (the "6.5% convertible bonds"). The 6.5% convertible bonds bear interest at an annual rate of 6.5%, payable semi-annually in arrears in equal installments on January 29 and July 29 in each year, and have a maturity date of July 29, 2019.

A Conversion Right in respect of a bond may be exercised, at the option of the holder thereof, at any time from May 30, 2014 to July 7, 2019. The initial conversion price is US$9.3762 per common share (being C$10.2819) but is subject to adjustments. In the event of the exercise of a Conversion Right, the Company may, at its option, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation in cash equal to the market value of the underlying shares to be received.

As a result of the debt being denominated in a different functional currency than that of Just Energy, the conversion feature is recorded as a financial liability instead of a component of equity. Therefore, the conversion feature of the 6.5% convertible bonds has been accounted for as a separate financial liability with an initial value of US$8,517. The remainder of the net proceeds of the 6.5% convertible bonds has been recorded as long-term debt, which is being accreted up to the face value of $150.0 million over the term of the 6.5% convertible bonds using an effective interest rate of 8.8%. At each reporting period, the conversion feature is recorded at fair value with changes in fair value recorded through profit or loss. As at March 31, 2018, the fair value of this conversion feature is US$0.2 million and is included in other non-current financial liabilities. No amounts of the 6.5% convertible bonds have been converted or redeemed as at March 31, 2018.

(e) In September 2011, Just Energy issued $100 million of convertible unsecured subordinated debentures (the "5.75% convertible debentures"), which was used to fund an acquisition. The 5.75% convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year, and have a maturity date of September 30, 2018. Each $1,000 principal amount of the 5.75% convertible debentures is convertible at the option of the holder at any time prior to the close of business on the earlier of the maturity date and the last business day immediately preceding the date fixed for redemption into 56.0 common shares of Just Energy, representing a conversion price of $17.85. On or after September 30, 2016, the 5.75% convertible debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days' and not less than 30 days' prior notice, at a price equal to their principal amount plus accrued and unpaid interest.

The Company may, at its option, on not more than 60 days' and not less than 30 days' prior notice, subject to applicable regulatory approval and provided no event of default has occurred and is continuing, elect to satisfy its obligation to repay all or any portion of the principal amount of the 5.75% convertible debentures that are to be redeemed or that are to mature, by issuing and delivering to the holders thereof that number of freely tradable common shares determined by dividing the principal amount of the 5.75% convertible debentures being repaid by 95% of the current market price on the date of redemption or maturity, as applicable.

On March 27, 2018, Just Energy redeemed the 5.75% convertible debentures. Of the amount paid, $99.5 million was recorded as a reduction in the liability component of the 5.75% convertible debentures, a non-cash loss on early redemption of $0.5 million was classified as finance costs, and $7.1 million was recorded as an increase in contributed surplus.

(f) In May 2010, Just Energy issued $330 million of convertible extendible unsecured subordinated debentures (the "6.0% convertible debentures"). The 6.0% convertible debentures bear interest at a rate of 6.0% per annum payable semi-annually in arrears on June 30 and December 31, with an original maturity date of June 30, 2017.

On November 7, 2016, Just Energy redeemed $225 million of the 6.0% convertible debentures. Of the amount paid, $222 million was recorded as a reduction in the liability component of the 6.0% convertible debentures, a non-cash loss on early redemption of $3.1 million was classified as finance costs, and $12.9 million was recorded as an increase in contributed surplus. On February 21, 2017, Just Energy redeemed $94.6 million of the 6.0% convertible debentures. Of the amount paid, $93.4 million was recorded as a reduction in the liability component of the 6.0% convertible debentures, a non-cash loss on early redemption of $1.3 million was classified as finance costs, and $5.4 million was recorded as an increase in contributed surplus.

(g) The senior unsecured note was originally issued in the amount of $105 million bearing interest at 9.75% and maturing in June 2018. Just Energy early redeemed $25 million on March 31, 2016 and June 30, 2016, respectively, with the remaining $55 million repaid on October 5, 2016.

20 PROVISIONS

		2018		2017
Cost				
Balance, beginning of year	**$**	**8,215**	$	17,989
Provisions reversed and used during the year		**(3,323)**		(10,602)
Unwinding of discount		**-**		389
Foreign exchange impact		**(178)**		439
Balance, end of year	**$**	**4,714**	$	8,215

Legal proceedings

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against Commerce Energy Inc., Just Energy Marketing Corp. and the Company (collectively referred to as "Just Energy") in the Ohio Federal Court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the federal Fair Labor Standards Act ("FLSA") on their own behalf and similarly situated door-to-door sales representatives who sold for Commerce Energy Inc. in certain regions of the United States. The Court granted the plaintiffs' request to certify the lawsuit as a class action. Approximately 1,800 plaintiffs opted into the federal minimum wage and overtime claims, and approximately 8,000 plaintiffs were certified as part of the Ohio state overtime claims. A jury trial on the liability phase was completed on October 6, 2014. The jury refused to find a willful violation by Just Energy but reached a verdict that supports the plaintiffs' class and collective action that certain individuals were not properly classified as outside salespeople in order to qualify for an exemption under the minimum wage and overtime requirements pursuant to the FLSA and Ohio wage and hour laws. Just Energy disagrees with the result of the October 2014 trial and is of the opinion that it is not supported by existing law and precedent. On January 9, 2015, the Court struck the plaintiffs' damage expert report. A separate damages phase on contested matters is scheduled for trial by the end of May 2018. Potential amounts owing have yet to be determined. Just Energy's appeal opportunities will remain open after conclusion of the damages phase. Just Energy strongly believes it complied with the law and continues to vigorously defend against the claims.

In August 2013, Levonna Wilkins, a former door-to-door independent contractor for Just Energy Marketing Corp. ("JEMC"), filed a lawsuit against Just Energy Illinois Corp., Commerce Energy Inc., JEMC and the Company (collectively referred to as "Just Energy") in the Illinois Federal District Court claiming entitlement to payment of minimum wage and overtime under Illinois wage claim laws and the FLSA on her own behalf and similarly situated door-to-door sales representatives who sold in Illinois. On March 13, 2015, the Court granted Wilkins' request to certify the lawsuit as a class action to include a class made up of Illinois sales representatives who sold for Just Energy Illinois Corp. and Commerce Energy Inc. On March 22, 2016, Just Energy's summary judgment motion to dismiss Wilkins' claims was denied. On June 16, 2016, the Court granted Just Energy's motion for reconsideration which objected to Wilkins' class definition and revised the definition to exclude sales representatives who sold for Commerce Energy Inc. Certain class plaintiffs were dismissed by agreement of the parties due to failure to appear at deposition or failure to fit within the revised class definition. Motion for decertification of the class was filed and remains pending and under review with the Court. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

In March 2015, Kevin Flood, a former door-to-door independent contractor for Just Energy Marketing Corp., filed a lawsuit against JEMC, Just Energy New York Corp. and the Company (collectively referred to as "Just Energy") in New York Federal District Court (Southern District) claiming entitlement to payment of minimum wage and overtime under New York wage claim laws and the FLSA on his own behalf and similarly situated door-to-door sales representatives who sold in New York. On January 25, 2016, the Court granted Flood's request to certify the lawsuit as a class action for the FLSA claims to include a class made up of New York sales representatives who sold for Just Energy New York. 167 individuals opted in to the FLSA class. Flood also filed a request to certify the lawsuit as a class action for alleged violations of the New York wage claim laws. On January 20, 2017, the Court granted Just Energy's motion for summary judgment dismissing Flood's claims and denied the motion to certify the class action. On February 16, 2017, Flood and opt-in plaintiffs filed an appeal of the dismissal of the Federal District Court's order to the Court of Appeals for the Second Circuit. Appellate oral argument was held on February 20, 2018 and the review remains pending with the Court. Just Energy strongly believes it complied with the law and will vigorously contest the appeal of the dismissal.

In May 2015, Kia Kordestani, a former door-to-door independent contractor ("IC") sales representative for Just Energy Corp., filed a lawsuit against Just Energy Corp., Just Energy Ontario L.P. and the Company (collectively referred to as "Just Energy") in the Superior Court of Justice, Ontario, claiming status as an employee and seeking benefits and protections of the Employment Standards Act such as minimum wage, overtime pay, and vacation and public holiday pay on his own behalf and similarly situated door-to-door sales representatives who sold in Ontario. On Just Energy's request, Mr. Kordestani was removed as a plaintiff but replaced with Haidar Omarali, also a former door-to-door sales representative. In August 2015, Omarali filed a motion to certify a proposed class action of door-to-door sales representatives, and the Court set a hearing for June 21, 2016. The Court issued its certification decision on July 27, 2016, which granted Omarali's request for certification with certain changes. Importantly, the Court refused to certify Omarali's request for damages on an aggregate basis, finding that any alleged class member damages "cannot be determined without proof by individual class members", and the Court left any further resolution on this issue to the common issues trial judge. The Court also refused to certify Omarali's request for the option of punitive damages against

Just Energy and found that there was no evidence that Just Energy's conduct justified a punitive damages question, largely because the evidence presented showed that over the years Just Energy was "reassured that their sales agents were indeed ICs, not employees" by "various administrative agencies including the Canada Revenue Agency, the Workplace Safety and Insurance Board, and at least on one occasion before an employment officer of the Employment Standards Act". Examinations are being held during 2018. No trial date has been scheduled. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

21 INCOME TAXES

(a) Tax expense

	2018	2017
Current tax expense	**$ 2,555**	$ 27,123
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	**$ 129,177**	$ 152,945
Benefit arising from previously unrecognized tax loss or temporary difference	**(111,058)**	(136,837)
Deferred tax expense	**18,119**	16,108
Provision for income taxes	**$ 20,674**	$ 43,231

(b) Reconciliation of the effective tax rate

The provision for income taxes represents an effective rate different than the Canadian corporate statutory rate of 26.50% (2017 – 26.50%).

	2018	2017
Income before income taxes	**$ 539,248**	$ 514,114
Combined statutory Canadian federal and provincial income tax rate	**26.50%**	26.50%
Income tax expense based on statutory rate	**$ 142,901**	$ 136,240
Increase (decrease) in income taxes resulting from:		
Benefit of mark to market loss and other temporary differences not recognized	**$ (111,058)**	$ (136,837)
Variance between combined Canadian tax rate and the tax rate applicable to foreign earnings	**1,000**	40,396
Other permanent items	**(12,169)**	3,432
Total income tax expense	**$ 20,674**	$ 43,231

(c) Recognized deferred tax assets and liabilities

Recognized deferred tax assets and liabilities are attributed to the following:

	2018	2017
Mark to market losses on derivative instruments	**$ 17,580**	$ 28,667
Tax losses and excess of tax basis over book basis	**78,825**	9,893
Total deferred tax asset	**96,405**	38,560
Offset of deferred taxes	**(93,873)**	(17,292)
Net deferred tax asset	**$ 2,532**	$ 21,268
Partnership income deferred for tax purposes	**$ (6,249)**	$ (8,281)
Mark to market gains on derivative instruments	**(54,158)**	(391)
Book to tax differences on other assets	**(30,480)**	(4,476)
Convertible debentures	**(2,986)**	(4,144)
Total deferred tax liability	**(93,873)**	(17,292)
Offset of deferred taxes	**93,873**	17,292

(d) Movement in deferred tax balances

	Balance April 1, 2017	Recognized in profit or loss	Recognized in OCI	Balance March 31, 2018
Partnership income deferred for tax	**$ (8,281)**	**$ 2,032**	**$ -**	**$ (6,249)**
Book to tax differences on other assets	**4,269**	**51,864**	**(7,788)**	**48,345**
Mark to market (gains) losses on derivative instruments	**29,424**	**(66,002)**	**-**	**(36,578)**
Convertible debentures	**(4,144)**	**1,158**	**-**	**(2,986)**
	$ 21,268	**$ (10,948)**	**$ (7,788)**	**$ 2,532**

	Balance April 1, 2016	Recognized in profit or loss	Recognized in OCI	Balance March 31, 2017
Partnership income deferred for tax	$ (22,306)	$ 14,025	$ -	$ (8,281)
Book to tax differences - customer contracts	(5,139)	5,139	-	-
Book to tax differences on other assets	19,181	(11,557)	(2,207)	5,417
Mark to market (gains) losses on derivative instruments	50,481	(22,205)	-	28,276
Convertible debentures	(2,634)	(1,510)	-	(4,144)
	$ 39,583	$ (16,108)	$ (2,207)	$ 21,268

(e) Unrecognized deferred tax assets

Deferred tax assets not reflected as at March 31 are as follows:

	2018	2017
Losses available for carryforward	**$ -**	$ 55,745
Mark to market on losses on derivative instruments	**-**	86,767
Excess of tax over book basis	**15,824**	14,718
Alternative minimum tax credit carryforward	**-**	2,068

Losses available for carryforward (recognized and unrecognized) are set to expire as follows:

	2018
2029	$ -
2030	-
2031 and thereafter	138,372
Total	**$ 138,372**

22 SHAREHOLDERS' CAPITAL

Just Energy is authorized to issue an unlimited number of common shares and 50,000,000 preference shares issuable in series, both with no par value. Shares outstanding have no preferences, rights or restrictions attached to them.

On February 7, 2017, Just Energy closed its underwritten public offering of 4,000,000 of its 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares (the "preferred shares") at a public offering price of US$25.00 per preferred share, for gross proceeds of US$100 million. In addition, concurrently with the closing of the public offering of preferred shares, Just Energy closed a non-brokered private placement of 40,000 preferred shares at a price of US$25.00 per preferred share, for gross proceeds of US$1 million.

Just Energy had the ability to make a normal course issuer bid ("NCIB") to purchase for cancellation a portion of the outstanding 5.75% convertible debentures as well as the Just Energy common shares up to March 16, 2018. Under each NCIB, Just Energy could have purchased debentures and common shares representing 10% of the outstanding public float at close of business February 28, 2017 up to daily and total limits. For the year ended March 31, 2018, Just Energy had purchased $11.9 million of common shares through the NCIB program, compared to $nil, purchased in the prior year.

Details of issued and outstanding shareholders' capital are as follows:

	Year ended March 31, 2018		Year ended March 31, 2017	
	Shares	**Amount**	Shares	Amount
Common shares:				
Issued and outstanding				
Balance, beginning of year	**147,013,538**	**$ 1,070,076**	147,183,778	$ 1,069,434
Share-based awards exercised	**1,643,156**	**11,954**	679,760	7,191
Acquisition of a subsidiary	**1,415,285**	**8,966**	-	-
Repurchase and cancellation of shares	**(1,677,827)**	**(11,941)**	(850,000)	(6,549)
Balance, end of year	**148,394,152**	**$ 1,079,055**	147,013,538	$ 1,070,076
Preferred shares:				
Issued and outstanding				
Balance, beginning of year	**4,040,000**	**$ 128,363**	-	$ -
Shares issued for cash	**283,300**	**9,260**	4,040,000	132,973
Preferred shares issuance cost	**-**	**(852)**	-	(4,610)
Balance, end of year	**4,323,300**	**$ 136,771**	4,040,000	$ 128,363
Shareholders' capital	**152,717,452**	**$ 1,215,826**	151,053,538	$ 1,198,439

23 SHARE-BASED COMPENSATION PLANS

(a) Stock option plan

Just Energy may grant awards under its 2010 share option plan (formerly the 2001 Unit Option Plan) to directors, officers, full-time employees and service providers (non-employees) of Just Energy and its subsidiaries and affiliates. In accordance with the share option plan, Just Energy may grant options to a maximum of 11,300,000 shares. As at March 31, 2018, there were 814,166 options still available for grant under the plan. Of the options issued, 500,000 options remain outstanding as at March 31, 2018 with an exercise price of $7.88. The exercise price of the share options equals the closing market price of the Company's shares on the last business day preceding the grant date. The share options vest over periods ranging from three to five years from the grant date and expire after five or ten years from the grant date. There were no new grants during fiscal 2018.

(b) Restricted share grants

Just Energy grants awards under the 2010 Restricted Share Grants Plan (formerly the 2004 unit appreciation rights, "UARs") in the form of fully paid RSGs to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2018, there were 3,004,624 RSGs (2017 - 4,107,830) still available for grant under the plan. Of the RSGs issued, 1,635,882 remain outstanding as at March 31, 2018 (2017 - 1,668,780). Except as otherwise provided, (i) the RSGs vest from one to five years from the grant date providing, in most cases, on the applicable vesting date the RSG grantee continues as a senior officer, employee or service provider of Just Energy or any affiliate thereof; (ii) the RSGs expire no later than ten years from the grant date; (iii) a holder of RSGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, the holder of an RSG may exchange one RSG for one common share.

There are 420,000 RSGs granted to senior management that do not receive dividend payments. In addition to a continued employment condition for vesting, there are certain share price targets that must be met.

RSGs available for grant

	2018	2017
Balance, beginning of year	**4,107,830**	4,591,312
Less: Granted	**(1,716,743)**	(676,270)
Add: Cancelled/forfeited	**613,537**	192,788
Balance, end of year	**3,004,624**	4,107,830

The average grant date fair value of RSGs granted in the year was $6.94 (2017 - $7.91).

(c) *Performance bonus grants*

Just Energy grants awards under the 2013 performance bonus incentive plan (the "PBG Plan") in the form of fully paid PBGs to senior officers, employees, consultants and service providers of its subsidiaries and affiliates. As at March 31, 2018, there were 2,270,480 (2017 – 2,650,513) PBGs still available for grant under the PBG Plan. Of the PBGs issued, 1,050,094 remain outstanding as at March 31, 2018 (2017 – 1,158,025). Except as otherwise provided, (i) the PBGs will entitle the holder to be paid in three equal installments as one-third on each of the first, second and third anniversaries of the grant date providing, in most cases, on the applicable vesting date the PBG grantee continues as a senior officer, employee, consultant or service provider of Just Energy or any affiliate thereof; (ii) the PBGs expire no later than three years from the grant date; (iii) a holder of PBGs is entitled to payments at the same rate as dividends paid to JEGI shareholders; and (iv) when vested, Just Energy, at its sole discretion, shall have the option of settling payment for the PBGs, to which the holder is entitled in the form of either cash or in common shares.

PBGs available for grant

	2018	2017
Balance, beginning of year	**2,650,513**	2,842,409
Less: Granted	**(812,787)**	(278,680)
Add: Cancelled/forfeited	**432,754**	86,784
Balance, end of year	**2,270,480**	2,650,513

The average grant date fair value of PBGs granted in the year was $7.08 (2017 – $7.96).

(d) Deferred share grants

Just Energy grants awards under its 2010 Directors' Compensation Plan (formerly the 2004 Directors' deferred unit grants, "DUGs") to all independent directors on the basis that each director is required to annually receive 15% of their compensation entitlement in DSGs and/or common shares and may elect to receive all or any portion of the balance of their annual compensation in DSGs and/or common shares. The holders of DSGs and/or common shares are also granted additional DSGs/common shares on a monthly basis equal to the monthly dividends paid to the shareholders of Just Energy. The DSGs vest on the earlier of the date of the director's resignation or three years following the date of grant and expire ten years following the date of grant. As at March 31, 2018, there were 77,405 DSGs (2017 – 117,936) available for grant under the plan. Of the DSGs issued, 114,949 DSGs (2017 – 93,506) remain outstanding as at March 31, 2018.

DSGs available for grant

	2018	2017
Balance, beginning of year	**117,936**	147,430
Less: Granted	**(40,531)**	(29,494)
Balance, end of year	**77,405**	117,936

The weighted average grant date fair value of DSGs granted in the year was $6.32 (2017 – $7.54).

24 REPORTABLE BUSINESS SEGMENTS

Just Energy's reportable segments include the following: Consumer Energy and Commercial Energy. Just Energy has aggregated the operating segments into these reportable segments on the basis that the operating segments share economic characteristics. These characteristics include the nature of the product and services sold, the distribution methods, the type of customer class and the regulatory environment. The Consumer Energy segment includes cash and cash equivalents, as well as the long-term debt.

Transactions between operating segments are in the normal course of operations and are recorded at the exchange amount. Allocations made between segments for shared assets or allocated expenses are based on the number of customers in the respective segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Just Energy is not considered to have any key customers.

For the year ended March 31, 2018

	Consumer division	**Commercial division**	**Consolidated**
Sales	**$ 2,235,093**	**$ 1,391,477**	**$ 3,626,570**
Gross margin	**487,591**	**153,336**	**640,927**
Administrative expenses	**157,513**	**37,186**	**194,699**
Selling and marketing expenses	**157,997**	**75,043**	**233,040**
Depreciation of property, plant and equipment	**3,775**	**340**	**4,115**
Amortization of intangible assets	**12,707**	**3,992**	**16,699**
Other operating expenses	**69,884**	**4,800**	**74,684**
Operating profit for the year	**$ 85,715**	**$ 31,975**	**$ 117,690**
Finance costs			**(55,972)**
Change in fair value of derivative instruments anc other			**474,356**
Other income			**3,174**
Provision for income taxes			**(20,674)**
Profit for the year			**$ 518,574**
Capital expenditures	**$ 32,252**	**$ 3,524**	**$ 35,776**
Total goodwill	**$ 147,252**	**$ 153,421**	**$ 300,673**
Total assets	**$ 1,180,741**	**$ 466,068**	**$1,646,809**
Total liabilities	**$ 875,587**	**$ 540,479**	**$ 1,416,066**

For the year ended March 31, 2017

	Consumer division	Commercial division	Consolidated
Sales	$ 2,083,833	$ 1,673,221	$ 3,757,054
Gross margin	512,919	183,052	695,971
Administrative expenses	129,882	38,551	168,433
Selling and marketing expenses	142,883	83,425	226,308
Depreciation of property, plant and equipment	6,259	320	6,579
Amortization of intangible assets	13,637	2,304	15,941
Other operating expenses	51,914	10,203	62,117
Operating profit for the year	$ 168,344	$ 48,249	$ 216,593
Finance costs			(78,077)
Change in fair value of derivative instruments and other			374,791
Other income			807
Provision for income taxes			(43,231)
Profit for the year			$ 470,883
Capital expenditures	$ 17,681	$ 8,708	$ 26,389
Total goodwill	$ 146,669	$ 142,532	$ 289,201
Total assets	$ 712,899	$ 525,056	$ 1,237,955
Total liabilities	$ 1,214,561	$ 172,720	$ 1,387,281

Sales from external customers
The revenue is based on the location of the customer.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Canada	**$ 414,183**	$ 476,208
United States	**2,465,794**	2,793,004
International	**746,593**	487,842
Total	**$ 3,626,570**	$ 3,757,054

Non-current assets
Non-current assets by geographic segment consist of property, plant and equipment and intangible assets and are summarized as follows:

	As at March 31, 2018	As at March 31, 2017
Canada	**$ 201,985**	$ 189,911
United States	**207,147**	182,840
International	**11,687**	6,918
Total	**$ 420,819**	$ 379,669

25 OTHER EXPENSES

(a) Other operating expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Amortization of intangible assets	**$ 16,699**	$ 15,941
Depreciation of property, plant and equipment	**4,115**	6,579
Bad debt expense	**56,331**	56,041
Share-based compensation	**18,353**	6,076
	$ 95,498	$ 84,637

(b) Amortization and energy costs included in cost of sales in the consolidated statements of income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Amortization	**$ 3,116**	$ 2,974
Direct energy costs and other	**2,982,527**	3,058,109
	$ 2,985,643	$ 3,061,083

(c) Employee benefits expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Wages, salaries and commissions	**$ 237,867**	$ 206,499
Benefits	**24,100**	19,946
	$ 261,967	$ 226,445

26 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to one of five CGUs. These units are U.K. Consumer, North America Consumer, U.K. Commercial, North America Commercial and the Germany division. The goodwill associated with the EdgePower acquisition was not allocated to an operating segment for the purposes of the impairment test as at March 31, 2018.

For impairment testing, goodwill and brand have been allocated as follows as at March 31, 2018:

	Consumer division		Commercial division			
	North America	U.K.	North America	U.K.	Germany	Total
Goodwill	$ 128,502	$ 13,355	$ 153,421	$ –	$ 5,395	$ 300,673
Brand	15,405	–	14,800	–	–	30,205
	$ 143,907	$ 13,355	$ 168,221	$ –	$ 5,395	$ 330,878

For the year ended March 31, 2017, goodwill and brand were allocated to the following operating and reporting segments:

	Consumer	Commercial	Total
Goodwill	$ 146,669	$ 142,532	$ 289,201
Brand	16,491	14,663	31,154
	$ 163,160	$ 157,195	$ 320,355

Just Energy has historically performed its annual impairment test using a value-in-use, discounted cash flow projection model. The change in the goodwill impairment model was made for the purpose of reducing the amount of unobservable inputs and did not avoid or delay an impairment charge. Just Energy considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. As at March 31, 2018, the market capitalization of Just Energy was above the book value of its equity.

The recoverable amount of each of the CGUs has been determined based on a fair value less costs of disposal model using actual EBITDA of the operating segment multiplied by the entity's EBITDA multiple. The EBITDA multiple and the EBITDA of the CGU that have been utilized in the fair value less costs of disposal model are consistent with external sources of information and are considered a Level 2 input within the fair value hierarchy.

The EBITDA multiple is derived from the expected return on investment by Just Energy's investors, which equated to 8.5 for the year ended March 31, 2018. A 5% decrease in the EBITDA multiple would not have an impact on the results of the impairment test.

27 EARNINGS PER SHARE

	For the year ended March 31, 2018	For the year ended March 31, 2017
BASIC EARNINGS PER SHARE		
Profit as per consolidated statement of income	**$ 509,276**	$ 446,412
Dividend to preferred shareholders – net of tax	**8,364**	1,218
Earnings available to shareholders	**$ 500,912**	$ 445,194
Basic weighted average shares outstanding	**147,039,737**	147,589,186
Basic earnings per share available to shareholders	**$ 3.41**	$ 3.02
DILUTED EARNINGS PER SHARE		
Earnings available to shareholders	**500,912**	445,194
Adjustment for dilutive impact of convertible debentures	**22,407**	12,776
Adjusted earnings available to shareholders	**$ 523,319**	$ 457,970
Basic weighted average shares outstanding	**147,039,737**	147,589,186
Dilutive effect of:		
Restricted share and performance bonus grants	**2,924,587**	2,945,119
Deferred share grants	**95,536**	81,176
Convertible debentures	**49,979,055**	38,804,494
Shares outstanding on a diluted basis	**200,038,914**	189,419,975
Diluted earnings per share available to shareholders	**$ 2.62**	$ 2.42

28 CAPITAL DISCLOSURE

Just Energy defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. Just Energy's objectives when managing capital are to maintain flexibility by:

(i) enabling it to operate efficiently;

(ii) providing liquidity and access to capital for growth opportunities; and

(iii) providing returns and generating predictable cash flow for dividend payments to shareholders.

Just Energy manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable and profitable growth. Just Energy's capital management objectives have remained unchanged from the prior year. Just Energy is not subject to any externally imposed capital requirements other than financial covenants in its long-term debt, and as at March 31, 2018 and 2017, all of these covenants have been met.

29 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial or operating decisions. The definition includes subsidiaries and other persons.

Subsidiaries
Transactions between Just Energy and its subsidiaries meet the definition of related party transactions. These transactions are eliminated on consolidation and are not disclosed in these consolidated financial statements.

Key management personnel
Just Energy's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of Just Energy and comprise of the Chair of the Board of Directors, the Co-Chief Executive Officers and the Chief Financial Officer.

During the years ended March 31, 2018 and 2017, Just Energy recorded the following as an expense related to these individuals:

	As at March 31, 2018	As at March 31, 2017
Salaries and benefits	**$ 8,939**	$ 7,199
Share-based compensation, net	**3,738**	3,223
	$ 12,677	$ 10,422

As at March 31, 2018, key management personnel held approximately 1,774,094 RSGs/PBGs (2017 – 2,126,745).

30 DIVIDENDS PAID

For the year ended March 31, 2018, dividends of $0.50 (2017 – $0.50) per common share were declared by Just Energy. These dividends amounted to $74,881 (2017 – $75,094), and were approved by the Board of Directors and were paid out during the year.

For the year ended March 31, 2018, dividends of US$2.125 (2017 – $0.3128) per preferred share were declared by Just Energy. These dividends amounted to $11,380 (2017 – $1,657), and were approved by the Board of Directors and were paid out during the year.

31 COMMITMENTS AND GUARANTEES

Commitments for each of the next five years and thereafter are as follows:

As at March 31, 2018

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Premises and equipment leasing	$ 4,874	$ 7,388	$ 6,691	$ 7,302	$ 26,255
Gas, electricity and non-commodity contracts	1,867,383	1,202,940	69,658	31,041	3,171,022
	$ 1,872,257	$ 1,210,328	$ 76,349	$ 38,343	$ 3,197,277

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. No purchase options are included in any major leasing contracts. Just Energy is also committed under long term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

(a) Surety bonds and letters of credit

Pursuant to separate arrangements with Westchester Fire Insurance Company, Travelers Casualty and Surety Company of America, Berkley Insurance Company and Charter Brokerage LLC, Just Energy has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at March 31, 2018 amounted to $56.5 million.

As at March 31, 2018, Just Energy had total letters of credit outstanding in the amount of $113.4 million (Note 19(a)).

(b) Officers and directors

Corporate indemnities have been provided by Just Energy to all directors and certain officers of its subsidiaries and affiliates for various items including, but not limited to, all costs to settle suits or actions due to their association with Just Energy and its subsidiaries and/or affiliates, subject to certain restrictions. Just Energy has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. Each indemnity, subject to certain exceptions, applies for so long as the indemnified person is a director or officer of one of Just Energy's subsidiaries and/or affiliates. The maximum amount of any potential future payment cannot be reasonably estimated.

(c) Operations

In the normal course of business, Just Energy and/or Just Energy's subsidiaries and affiliates have entered into agreements that include guarantees in favour of third parties, such as purchase and sale agreements, leasing agreements and transportation agreements. These guarantees may require Just Energy and/or its subsidiaries to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulation or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The maximum payable under these *guarantees is estimated to be $78.6 million.*

32 ADJUSTMENTS REQUIRED TO REFLECT NET CASH RECEIPTS FROM GAS SALES

	2018	2017
Changes in:		
Accrued gas receivable	**$ 459**	$ (2,735)
Gas delivered in excess of consumption	**516**	3,106
Accrued gas payable	**(276)**	1,284
Deferred revenue	**(3,575)**	(2,336)
	$ (2,876)	$ (681)

33 CHANGES IN NON-CASH WORKING CAPITAL

	As at March 31, 2018	As at March 31, 2017
Accounts receivable and unbilled revenues	**$ (108,900)**	$ 18,069
Gas in storage	**538**	(9,282)
Prepaid expenses and deposits	**(15,534)**	3,361
Provisions	**(3,501)**	(9,774)
Trade and other payables	**90,972**	(25,130)
	$ (36,425)	$ (22,756)

34 SUBSEQUENT EVENTS

Subsequent to March 31, 2018, the Company has renegotiated an agreement with a syndicate of lenders that includes CIBC, National Bank of Canada ("National"), HSBC Bank Canada, JPMorgan Chase Bank N.A., Alberta Treasury Branches and Canadian Western Bank. In addition, Morgan Stanley Senior Funding, Inc., a subsidiary of Morgan Stanley Bank N.A., joined the syndicate. The agreement was finalized on April 18, 2018 and extends Just Energy's credit facility for an additional two years to September 1, 2020. The facility size was increased to $352.5 million from $342.5 million, with an accordion for Just Energy to draw up to $370.0 million.

35 COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

Certain figures in the comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the current year's consolidated financial statements.

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Shares Listed

Toronto Stock Exchange
Trading symbol: JE

New York Stock Exchange
Trading symbol: JE

Annual General Meeting

The Exchange Tower
2 First Canadian Place
130 King Street West
Toronto, ON
10:00 am Eastern
June 27, 2018

Concept and Design: **THE WORKS DESIGN COMMUNICATIONS worksdesign.com** Executive Photography: **David Graham White**

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