

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

FORM 6-K

**Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934**

For the month of May 2019

Commission File Number 001-35400

Just Energy Group Inc.

(Translation of registrant's name into English)

6345 Dixie Road, Suite 200, Mississauga, Ontario, Canada, L5T 2E6
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Exhibit

[99.1 Financial Statements](#)

[99.2 Management Discussion and Analysis](#)

SIGNATURES

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

JUST ENERGY GROUP INC.
(Registrant)

Date: May 21, 2019

By: JONAH T. DAVIDS
Name: Jonah T. Davids
Title: EVP, General Counsel and Corporate Secretary

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at March 31 (in thousands of Canadian dollars)

	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents		\$ 9,927	\$ 48,861
Restricted cash		4,048	3,515
Trade and other receivables	9	783,780	658,844
Gas in storage		2,943	2,342
Fair value of derivative financial assets	14	144,512	218,769
Income taxes recoverable		18,973	5,617
Other current assets	10	169,240	112,214
		<u>1,133,423</u>	<u>1,050,162</u>
Non-current assets			
Investments	11	36,897	36,314
Property and equipment, net	12	25,862	18,893
Intangible assets, net	13	472,656	401,926
Fair value of derivative financial assets	14	9,255	64,662
Deferred income tax assets	21	9,492	9,449
Other non-current assets	10	49,512	19,987
		<u>603,674</u>	<u>551,231</u>
Assets classified as held for sale	18	8,971	-
		<u>612,645</u>	<u>551,231</u>
TOTAL ASSETS		\$ 1,746,068	\$ 1,601,393
LIABILITIES			
Current liabilities			
Trade and other payables	15	\$ 714,110	\$ 590,018
Deferred revenue	16	43,228	38,710
Income taxes payable		11,895	5,486
Fair value of derivative financial liabilities	14	79,387	86,288
Provisions	20	7,205	4,714
Current portion of long-term debt	19	37,429	121,451
		<u>893,254</u>	<u>846,667</u>
Non-current liabilities			
Long-term debt	19	687,943	422,053
Fair value of derivative financial liabilities	14	63,658	51,871
Deferred income tax liabilities	21	4,124	6,918
Other non-current liabilities		61,339	57,349
		<u>817,064</u>	<u>538,191</u>
Liabilities relating to assets classified as held for sale	18	5,200	-
		<u>822,264</u>	<u>538,191</u>
TOTAL LIABILITIES		1,715,518	1,384,858
SHAREHOLDERS' EQUITY			
Shareholders' capital	22	1,235,503	1,215,826
Equity component of convertible debentures		13,029	13,029
Contributed deficit		(25,540)	(22,693)
Accumulated deficit		(1,271,136)	(1,081,139)
Accumulated other comprehensive income		79,093	91,934
Non-controlling interest		(399)	(422)
TOTAL SHAREHOLDERS' EQUITY		30,550	216,535
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,746,068	\$ 1,601,393

Commitments and Guarantees (Note 31)

See accompanying notes to the consolidated financial statements

Approved on behalf of Just Energy Group Inc.

/s/ Rebecca MacDonald

Rebecca MacDonald
Executive Chair

/s/ H. Clark Hollands

H. Clark Hollands
Corporate Director

JUST ENERGY GROUP INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

FOR THE YEARS ENDED MARCH 31

(in thousands of Canadian dollars, except where indicated and per share amounts)

	Notes	2019	2018
CONTINUING OPERATIONS			
Sales	24	\$ 3,812,470	\$ 3,623,558
Cost of sales		3,100,255	2,983,047
GROSS MARGIN		712,215	640,511
EXPENSES			
Administrative		206,820	187,250
Selling and marketing		232,030	232,228
Other operating expenses	25(a)	115,016	95,304
Restructuring costs	20	16,078	-
		569,944	514,782
Operating profit before the following		142,271	125,729
Finance costs	19	(88,072)	(55,972)
Change in fair value of derivative instruments and other	14	(153,226)	474,393
Other income, net	17	1,365	1,040
Profit (loss) before income taxes		(97,662)	545,190
Provision for income taxes	21	2,829	20,671
PROFIT (LOSS) FROM CONTINUING OPERATIONS		\$ (100,491)	\$ 524,519
DISCONTINUED OPERATIONS			
Loss from discontinued operations	18	(22,379)	(5,945)
PROFIT (LOSS) FOR THE YEAR		\$ (122,870)	\$ 518,574
Attributable to:			
Shareholders of Just Energy		\$ (122,678)	\$ 509,276
Non-controlling interest		(192)	9,298
PROFIT (LOSS) FOR THE YEAR		\$ (122,870)	\$ 518,574
Earnings (loss) per share from continuing operations			
Basic	27	\$ (0.73)	\$ 3.45
Diluted		\$ (0.73)	\$ 2.65
Loss per share from discontinued operations			
Basic	18	\$ (0.15)	\$ (0.03)
Diluted		\$ (0.15)	\$ (0.03)
Earnings (loss) per share available to shareholders			
Basic	27	\$ (0.88)	\$ 3.42
Diluted		\$ (0.88)	\$ 2.62

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars)

	2019	2018
PROFIT (LOSS) FOR THE YEAR	\$ (122,870)	\$ 518,574
Other comprehensive income to be reclassified to profit or loss in subsequent years:		
Unrealized gain on translation of foreign operations from continuing operations	4,217	2,843
Unrealized gain on translation of foreign operations from discontinued operations	805	867
Unrealized gain on revaluation of investment, net of tax	-	17,863
	5,022	21,573
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	\$ (117,848)	\$ 540,147
Total comprehensive income (loss) attributable to:		
Shareholders of Just Energy	\$ (117,656)	\$ 530,849
Non-controlling interest	(192)	9,298
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	\$ (117,848)	\$ 540,147

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars)

	Notes	2019	2018
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated earnings			
Accumulated earnings, beginning of year		\$ 754,639	\$ 259,571
Adjustment for revision	5	-	(14,208)
Adjustment for adoption of recent accounting pronouncements	7	20,711	-
Profit (loss) for the period, attributable to shareholders		(122,678)	509,276
Accumulated earnings, end of year		652,672	754,639
DIVIDENDS AND DISTRIBUTIONS			
Dividends and distributions, beginning of year		(1,835,778)	(1,749,471)
Dividends and distributions declared and paid	30	(88,030)	(86,307)
Dividends and distributions, end of year		(1,923,808)	(1,835,778)
DEFICIT		\$ (1,271,136)	\$ (1,081,139)
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income, beginning of year		\$ 91,934	\$ 70,361
Adjustment for adoption of recent accounting pronouncements	7	(17,863)	-
Other comprehensive income		5,022	21,573
Accumulated other comprehensive income, end of year		\$ 79,093	\$ 91,934
SHAREHOLDERS' CAPITAL			
Common shares			
Common shares, beginning of year		\$ 1,079,055	\$ 1,070,076
Share-based units exercised		9,483	11,954
Acquisition of businesses	17	-	8,966
Repurchase and cancellation of shares		-	(11,941)
Common shares, end of year		\$ 1,088,538	\$ 1,079,055
Preferred shares			
Preferred shares, beginning of year		\$ 136,771	\$ 128,363
Shares issued	22	10,447	9,260
Shares issuance costs		(253)	(852)
Preferred shares, end of year		146,965	136,771
SHAREHOLDERS' CAPITAL		\$ 1,235,503	\$ 1,215,826
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of year		\$ 13,029	\$ 13,508
Add: Issuance of convertible debentures	19(d)	-	7,130
Less: Redemption of convertible debentures	19(g)	-	(7,609)
Balance, end of year		\$ 13,029	\$ 13,029
CONTRIBUTED SURPLUS (DEFICIT)			
Balance, beginning of year		\$ (22,693)	\$ 58,266
Add: Share-based compensation expense	25(a)	6,133	18,353
Redemption of convertible debentures	19(e)	-	7,126
Non-cash deferred share grant distributions		72	45
Less: Purchase of non-controlling interest		1,462	(89,010)
Share-based units exercised		(9,483)	(11,954)
Share-based compensation adjustment		(1,031)	(5,519)
Balance, end of year		\$ (25,540)	\$ (22,693)
NON-CONTROLLING INTEREST			
Balance, beginning of year		\$ (422)	\$ -
Distributions to non-controlling shareholders		-	(9,603)
Foreign exchange impact on non-controlling interest		215	(117)
Profit (loss) attributable to non-controlling interest		(192)	9,298
Balance, end of year		\$ (399)	\$ (422)
TOTAL SHAREHOLDERS' EQUITY		\$ 30,550	\$ 216,535

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31
(in thousands of Canadian dollars)

Net inflow (outflow) of cash related to the following activities	Notes	2019	2018
OPERATING			
Profit (loss) from continuing operations before income taxes		\$ (97,662)	\$ 545,190
Loss from discontinued operations before income taxes	18	(22,375)	(5,942)
Profit (loss) before income taxes		(120,037)	539,248
Items not affecting cash			
Amortization of intangible assets	25(a)	22,655	16,547
Depreciation of property and equipment	25(a)	4,771	4,073
Amortization included in cost of sales		2,666	3,116
Share-based compensation	25(a)	6,133	18,353
Financing charges, non-cash portion		18,223	14,547
Other		(110)	(369)
Change in fair value of investments		-	1,289
Change in fair value of derivative instruments and other	14	153,226	(474,393)
Adjustment required to reflect net cash receipts from gas sales	32(a)	4,186	(2,876)
Net change in working capital balances	32(b)	(124,138)	(36,425)
Adjustment for non-cash discontinued operations		405	231
Income taxes paid		(12,435)	(21,319)
Cash inflow (outflow) from operating activities		(44,455)	62,022
INVESTING			
Purchase of property and equipment		(5,159)	(4,838)
Purchase of intangible assets		(38,383)	(30,938)
Acquisition of businesses		(4,281)	(10,832)
Short-term investments		-	25,532
Cash outflow from investing activities		(47,823)	(21,076)
FINANCING			
Dividends paid	30	(87,959)	(86,261)
Repayment of long-term debt		(173,366)	(100,000)
Issuance of long-term debt		253,242	100,000
Share swap payout		(10,000)	-
Debt issuance costs		(18,132)	(4,115)
Credit facilities withdrawal		79,462	53,857
Issuance of preferred shares		10,447	9,260
Preferred shares issuance costs		(352)	(2,114)
Shares repurchase		-	(11,941)
Distributions to non-controlling interest		-	(9,603)
Cash inflow (outflow) from financing activities		53,342	(50,917)
Effect of foreign currency translation on cash balances		2	1,456
Net cash outflow		(38,934)	(8,515)
Cash and cash equivalents, beginning of year		48,861	57,376
Cash and cash equivalents, end of year		\$ 9,927	\$ 48,861
Supplemental cash flow information:			
Interest paid		\$ 52,836	\$ 38,551

See accompanying notes to the consolidated financial statements

JUST ENERGY GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

(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 15, 2019.

2. OPERATIONS

Just Energy is a leading consumer company focused on essential needs, including electricity and natural gas commodities; on health and well-being, through products such as water quality and filtration devices; and on utility conservation, bringing energy efficient solutions and renewable energy options to consumers. Currently operating in the United States (“U.S.”), Canada and the United Kingdom (“U.K.”), Just Energy serves residential and commercial customers. Just Energy is the parent company of Amigo Energy, EdgePower Inc., Filter Group Inc., Green Star Energy, Hudson Energy, Interactive Energy Group, Just Energy Advanced Solutions, Tara Energy and TerraPass.

Just Energy’s current commodity product offerings include fixed, variable, index and flat rate options. 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. Flat-bill products allow customers to pay a flat rate each month regardless of usage. 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.

Through the Filter Group business acquired by Just Energy on October 1, 2018, Just Energy provides subscription-based, home water filtration systems to residential customers, including under-counter and whole-home water filtration solutions. 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 currently manufactured and distributed by ecobee Inc. (“ecobee”), a company in which Just Energy holds a 8% 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 also provides energy management solutions to both Consumer and Commercial customers in the form of value added products and services which include, but are not limited to, LED retrofit lighting and HVAC controls, as well as enterprise monitoring.

Just Energy markets its product offerings through several sales channels including brokers, online marketing, retail and affinity relationships, and door-to-door.

In March 2019, Just Energy formally approved and commenced a process to dispose of its businesses in Germany, Ireland and Japan. The decision was part of a strategic transition to focus on the core business in North America and the U.K. The disposal of the operations is expected to be completed within the next 12 months. At March 31, 2019, these operations were classified as a disposal group held for sale and as a discontinued operation. Previously, these operations were reported within the Consumer segment.

JUST ENERGY GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

(in thousands of Canadian dollars, except where indicated and per share amounts)

3. BASIS OF PRESENTATION

(a) 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, 2019.

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, 2019. 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.

(c) 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. This includes consolidating the unbilled revenues with trade receivables and separating out the discontinued operations’ results from prior fiscal years. The changes were made to consolidate line items that are alike in nature and for comparability of results.

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.

JUST ENERGY GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

(in thousands of Canadian dollars, except where indicated and per share amounts)

Accrued gas receivable/accrued gas payable or gas delivered in excess of consumption/deferred revenue

Accrued gas receivable from Just Energy's customers is stated at fair value and results from customers consuming more gas than has been delivered by Just Energy to local distribution companies ("LDCs"). Accrued gas payable represents Just Energy's obligation to the LDCs for the customers' excess consumption, over what was 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 was delivered, resulting in the recognition of accrued gas receivable/accrued gas payable. 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 and equipment ("P&E")

Property 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 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 in the item can be reliably measured. When significant parts of property 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 equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of income (loss) as a general and administrative expense when incurred. Depreciation is provided over the estimated useful lives of the assets as follows:

JUST ENERGY GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

(in thousands of Canadian dollars, except where indicated and per share amounts)

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
Installed assets (water filtration)	Straight-line	4-7 years

An item of property 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 (loss).

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 as at the consolidated statement of financial position dates are taken to the consolidated statements of income (loss). 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 or equity securities which are accounted for as part of the financing. Non-controlling interest is recognized at its 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 (loss).

After initial recognition, goodwill is measured at cost, less impairment losses. For the purpose of impairment testing, goodwill is 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.

JUST ENERGY GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

(in thousands of Canadian dollars, except where indicated and per share amounts)

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 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 (loss) 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 goodwill and certain brands are considered to have indefinite lives and are not amortized, rather tested annually for impairment. The assessment of indefinite life is reviewed annually. The Filter Group brand is treated as a finite life asset and amortized due to its history of rebranding.

Gains or losses arising from disposal 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 (loss) 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
Brand (Filter Group)	Straight-line	10 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 tested 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. The recoverable amount of assets that do not generate independent cash flows is determined based on the CGU to which the asset belongs.

JUST ENERGY GROUP INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

(in thousands of Canadian dollars, except where indicated and per share amounts)

An impairment loss is recognized 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 (loss), 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 (loss).

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Goodwill is tested at the segment level as that is the lowest level at which goodwill is monitored. 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

A lease is an arrangement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Where Just Energy determines that the contractual provisions of a contract contain, or are, a lease and result in the customer assuming the principal risks and rewards of ownership of the asset, the arrangement is a finance lease. Assets subject to finance leases are not reflected as property and equipment and the net investment in the lease, represented by the present value of the amounts due from the lessee, is recorded as a financial asset, classified as a finance lease receivable. The payments considered to be part of the leasing arrangement are apportioned between a reduction in the lease receivable and finance lease income. The finance lease income element of the payments is recognized using a method that results in a constant rate of return on the net investment in each period and is reflected in financing income.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") requires the estimation of total consideration over the contract term and the allocation of that consideration to all performance obligations in the contract based on their relative stand-alone selling prices. As such, consideration is allocated towards the performance obligation related to the finance lease and commodity revenue if a customer has a contract with Just Energy for a thermostat and electricity and/or power that was entered into at the same time.

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 (loss) on a straight-line basis over the lease term.

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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.

Just Energy considers itself to be a dealer lessor with respect to its lease arrangements for thermostats as it has given the customer the choice of either buying or leasing the thermostat. A finance lease of an asset by a dealer lessor gives rise to profit or loss equivalent to that resulting from an outright sale of the underlying asset, at normal selling prices. Just Energy recognizes revenue based on the fair value of the thermostat at the time of completed installation of the thermostat, at which point in time Just Energy has transferred control of the thermostat to the customer. Just Energy also recognizes the cost of sale on the thermostat through cost of goods sold.

Financial instruments

For comparability purposes, the accounting policies below discuss the previous financial instruments treatment under IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IAS 39 was applied in fiscal 2018. For fiscal 2019, the Company adopted IFRS 9, *Financial Instruments* (“IFRS 9”), as discussed in Note 7, “Accounting Policies and New Standards Adopted”.

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. 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 14. Related realized and unrealized gains and losses are included in the consolidated statements of income (loss).

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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 (loss).

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 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 significant individual financial assets carried at amortized cost, Just Energy assesses if impairment significantly exists. Insignificant financial assets are assessed collectively. 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 (loss).

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 (loss).

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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 (loss).

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 (loss).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or 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 (loss).

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, *Financial Instruments: Presentation* ("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.

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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 (loss) 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 14.

Revenue recognition

For comparability purposes, the accounting policy below discusses the previous revenue recognition treatment under IAS 18, Revenue ("IAS 18"). The fiscal 2018 financial statements were prepared using IAS 18. For fiscal 2019, the Company adopted IFRS 15 as discussed in Note 7, "Accounting Policies and New Standards Adopted".

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, Texas, Illinois, California, Michigan, Delaware, Ohio, Georgia and the U.K. On all value-added products sold on the market, Just Energy also assumes the credit risk. In these markets, the Company ensures that credit review processes are in place prior to the commodity flowing to the customer.

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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, and for subsidiaries based in Germany and Ireland it is euros. 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 (loss).

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 as at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income (loss) 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 (loss) 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 (loss) per share amounts

The computation of earnings (loss) per share is based on the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share are computed in a similar way to basic earnings (loss) 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.

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Share-based compensation plans

Equity-based compensation liability

Share-based compensation plans 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 deficit are reversed and credited to shareholders' capital.

Employee future benefits

In Canada, Just Energy offers a long-term wealth accumulation plan (the "Canadian Plan") for all permanent full-time and permanent part-time employees (working more than 26 hours per week). The Canadian 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 "U.S. Plan") for all permanent full-time and part-time employees (working more than 30 hours per week) of its subsidiaries. The U.S. 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, consisting 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 Canadian and U.S. Plans are recognized as an expense in the consolidated statements of income (loss) when the employee makes a contribution.

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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 taxes relating to items recognized directly in OCI or equity are recognized in OCI 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 income 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 income tax liabilities are recognized for all taxable temporary differences except:

- where the deferred income 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 income 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 income 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 income 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 income 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 income tax asset to be utilized. Unrecognized deferred income 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 income tax asset to be recovered.

Deferred income 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.

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

Provisions and restructuring

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 provisions 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 (loss), 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.

Restructuring provisions comprise activities including termination or relocation of a business, management structural reorganization and employee-related costs. Incremental costs directly associated with the restructuring are included in the restructuring provision. Costs associated with ongoing activities, including training or relocating continuing staff, are excluded from the provision. Measurement of the provision is at the best estimate of the anticipated costs to be incurred.

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 (loss).

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 a customer acquisition cost in other current assets 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.

Just Energy recognizes the incremental acquisition costs of obtaining a customer contract as an asset as these costs would not have been incurred if the contract had not been obtained and these costs are recovered through the consideration collected from the contract. Commissions and incentives paid for commodity contracts and value-added products are capitalized and amortized over the term of the contract. When the term of the contract is one year or less, the incremental costs incurred to obtain the customer contracts are expensed when incurred.

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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. Any green energy-related derivatives are forward contracts and are recognized in accordance with the accounting policy discussed under financial instruments above.

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 (loss). Property and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

5. REVISION OF PRIOR PERIOD FINANCIAL STATEMENT

During the fourth quarter ended March 31, 2019, management identified immaterial errors in certain balance sheet accounts related to flat delivery gas markets. These errors relate to fiscal years ended March 31, 2017 and earlier.

In accordance with accounting guidance in IAS 8, Accounting policies, accounting estimates and errors, as well as guidance found in Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 99, Materiality, and Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements, the Company assessed the materiality of the errors and concluded that it was not material to any of the Company's previously issued financial statements. The Company assessed that correcting these historical errors in the current period would be material to the current period. The Company revised its opening retained earnings at the beginning of the earliest period presented to correct the effect of the matters. The revision does not have an impact on the consolidated statements of income (loss) for fiscal 2018 and 2019.

The errors occurred before the earliest period presented in the financial statements, and as a result the net effect on opening balances of assets, liabilities and equity of \$14.2 million was recorded as an adjustment to opening retained earnings. The following table presents the effect of the correction on the consolidated statement of financial position as at March 31, 2018.

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	As previously reported		Adjustment		As revised
Trade and other receivables	\$ 664,528	\$	(5,684)	\$	658,844
Gas in storage	11,812		(9,470)		2,342
Other current assets	109,697		2,517		112,214
Trade and other payables	(583,655)		(6,363)		(590,018)
Deferred revenue	(41,684)		2,974		(38,710)
Income tax payable	(7,304)		1,818		(5,486)
Deficit	\$ (1,066,931)	\$	(14,208)	\$	(1,081,139)

6. 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 and expenses. 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:

Allowance for doubtful accounts

The measurement of the expected credit loss allowance for accounts receivable requires the use of management judgment in estimation techniques, building models, selecting key inputs and making significant assumptions about future economic conditions and credit behaviour of the customers, including the likelihood of customers defaulting and the resulting losses. At each reporting period, Just Energy is required to evaluate the change in credit quality since initial recognition, which also requires significant judgment.

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 must adjust the amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Deferred income taxes

Significant management judgment is required to determine the amount of deferred income 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. Determining the tax treatment on certain transactions also involves management's judgment.

Discontinued operations

Management used judgment in concluding on the discontinued operations classification as a major separate geographical area of operations, as part of a single coordinated disposal plan to resell the business in the new fiscal year. There is also a high level of judgment involved in estimating the fair value less cost to sell of the disposal group and the significant carrying amounts of the assets and liabilities related to assets held for sale. Refer to Note 18 for further details.

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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 14 for further details about the assumptions as well as a sensitivity analysis.

Impairment of non-financial assets

Just Energy's impairment test is based on the fair value less cost to sell calculation and uses an EBITDA multiple approach model. Management is required to exercise judgment in identifying the CGUs in which to allocate goodwill, working capital and related assets and liabilities. The EBITDA is derived from actual figures and the EBITDA-multiple is sourced from external sources of information, including analyst reports and competitor benchmarks. Judgment is further applied to determine which transactions or companies are considered comparable for use. Refer to Note 26 for further information.

7. ACCOUNTING POLICIES AND NEW STANDARDS ADOPTED

IFRS 15

Just Energy has adopted IFRS 15, as issued by the IASB in July 2014, effective January 1, 2018. The new accounting policies have been applied from April 1, 2018 and, in accordance with the transitional provisions in IFRS 15, comparative figures have not been restated. Just Energy adopted IFRS 15 using the modified retrospective method, applying the practical expedient in paragraph C5(c) under which the aggregate effect of all modifications on the date of initial application is reflected. Accordingly, transition adjustments have been recognized through equity as at April 1, 2018.

IFRS 15 replaces the provisions of IAS 18, that relate to all revenue from contracts from customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Accounting policies

The following accounting policies are applicable to the accounting for all revenue arising from contracts with customers, unless those contracts are in the scope of other standards in the quarter ended April 1, 2018 and onwards.

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Gas and electricity

Sales

Just Energy historically recognized revenue based on consumption of the commodity by the customer. Often-times, the billing cycles for customers do not coincide with the accounting periods used for financial reporting purposes. Gas and electricity that have been consumed by a customer, but not yet billed to that customer, are estimated on an accrual basis and included in revenue during the period in which they were consumed. These accrual amounts result in contract assets and are presented as unbilled revenue under IFRS 15. Unbilled revenue is assessed for impairment in accordance with IFRS 9.

Upon the adoption of IFRS 15, there is no change in the revenue recognition for gas and electricity sales. Just Energy has identified that the material performance obligation is the provision of gas and electricity to customers, which is satisfied over time throughout the contract term. Just Energy utilizes the output method to recognize revenue based on the units of gas and electricity delivered and billed to the customer each month. Just Energy has elected to adopt the practical expedient to recognize revenue in the amount to which the entity has a right to invoice, as the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance to date.

Expenses

Historically, North American residential sales commissions and incentives paid to brokers, employees or third parties for acquiring new contracts with customers were recognized as selling expenses as they were incurred.

Upon the adoption of IFRS 15, incremental costs to obtain a contract with a customer are capitalized if expected to be recovered. As such, Just Energy commenced capitalizing all upfront sales commissions, incentives and third party verification costs that meet the criteria for capitalization. These expenses are deferred and amortized over the average customer relationship period, which varies from two to five years depending on the market where the customer resides. Just Energy has elected under the practical expedient to recognize incremental costs of obtaining a contract as an expense when incurred if the contract length is one year or less.

Impact on consolidated financial statements

The cumulative effect of changes made to the April 1, 2018 consolidated statement of financial position for the adoption of IFRS 15 was as follows, and had a deferred income tax liability effect of \$7,493:

	Original IAS 18	Carrying amount New IFRS 15
Current assets		
Customer acquisition costs	\$ 31,852	\$ 43,152
Non-current financial assets		
Customer acquisition costs	\$ 17,101	\$ 34,162

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The following table shows the effect of IFRS 15 adoption on the consolidated statement of financial position as at March 31, 2019:

	As at March 31, 2019 (reported)		Balances without adoption of IFRS 15		Effect of change higher
Current assets					
Customer acquisition costs	\$ 75,707	\$	31,865	\$	43,842
Non-current financial assets					
Customer acquisition costs	\$ 46,416	\$	17,830	\$	28,586

The following table shows the movement of customer acquisition costs after the implementation of IFRS 15:

		Current assets	Non-current assets
Opening balance	\$	41,704	\$ 34,106
Capitalization		98,483	39,552
Amortization		(64,480)	(27,242)
Closing balance	\$	75,707	\$ 46,416

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The following table shows the effect of the adoption of IFRS 15 on the consolidated statement of comprehensive income (loss) for the year ended March 31, 2019:

	For the year ended Mar. 31, 2019 (reported)	Balances without adoption of IFRS 15	Effect of change higher (lower)
Sales	\$ 3,812,470	\$ 3,812,470	\$ -
Cost of sales	3,100,255	3,100,255	-
Gross margin	712,215	712,215	-
Expenses			
Administrative	206,820	206,820	-
Selling and marketing	232,030	264,558	(32,528)
Other operating expenses	115,016	115,016	-
Restructuring costs	16,078	16,078	-
	569,944	602,472	(32,528)
Operating profit before the following	142,271	109,743	32,528
Finance costs	(88,072)	(88,072)	-
Change in fair value of derivative instruments and other	(153,226)	(153,226)	-
Other income -net	1,365	1,365	-
Loss before income taxes	(97,662)	(130,190)	32,528
Provision for income taxes	2,829	2,829	-
Profit (loss) from continuing operations	(100,491)	(133,019)	32,528
Loss from discontinued operations	(22,379)	(22,379)	-
Loss for the period	\$ (122,870)	\$ (155,398)	\$ 32,528
Attributable to:			
Shareholders of Just Energy	\$ (122,678)	\$ (155,206)	\$ 32,528
Non-controlling interest	(192)	(192)	-
Loss for the period	\$ (122,870)	\$ (155,398)	\$ 32,528
Loss per share available to shareholders			
Basic	\$ (0.73)	\$ (1.26)	\$ 0.53
Diluted	\$ (0.73)	\$ (1.26)	\$ 0.53

IFRS 15 did not impact any revenue amounts related to historical or current revenue recognition. The key factors driving revenue segmentation are related to differentiation between the business divisions, which are disclosed in Note 24.

The majority of Just Energy's customer contracts meet IFRS 15's B16 practical expedient where Just Energy has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance completed to date. While there is no change in revenue recognition upon the adoption of IFRS 15 for flat-bill customer contracts, they do not meet the B16 practical expedient and therefore require the following disclosure for contracts that have a duration of one year or more.

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The aggregate of contractual amounts allocated to performance obligations related to flat-bill contracts that are unsatisfied as at March 31, 2019 is \$75,636.

Just Energy expects to recognize revenue on these flat-bill contracts in the amounts of:

	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021	April 1, 2021 to March 31, 2022	Years thereafter	Total
Gas and electricity flat-bill contracts	\$ 29,122	\$ 22,564	\$ 12,998	\$ 10,952	\$ 75,636

IFRS 9

Just Energy has adopted IFRS 9 as issued by the IASB in July 2014, effective April 1, 2018. The new accounting policies have been applied from April 1, 2018 and, in accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. Just Energy has adopted IFRS 9 retrospectively, and accordingly, transition adjustments have been recognized through equity as at April 1, 2018.

IFRS 9 replaces IAS 39 with respect to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7, *Financial Instruments: Disclosures*.

(a) Accounting policy for financial instruments under IFRS 9

The following accounting policy is applicable to the accounting for financial instruments in the quarter ended April 1, 2018 and onwards.

Financial assets

(i) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade date, being the date on which Just Energy commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Just Energy has transferred substantially all the risks and rewards of ownership.

(ii) Classification

From April 1, 2018, Just Energy classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortized cost.

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The measurement category classification of financial assets depends on Just Energy's business objectives for managing the financial assets and whether contractual terms of the cash flows are considered solely payments of principal and interest. For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI depending upon the business objective.

Just Energy reclassified debt instruments when and only when its business objective for managing those assets changes.

(iii) Measurement

At initial recognition, Just Energy measures a financial asset at its fair value. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset are included in measurement at initial recognition. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on Just Energy's business objective for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which Just Energy classifies its debt instruments:

Amortized cost: Assets held for collection of contractual cash flows that represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in "finance income" using the effective interest rate method. Cash and cash equivalents, restricted cash, trade and other receivables are included in this category.

Fair value through other comprehensive income ("FVOCI"): Assets held to achieve a particular business objective, by collecting contractual cash flows and selling financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in "finance income" using the effective interest rate method. Just Energy has not classified any investments in this category.

FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognized in profit or loss. Just Energy classifies its derivatives and its investments in equity securities at FVTPL due to the fact that they do not meet the criteria for classification at amortized cost as the contractual cash flows are not solely payments of principal and interest.

Just Energy's equity instruments are carried at FVTPL, and gains and losses are recorded in profit or loss.

(iv) Impairment

Just Energy assesses on a forward-looking basis the expected credit losses ("ECL") associated with its assets carried at amortized cost, including other receivables. For trade and other receivables only, Just Energy applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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Trade receivables are reviewed qualitatively on a case-by-case basis to determine if they need to be written off.

ECL are measured as the difference in the present value of the contractual cash flows that are due to Just Energy under the contract, and the cash flows that Just Energy expects to receive. Just Energy assesses all information available, including past due status, credit ratings, the existence of third party insurance and forward-looking macroeconomic factors in the measurement of the ECL associated with its assets carried at amortized cost. Just Energy measures ECL by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

(b) New Classification categories of financial instruments on adoption of IFRS 9

As at April 1, 2018, the date of initial application, Just Energy's financial instruments and new classification categories under IFRS 9 were as follows:

	Classification category	
	Original IAS 39	New IFRS 9
Current financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Trade and other receivables	Loans and receivables	Amortized cost
Derivative assets	FVTPL	FVTPL
Non-current financial assets		
Investments	FVOCI and FVTPL	FVTPL
Derivative assets	FVTPL	FVTPL
Current financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Derivative liabilities	FVTPL	FVTPL
Current portion of long-term debt	Other financial liabilities	Amortized cost
Non-current financial liabilities		
Long-term debt	Other financial liabilities	Amortized cost
Derivative liabilities	FVTPL	FVTPL

Upon adoption of IFRS 9, the investment in ecobee is classified as FVTPL instead of available for sale, resulting in a movement of \$17,863 relating to the unrealized gain on revaluation of investments, net of income taxes from OCI to accumulated earnings on April 1, 2018.

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(c) *Reconciliation of lifetime ECL balance from IAS 39 to IFRS 9*

The following table reconciles the closing lifetime ECL for financial assets and contract assets in accordance with IAS 39 as at March 31, 2018 to the opening allowance for credit losses as at April 1, 2018.

	Impairment allowance under IAS 39 as at March 31, 2018	Remeasurement	Lifetime expected credit loss under IFRS 9 as at April 1, 2018
Trade and other receivables	\$ 60,121	\$ 11,237	\$ 71,358
Unbilled revenue	\$ -	\$ 12,399	\$ 12,399

(d) *Impairment of financial assets*

Just Energy has two types of financial assets subject to IFRS 9's new ECL model: (i) trade and other receivables and (ii) unbilled revenue. Just Energy was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. For trade and other receivables, Just Energy applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables and unbilled revenue. Measurement of ECL resulted in an increase to the provision for trade receivables and unbilled revenue of \$23,636, which was recorded as at April 1, 2018. This was before the income tax impact of \$5,616, which reduced the deferred income tax liability, as at April 1, 2018.

(e) *Derivatives and hedging activities*

Just Energy did not apply hedge accounting under IAS 39, nor under IFRS 9.

8. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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. IFRS 16 supersedes IAS 17, *Leases* ("IAS 17"), and its related interpretations, and is effective for periods beginning on or after January 1, 2019. The standard is required to be adopted either retrospectively or using a modified retrospective approach.

Just Energy will adopt IFRS 16 beginning April 1, 2019, and has elected to apply the modified retrospective approach. On initial adoption, Just Energy will use the following practical expedients permitted by the standard, where applicable:

- Exemption for short-term leases with a remaining term of 12 months or less as at April 1, 2019 and low value leases, which will be accounted for as operating leases;
- Using a single discount rate on a portfolio of leases with reasonably similar characteristics;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- Using historical information in determining the lease term where contracts contain options to extend or terminate the lease;

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- Adjusting the right-of-use asset amounts for any onerous contract provisions immediately before the date of initial application; and
- Measuring the right-of-use assets at an amount equal to the lease liability, adjusted for any prepaid or accrued lease payments relating to that lease immediately before the date of initial application.

Just Energy began its assessment of existing operating leases, which primarily consist of buildings, office equipment, and vehicles. Upon implementation, Just Energy will record the right-of-use lease assets and related lease liabilities for existing operating leases.

Adopting IFRS 16 is expected to increase Just Energy's assets and liabilities, depreciation and amortization, and finance costs, while reducing operating costs. Just Energy is in the final stages of establishing the amounts of the right-of-use asset and lease liability and overall financial statement impact of adopting IFRS 16, which will be completed and disclosed in the June 30, 2019 interim condensed consolidated financial statements.

IFRS Interpretations Committee (“IFRIC”) 23, *Uncertainty over Income Tax Treatments (“IFRIC 23”)*, provides guidance to be applied in the determination of taxable profit or loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12, *Income Taxes (“IAS 12”)*. IFRIC 23 was issued by the IASB in June 2017 and is effective for annual periods beginning on or after January 1, 2019. Just Energy does not expect the interpretation to have a material impact on the consolidated financial statements when it implements IFRIC 23 beginning April 1, 2019.

IFRIC Agenda Paper 11, *Physical Settlement of Contracts to Buy or Sell a Non-Financial Item (“Agenda Paper 11”)*, the IFRS Interpretations Committee (“IFRIC”) reached a decision on Agenda Paper 11 during its meeting on March 5 - 6, 2019. The decision was in respect to a request about how an entity applies IFRS 9 to particular contracts to buy or sell a non-financial item at a fixed price.

The Company has reviewed the agenda decision and determined that a change is required in its accounting policy related to contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments. These are contracts the Company enters into which are accounted for as derivatives at fair value through profit or loss but physically settled by the underlying non-financial item. The IFRIC concluded that IFRS 9 neither permits or requires an entity to reverse the accumulated gain or loss previously recognized on the derivative and recognize a corresponding adjustment to cost of goods sold or inventory when the contract is physically settled.

In its December 2018 meeting, the International Accounting Standards Board (IASB) confirmed its view that it expects companies to be entitled to sufficient time to implement changes in accounting policy that result from agenda decisions of the IFRIC. The Company is currently evaluating the impact of implementing the agenda decision on its financial statements, systems and processes. Given the nature of its current systems and processes and the volume of transactions affected, the Company determined it was not possible to affect the accounting change in time for its March 31, 2019 reporting. The Company expects to implement the change retrospectively in the first half of its fiscal 2020 year. While the impact has not been quantified, the Company expects there will be material movements between cost of sales and change in fair value of derivative instruments and other in Just Energy's consolidated statement of operations and the value of gas in storage on the statement of financial position. There is no impact on the net income of the Company.

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9. TRADE AND OTHER RECEIVABLES

	As at March 31, 2019	As at March 31, 2018
Trade account receivables, net	\$ 476,173	\$ 326,399
Accrued gas receivable	13,637	15,893
Unbilled revenue	277,556	301,577
Other	16,414	14,975
	\$ 783,780	\$ 658,844

10. OTHER CURRENT AND NON-CURRENT ASSETS

(a) Other current assets

	As at March 31, 2019	As at March 31, 2018
Prepaid expenses and deposits	\$ 45,709	\$ 35,078
Customer acquisition costs	75,707	31,852
Green certificates	39,749	42,230
Gas delivered in excess of consumption	3,121	2,715
Inventory	4,954	339
	\$ 169,240	\$ 112,214

(b) Other non-current assets

	As at March 31, 2019	As at March 31, 2018
Customer acquisition costs	\$ 46,416	\$ 17,101
Income taxes recoverable	3,096	2,336
Other long-term assets	-	550
	\$ 49,512	\$ 19,987

11. INVESTMENTS

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 and 2018, Just Energy further increased its investment in the company by \$5.4 million and \$0.4 million, respectively. Company markets these smart thermostats in all its core markets, bundling the thermostats with commodity and home service products. As at March 31, 2019, Just Energy owns approximately 8% of ecobee. This investment is measured at and classified as fair value through profit or loss. The fair value of the investment has been determined directly from transacted/quoted prices of identical assets that are not active (Level 3 measurement). As at March 31, 2019, the fair value of the investment is \$32.9 million (2018 – \$32.4 million).

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12. PROPERTY AND EQUIPMENT

As at March 31, 2019

	Computer equipment	Furniture and fixtures	Installed assets	Office equipment	Thermo-stats	Leasehold improvements	Total
Cost:							
Opening balance - April 1, 2018	\$ 22,173	\$ 6,861	\$ -	\$ 15,209	\$ 13,238	\$ 4,894	\$ 62,375
Additions	7,468	58	707	311	-	114	8,658
Acquisition	-	-	4,827	773	-	554	6,154
Assets held for sale	(5)	(4)	-	(60)	-	-	(69)
Retirements	-	(309)	-	-	(192)	(1,078)	(1,579)
Exchange differences	340	95	15	32	131	312	925
Ending balance, March 31, 2019	29,976	6,701	5,549	16,265	13,177	4,796	76,464
Accumulated depreciation:							
Opening balance - April 1, 2018	(13,984)	(4,995)	-	(10,776)	(10,555)	(3,172)	(43,482)
Depreciation charge to cost of sales	-	-	-	-	(2,666)	-	(2,666)
Depreciation charge for the year	(2,835)	(178)	(707)	(623)	-	(428)	(4,771)
Assets held for sale	2	-	-	(4)	-	(49)	(51)
Retirements	-	127	-	-	202	322	651
Exchange differences	(138)	(61)	-	(61)	(64)	41	(283)
Ending balance, March 31, 2019	(16,955)	(5,107)	(707)	(11,464)	(13,083)	(3,286)	(50,602)
Net book value, March 31, 2019	\$ 13,021	\$ 1,594	\$ 4,842	\$ 4,801	\$ 94	\$ 1,510	\$ 25,862

As at March 31, 2018

	Computer equipment	Furniture and fixtures	Office equipment	Thermo-stats	Leasehold improvements	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

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13. INTANGIBLE ASSETS

As at March 31, 2019

	Goodwill	Brand	Technology ¹	Customer relationships	Sales networks and affinity relationships	Other	Total
Cost:							
Opening balance - April 1, 2018	\$ 300,673	\$ 30,205	\$ 80,401	\$ 18,027	\$ 51,963	\$ 495	\$ 481,764
Acquisition	40,630	3,000	-	12,600	-	-	56,230
Assets held for sale	-	-	(2,453)	-	-	(3)	(2,456)
Additions	-	-	38,383	-	-	-	38,383
Exchange differences	(1,382)	1,100	1,332	623	1,890	(439)	3,124
Ending balance, March 31, 2019	339,921	34,305	117,663	31,250	53,853	53	577,045
Accumulated amortization:							
Opening balance - April 1, 2018	-	-	(36,309)	(1,309)	(42,220)	-	(79,838)
Assets held for sale	-	-	18	-	-	2	20
Amortization charge for the year	-	(100)	(14,927)	(1,018)	(6,610)	-	(22,655)
Exchange differences	-	-	1,883	(2,142)	(1,657)	-	(1,916)
Ending balance, March 31, 2019	-	(100)	(49,335)	(4,469)	(50,487)	2	(104,389)
Net book value, March 31, 2019	\$ 339,921	\$ 34,205	\$ 68,328	\$ 26,781	\$ 3,366	\$ 55	\$ 472,656

¹ Technology includes work in progress IT projects of \$27.3 million

As at March 31, 2018

	Goodwill	Brand	Technology	Customer relationship	Sales network and affinity relationships	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

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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. 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 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 pricing model using the applicable market forward curves and the implied volatility from other market traded options. Management periodically uses non-exchange traded swap agreements based on cooling degree days and heating degree days measured in its utility service territories to reduce the impact of weather volatility on Just Energy's electricity volumes, commonly referred to as "weather derivatives". The fair value of these swaps on a given measurement station indicated in the derivative contract are determined by calculating the difference between the agreed strike and expected variable observed at the same station.

The following table illustrates gains (losses) related to Just Energy's derivative financial instruments classified as FVTPL 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 (loss).

	For the year ended March 31, 2019	For the year ended March 31, 2018
Change in fair value of derivative instruments and other		
Physical forward contracts and options (i)	\$ (182,117)	\$ 400,583
Financial swap contracts and options (ii)	39,832	59,710
Foreign exchange forward contracts	72	(1,842)
Share swap (iii)	(3,507)	(4,484)
6.5% convertible bond conversion feature	247	7,764
Unrealized foreign exchange on 6.5% convertible bond	(8,061)	6,101
Weather derivatives	7,796	-
Other derivative options	(7,488)	6,561
Change in fair value of derivative instruments and other	\$ (153,226)	\$ 474,393

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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, 2019:

	Financial assets (current)	Financial assets (non-current)	Financial liabilities (current)	Financial liabilities (non-current)
Physical forward contracts and options (i)	\$ 115,483	\$ 7,237	\$ 49,601	\$ 50,174
Financial swap contracts and options (ii)	18,212	1,876	16,142	8,583
Foreign exchange forward contracts	-	56	1,555	-
Share swap (iii)	-	-	11,907	-
Other derivative options	10,817	86	182	4,901
As at March 31, 2019	\$ 144,512	\$ 9,255	\$ 79,387	\$ 63,658

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	\$ 198,891	\$ 60,550	\$ 32,451	\$ 29,003
Financial swap contracts and options	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

Below is a summary of the financial instruments classified through profit or loss as at March 31, 2019, to which Just Energy has committed:

(i) Physical forward contracts and options consist of:

- Electricity contracts with a total remaining volume of 38,759,196 MWh, a weighted average price of \$51.29/MWh and expiry dates up to March 31, 2029.
- Natural gas contracts with a total remaining volume of 92,885,570 GJs, a weighted average price of \$3.67/GJ and expiry dates up to December 31, 2024.
- Renewable energy certificates ("RECs") and emission-reduction credit contracts with a total remaining volume of 4,184,687 MWh and 177,000 tonnes, respectively, a weighted average price of \$32.50/REC and \$2.68/tonne, respectively, and expiry dates up to December 31, 2028 and December 31, 2021.
- Electricity generation capacity contracts with a total remaining volume of 4,362 MWhCap, a weighted average price of \$5,226.42/MWhCap and expiry dates up to May 31, 2023.

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- Ancillary contracts with a total remaining volume of 738,532 MWh, a weighted average price of \$23.06/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 10,333,347 MWh, an average price of \$45.19/MWh and expiry dates up to November 30, 2024.
 - Natural gas contracts with a total remaining volume of 134,711,738 GJs, an average price of \$3.53/GJ and expiry dates up to December 31, 2024.
 - Electricity generation capacity contracts with a total remaining volume of 69 MWhCap, a weighted average price of \$304,787.72/MWhCap and expiry dates up to October 31, 2020.
 - Ancillary contracts with a total remaining volume of 1,220,145 MWh, a weighted average price of \$21.52/MWh and expiry dates up to December 31, 2020.
- (iii) Share swap agreement

Just Energy has entered into a share swap agreement to manage the consolidated statements of income (loss) volatility associated with the Company's RSG and DSG Plans. The value, on inception, of the 2,500,000 shares under this share swap agreement was approximately \$33,803. On August 22, 2018, Just Energy reduced the notional value of the share swap to \$23,803 through a payment of \$10,000 and renewed the share swap agreement for an additional year. 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 (loss) as a change in fair value of derivative instruments and other.

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.

Fair value ("FV") hierarchy of 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.

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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 power 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.

Weather derivatives are non-exchange traded financial instruments used as part of a risk management strategy to mitigate the impact adverse weather conditions have on gross margin. The fair values of the derivatives are determined using an internally developed model that relies upon both observable inputs and significant unobservable inputs. Accordingly, the fair values of these derivatives are classified as Level 3. Market and contractual inputs to these models vary by contract type and would typically include notional amounts, reference weather stations, strike prices, temperature strike values, terms to expiration, historical weather data and historical commodity prices. The historical weather data and commodity prices were utilized to value the expected payouts with respect to weather derivatives and, as a result, are the most significant assumptions contributing to the determination of fair value estimates, and changes in these inputs can result in a significantly higher or lower fair value measurement. There were no weather derivatives held as at March 31, 2019.

For the share swap, Just Energy uses a forward interest rate curve along with a volume weighted average share price to model out its value. As the inputs have no observable market, it is classified as Level 3.

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. The fair value inputs into the investment of ecobee transferred from Level 2 to Level 3 in fiscal 2019.

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, 2019:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	\$ -	\$ -	\$ 153,766	\$ 153,766
Derivative financial liabilities	-	(6,588)	(136,456)	(143,044)
Total net derivative assets (liabilities)	\$ -	\$ (6,588)	\$ 17,310	\$ 10,722

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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

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 RECs had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit (loss) before income taxes for the year ended March 31, 2019 would have increased (decreased) by \$241,661 (\$239,419), primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

Key assumptions used when determining the significant unobservable inputs for all commodity supply contracts 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, 2019	Year ended March 31, 2018
Balance, beginning of year	\$ 166,364	\$ (315,110)
Total gains	19,644	105,709
Purchases	11,502	207,531
Sales	(25,575)	(64,464)
Settlements	(154,625)	232,698
Balance, end of year	\$ 17,310	\$ 166,364

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

As at March 31, 2019 and March 31, 2018, the carrying value of cash and cash equivalents, restricted cash, current trade and other receivables, 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, 2019 of \$740.6 million (March 31, 2018 - \$570.1 million) and the interest payable on outstanding amounts is at rates that vary with Bankers' Acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the exceptions of the 8.75% loan, 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, 2019 of \$36.9 million (March 31, 2018 - \$36.3 million) and are measured based on Level 2 of the fair value hierarchy for the investment in Energy Earth and Level 3 of the fair value hierarchy for the investment in ecobee.

No adjustments were made in the year in valuing the investment in ecobee or Energy Earth. Movements are related to foreign exchange revaluations.

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The following table illustrates the classification of investments in the FV hierarchy as at March 31, 2019:

	Level 1	Level 2	Level 3	Total
Investment in ecobee	\$ -	\$ -	\$ 32,888	\$ 32,888
Investment in Energy Earth	-	4,009	-	4,009
Total investments	\$ -	\$ 4,009	\$ 32,888	\$ 36,897

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 USD 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 following 13 to 24 months. The level of economic hedging is dependent on the source of the cash flows 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, 2019, assuming that all the other variables had remained constant, loss for the year would have been \$3.8 million lower/higher and OCI would have been \$14.2 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 \$1,939 in profit before income taxes for the year ended March 31, 2019 (2018 - \$758).

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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 RECs 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, 2019 would have increased (decreased) by \$240,332 (\$238,089), 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, California, 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.

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

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Current	\$ 116,892	\$ 113,786
1–30 days	42,562	44,374
31–60 days	22,317	21,241
61–90 days	16,352	12,686
Over 90 days	100,580	69,207
	<u>\$ 298,703</u>	<u>\$ 261,294</u>

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

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Balance, beginning of year	\$ 60,121	\$ 49,431
Provision for doubtful accounts	81,037	56,300
Bad debts written off	(90,231)	(41,802)
Adjustment from IFRS 9 adoption	23,636	-
Foreign exchange	(3,363)	(3,808)
Balance, end of year	\$ 71,200	\$ 60,121

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, 2019, the estimated counterparty credit risk exposure amounted to \$153,767 (2018 - \$283,431), 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 daily cash flow forecasts covering a rolling 13-week period, 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.

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

As at March 31, 2019:

	Carrying amount	Contractual cash flows	Less than 1 year	1-3 years	4-5 years	More than 5 years
Trade and other payables	\$ 714,110	\$ 714,110	\$ 714,110	\$ -	\$ -	\$ -
Long-term debt ¹	725,372	781,701	39,150	210,564	531,987	-
Gas, electricity and non-commodity contracts	143,045	3,500,493	1,899,713	1,439,479	119,212	42,089
	\$ 1,582,527	\$ 4,996,304	\$ 2,652,973	\$ 1,650,043	\$ 651,199	\$ 42,089

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	\$ 622,797	\$ 622,797	\$ 622,797	\$ -	\$ -	\$ -
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
	\$ 1,304,460	\$ 4,369,359	\$ 2,612,301	\$ 1,396,359	\$ 329,658	\$ 31,041

¹ Included in long-term debt are the 6.75% \$100M convertible debentures, 6.75% \$160M 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, 2019, 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	\$ 40,765	\$ 80,234	\$ 40,600	\$ -

(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 fulfil their contractual obligations. As at March 31, 2019, Just Energy has applied an adjustment factor to determine the fair value of its financial instruments in the amount of \$8,307 (2018 - \$4,737) to accommodate for its counterparties' risk of default.

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15. TRADE AND OTHER PAYABLES

	As at March 31, 2019	As at March 31, 2018
Commodity suppliers' payables	\$ 189,554	\$ 176,831
Accrued liabilities	112,039	135,733
Green provisions	151,992	152,542
Sales tax payable	22,969	15,794
Trade accounts payable	184,257	45,887
Payable for former JV partner	22,625	26,375
Accrued gas payable	12,937	18,624
Other payables	17,737	18,232
	\$ 714,110	\$ 590,018

16. DEFERRED REVENUE

	Fiscal 2019	Fiscal 2018
Balance, beginning of year	\$ 38,710	\$ 17,546
Additions to deferred revenue	569,880	553,050
Revenue recognized during the year	(563,922)	(534,265)
Foreign Exchange impact	(1,440)	2,379
Balance, end of year	\$ 43,228	\$ 38,710

17. ACQUISITION OF BUSINESSES

(a) 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\$14.9 million, of which US\$7.5 million was paid in cash and US\$7.4 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. As at March 2019, the acquisition accounting for EdgePower has been finalized and closed.

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The following is the final purchase price allocation for EdgePower:

NET ASSETS ACQUIRED	
Working capital	\$ 993
Intangible assets	14,198
Goodwill	7,673
Deferred tax liabilities	(3,820)
Total consideration	\$ 19,044
Cash paid, net of working capital adjustment	\$ 10,078
Common shares issued	8,966
Total consideration	\$ 19,044

(b) Acquisition of Filter Group Inc. (“Filter Group”)

On October 1, 2018, Just Energy acquired Filter Group, a leading provider of subscription-based home water filtration systems to residential customers in Canada and the U.S. Headquartered in Toronto, Ontario, Filter Group currently provides under-counter and whole-home water filtration solutions to residential markets in the provinces of Ontario and Manitoba and the states of Nevada, California, Arizona, Michigan and Illinois.

Just Energy acquired all of the issued and outstanding shares of Filter Group and the shareholder loan owing by Filter Group. In addition, Filter Group had approximately \$22 million of third party Filter Group debt. The aggregate consideration payable by Just Energy under the Purchase Agreement is composed of: (i) \$14.3 million in cash, fully payable within 180 days of closing; and (ii) earn-out payments of up to 9.5 million Just Energy common shares (with up to an additional 2.4 million Just Energy common shares being issuable to satisfy dividends that otherwise would have been paid in cash on the Just Energy shares issuable pursuant to the earn-out payments (the “DRIP Shares”)), subject to customary closing adjustments. The earn-out payments are contingent on the achievement by Filter Group of certain performance-based milestones specified in the Purchase Agreement in each of the first three years following the closing of the acquisition. In addition, the earn-out payments may be paid 50% in cash and the DRIP Shares 100% in cash, at the option of Just Energy.

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The CEO of Filter Group is the son of the Executive Chair of Just Energy. As such, this is a related party transaction. The transaction was reviewed by the Strategic Initiatives Committee and it received a fairness opinion from National Bank Financial on the transaction.

Of the \$14.3 million cash consideration for the acquisition of Filter Group, \$1.3 million relates to the purchase of the shares of Filter Group. The remaining \$13.0 million is for the assumption of a shareholder debt owed to a related party, of which \$3.0 million was already paid on the closing date of October 1, 2018. Therefore, as at March 31, 2019, \$11.3 million of the overall cash consideration payable is included in current trade and other payables of the consolidated statements of financial position, of which \$11.1 million is for a related party. The outstanding balance accrued interest at a rate of 1% per month, beginning October 1, 2018, which resulted in \$0.7 million of interest accrued as at March 31, 2019, of which \$0.6 million is for a related party.

The contingent consideration relating to the potential earn-out payments over the next three years was valued at approximately \$24.9 million on October 1, 2018, which is the mid-point of the calculated range of \$23.1 million to \$26.8 million. As it does not meet the definition of equity, it is carried at fair value through profit or loss and is revalued at each reporting period. Significant assumptions affecting the measurement of contingent consideration each quarter include the Just Energy share price and the performance of Filter Group.

Each quarter the contingent consideration related to the Filter Group acquisition is revalued. To estimate the number of Just Energy common shares that are exchanged in each period, a Monte Carlo simulation model was used where the trailing 12-month adjusted EBITDA for each period is forecasted based on a Geometric Brownian Motion process. Inputs used in the Monte Carlo simulation model are as follows:

- Adjusted trailing 12-months EBITDA as at each quarter-end date;
- Average EBITDA forecasts for new periods;
- Implied asset volatility;
- Equity volatility of Just Energy;
- Underlying asset price of Just Energy common shares;
- Dividend yield; and
- Risk-free rate.

Based on the foregoing, the value of the contingent consideration as at March 31, 2019 is in the range of \$27.1 million to \$31.2 million, with a mid-point of \$29.1 million. The change in fair value of the contingent consideration at October 1, 2018 of \$24.9 million to the fair value at March 31, 2019 of \$29.1 million results in a change of \$4.2 million reported in other income (net), in the consolidated statements of income (loss).

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The following is the purchase price allocation for Filter Group:

NET ASSETS ACQUIRED	
Working capital	\$ 898
Property and equipment	6,154
Intangible assets	15,600
Goodwill	38,217
Long-term debt	(21,611)
Total consideration	\$ 39,258
Cash consideration	\$ 3,000
Payable to shareholders	11,314
Contingent consideration	24,944
Total consideration	\$ 39,258

The goodwill was calculated as the difference between the fair value of consideration transferred and the fair value of the assets acquired and liabilities assumed. The goodwill acquired as part of the acquisition primarily represents Filter Group's workforce, operational and strategic management processes and synergies between Just Energy and Filter Group. Goodwill is not amortized for accounting.

For the year ended March 31, 2019, Just Energy recorded \$1.2 million of administration expenses associated with the Filter Group acquisition, primarily related to due diligence and professional fee expenditures.

As at March 31, 2019, Filter Group revenues of \$6.3 million and profit of \$0.3 million were included in the consolidated statements of profit (loss) since October 1, 2018. On a pro forma basis, Just Energy's consolidated revenue and earnings for the year ended March 31, 2019 would have been higher by approximately \$11.3 million and lower by \$4.8 million, respectively, had the Filter Group acquisition occurred on April 1, 2018.

As of March 31, 2019, the acquisition accounting for Filter Group has been finalized and closed.

18. DISCONTINUED OPERATIONS

In March 2019, Just Energy formally approved and commenced a process to dispose of its businesses in Germany, Ireland and Japan. The decision was part of a strategic transition to focus on the core business in North America and the U.K. The disposal of the operations is expected to be completed within the next 12 months. At March 31, 2019 these operations were classified as a disposal group held for sale and as a discontinued operation. Previously, these operations were reported within the Consumer segment. The tax impact on the discontinued operations is minimal.

The results of the discontinued operations are presented below:

	2019	2018
Sales	\$ 19,729	\$ 3,012
Cost of sales	19,347	2,596
Gross margin	382	416
Expenses		
Administrative, selling and operating expenses	12,079	8,455
Operating loss	(11,697)	(8,039)
Change in fair value of derivative instruments and other	-	(37)
Other income (loss)	(199)	2,134
Loss from discontinued operations before the undemoted	(11,896)	(5,942)
Provision for income tax expense	4	3
Impairment loss recognized on the remeasurement to estimate fair value less costs to sell	10,479	-
LOSS FROM DISCONTINUED OPERATIONS	\$ (22,379)	\$ (5,945)
Cash flows used in operating activities	\$ (13,194)	(9,259)
Cash flows used in investing activities	\$ (1,316)	(2,252)
Cash flows from financing activities	\$ 13,856	12,236

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Assets and liabilities of the discontinued operations classified as held for sale as at March 31, 2019 were:

ASSETS	
Current assets	
Cash and cash equivalents	\$ 628
Current trade and other receivables	3,007
Income taxes recoverable	50
Other current assets	3,087
Non-current assets	
Property and equipment	42
Intangible assets	2,157
ASSETS CLASSIFIED AS HELD FOR SALE	\$ 8,971
Liabilities	
Trade and other payables	\$ 4,902
Deferred revenue	298
LIABILITIES RELATING TO ASSETS CLASSIFIED AS HELD FOR SALE	\$ 5,200

The \$5.1 million goodwill associated with German operations was fully impaired in fiscal 2019 following the formal decision to commence the disposal of the business.

19. LONG-TERM DEBT AND FINANCING

	Maturity	March 31, 2019	March 31, 2018
Credit facility (a)	September 1, 2020	\$ 201,577	\$ 122,115
Less: Debt issue costs (a)		(1,824)	(664)
Filter Group financing (b)		17,577	-
8.75% loan (c)	September 12, 2023	240,094	-
6.75% \$100M convertible debentures (d)	March 31, 2023	87,520	85,760
6.75% \$160M convertible debentures (e)	December 31, 2021	150,945	148,146
6.5% convertible bonds (f)	July 29, 2019	29,483	188,147
		725,372	543,504
Less: Current portion		(37,429)	(121,451)
		\$ 687,943	\$ 422,053

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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)	\$ -	\$ 201,577	\$ -	\$ -	\$ 201,577
Filter Group financing (b)	9,217	8,987	1,186	-	19,390
8.75% loan (c)	-	-	270,801	-	270,801
6.75% \$100M convertible debentures (d)	-	-	100,000	-	100,000
6.75% \$160M convertible debentures (e)	-	-	160,000	-	160,000
6.5% convertible bonds (f)	29,933	-	-	-	29,933
	\$ 39,150	\$ 210,564	\$ 531,987	\$ -	\$ 781,701

The details for long-term debt are as follows:

	As at April 1, 2018	Cash inflows/ (outflows)	Foreign Exchange	Non-cash changes	As at March 31, 2019
Credit facility (a)	\$ 121,451	\$ 77,638	\$ -	\$ 664	\$ 199,753
Filter Group financing (b)	-	17,577	-	-	17,577
8.75% loan (c)	-	236,934	4,553	(1,393)	240,094
6.75% \$100M convertible debentures (d)	85,760	-	-	1,760	87,520
6.75% \$160M convertible debentures (e)	148,146	-	-	2,799	150,945
6.5% convertible bonds (f)	188,147	(169,333)	3,508	7,161	29,483
	\$ 543,504	\$ 162,816	\$ 8,061	\$ 10,991	\$ 725,372
Less: Current portion	(121,451)	-	-	-	(37,429)
	\$ 422,053	\$ 162,816	\$ 8,061	\$ 10,991	\$ 687,943

	As at April 1, 2017	Cash inflows/ (outflows)	Foreign Exchange	Non-cash changes	As at March 31, 2018
Credit facility (a)	\$ 66,001	\$ 53,857	\$ -	\$ 1,593	\$ 121,451
6.75% \$100M convertible debentures (d)	-	95,869	-	(10,109)	85,760
6.75% \$160M convertible debentures (e)	145,579	-	-	2,567	148,146
6.5% convertible bonds (f)	190,486	-	(6,101)	3,762	188,147
5.75% convertible debentures (g)	96,022	(100,000)	-	3,978	-
	\$ 498,088	\$ 49,726	\$ (6,101)	\$ 1,791	\$ 543,504
Less: Current portion	-	-	-	-	(121,451)
	\$ 498,088	\$ 49,726	\$ (6,101)	\$ 1,791	\$ 422,053

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

	2019	2018
Credit facility (a)	\$ 20,715	\$ 12,883
Filter Group financing (b)	875	-
8.75% loan (c)	8,999	-
6.75% \$100M convertible debentures (d)	8,819	497
6.75% \$160M convertible debentures (e)	13,598	12,773
6.5% convertible bonds (f)	18,387	15,753
5.75% convertible debentures (g)	-	9,173
Collateral management and others (h)	16,679	4,893
	\$ 88,072	\$ 55,972

- (a) As at April 18, 2018, the Company has renegotiated an agreement with a syndicate of lenders that includes Canadian Imperial Bank of Commerce, National Bank of Canada, HSBC Bank Canada, JPMorgan Chase Bank N.A., Alberta Treasury Branches, Canadian Western Bank and Morgan Stanley Senior Funding, Inc., a subsidiary of Morgan Stanley Bank N.A. The agreement 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 certain principal amount outstanding under the credit facility is guaranteed by Export Development Canada under its Account Performance Security Guarantee Program.

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 3.750%. Prime rate advances are at a rate of bank prime (Canadian bank prime rate or U.S. prime rate) plus 2.750% and letters of credit are at a rate of 3.750%. Interest rates are adjusted quarterly based on certain financial performance indicators.

As at March 31, 2019, the Canadian prime rate was 3.95% and the U.S. prime rate was 5.5%. As at March 31, 2019, \$201.6 million has been drawn against the facility and total letters of credit outstanding as at March 31, 2019 amounted to \$94.0 million (March 31, 2018 - \$113.4 million). As at March 31, 2019, Just Energy has \$56.9 million of the facility remaining 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 U.K. and other international operations. Just Energy is required to meet a number of financial covenants under the credit facility agreement. As at March 31, 2019, the Company was compliant with all of these covenants.

- (b) Filter Group, which was acquired on October 1, 2018, has an outstanding loan payable to Home Trust Company ("HTC"). The loan is a result of factoring receivables to finance the cost of rental equipment over a period of three to five years with HTC and bears interest at 8.99% per annum. Principal and interest are repayable on a monthly basis.

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(c) On September 12, 2018, Just Energy entered into a US\$250 million non-revolving multi-draw senior unsecured term loan facility (the “8.75% loan”) with Sagard Credit Partners, LP and certain funds managed by a leading U.S.-based global fixed income asset manager. The 8.75% loan bears interest at 8.75% per annum payable semi-annually in arrears on June 30 and December 31 in each year plus fees, and will mature on September 12, 2023. Counterparties were issued 7.5 million warrants at a strike price of \$8.56 each, convertible to one Just Energy common stock. The value of these warrants has been assessed as nominal. The 8.75% loan has three tranches. The first tranche of US\$50 million is earmarked for general corporate purposes, including to pay down Just Energy's credit facility. The second tranche of US\$150 million is earmarked towards the settlement of Just Energy's 6.5% convertible bonds. The third tranche of US\$50 million is earmarked for investments and future acquisitions. As at March 31, 2019, US\$193.0 million was drawn from the 8.75% loan.

(d) 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 income 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, 2019.

(e) 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.

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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 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 income 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, 2019.

- (f) 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, 2019, the fair value of this conversion feature is US\$0.2 million and is included in other non-current financial liabilities. During the year, Just Energy redeemed US\$127.6 million of the outstanding balance.

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- (g) 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 deficit.

- (h) The collateral management and others include primarily collateral management costs of \$5.1 million, a supplier credit term extension charge of \$4.8 million and accretion costs relating to the acquisition of RV of \$5.1 million. High electricity prices in the forward markets along with fundamental change in the Electric Reliability Council of Texas’s credit exposure calculations in February 2018 led to an increase in collateral requirements for market participants during fiscal 2019.

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20. PROVISIONS

Restructuring

During fiscal 2019, Just Energy's management team approved several restructuring actions including targeted workforce reductions. These actions include the elimination of over 200 positions. The actions are in direct alignment with Just Energy's ongoing transition to a consumer-focused company and are expected to generate future cost savings.

Amounts related to restructuring during fiscal 2019 are as follows:

Employee-related	\$	8,706
Facilities		1,987
Transition agreements		3,187
Other non-headcount related		2,198
Total restructuring costs		16,078
Expended in the year		9,462
Provision at end of the year		6,616
Total restructuring costs	\$	16,078

The remaining provision balance relate to other contingent liabilities.

21. INCOME TAXES

(a) Tax expense

	2019	2018
Current tax expense	\$ 6,329	\$ 2,552
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	\$ (30,110)	\$ 129,177
Benefit arising from previously unrecognized tax loss or temporary difference	26,610	(111,058)
Deferred tax (benefit) expense	(3,500)	18,119
Provision for income taxes	\$ 2,829	\$ 20,671

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(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% (2018 – 26.50%).

	2019	2018
Income before income taxes	\$ (120,035)	\$ 539,248
Combined statutory Canadian federal and provincial income tax rate	26.50%	26.50%
Income tax expense based on statutory rate	\$ (31,809)	\$ 142,901
Increase (decrease) in income taxes resulting from:		
Expense (benefit) of mark to market loss and other temporary differences not recognized	\$ 26,610	\$ (111,058)
Variance between combined Canadian tax rate and the tax rate applicable to foreign earnings	1,993	1,000
Other permanent items	6,035	(12,172)
Total provision for income taxes	\$ 2,829	\$ 20,671

(c) Recognized deferred income tax assets and liabilities

Recognized deferred income tax assets and liabilities are attributed to the following:

	2019	2018
Mark to market losses on derivative instruments	\$ 10,336	\$ 17,580
Tax losses and excess of tax basis over book basis	99,218	78,825
Total deferred income tax assets	109,554	96,405
Offset of deferred income taxes	(104,186)	(93,873)
Net deferred tax assets	\$ 5,368	\$ 2,532
Partnership income deferred for tax purposes	\$ (3,542)	\$ (6,249)
Mark to market gains on derivative instruments	(20,683)	(54,158)
Book to tax differences on other assets	(73,889)	(30,480)
Convertible debentures	(6,073)	(2,986)
Total deferred income tax liabilities	(104,187)	(93,873)
Offset of deferred income taxes	104,187	93,873
Net deferred income tax liabilities	\$ -	\$ -

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(d) **Movement in deferred income tax balances**

	Balance April 1, 2018	Recognized in profit or loss	Recognized in OCI	Other	Balance March 31, 2019
Partnership income deferred for tax	\$ (6,249)	\$ 2,707	\$ -	\$ -	\$ (3,542)
Book to tax differences	48,345	(22,351)	(638)	(26)	25,330
Mark to market (gains) losses on derivative instruments	(36,578)	26,231	-	-	(10,347)
Convertible debentures	(2,986)	(3,087)	-	-	(6,073)
	<u>\$ 2,532</u>	<u>\$ 3,500</u>	<u>\$ (638)</u>	<u>\$ (26)</u>	<u>\$ 5,368</u>

	Balance April 1, 2017	Recognized in profit or loss	Recognized in OCI	Other	Balance March 31, 2018
Partnership income deferred for tax	\$ (8,281)	\$ 2,032	\$ -	\$ -	\$ (6,249)
Book to tax differences	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)
	<u>\$ 21,268</u>	<u>\$ (10,948)</u>	<u>\$ (7,788)</u>	<u>\$ -</u>	<u>\$ 2,532</u>

(e) **Unrecognized deferred income tax assets**

Deferred income tax assets not reflected as at March 31 are as follows:

	2019	2018
Excess of tax over book basis	<u>16,903</u>	<u>15,824</u>

Losses available for carryforward (recognized and unrecognized) are set to expire as follows:

	2019
2030	\$ 136,763
2031	-
Total	<u>\$ 136,763</u>

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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.

Details of issued and outstanding shareholders' capital are as follows:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Shares	Amount	Shares	Amount
Common shares:				
Issued and outstanding				
Balance, beginning of year	148,394,152	\$ 1,079,055	147,013,538	\$ 1,070,076
Share-based awards exercised	1,201,800	9,483	1,643,156	11,954
Acquisition	-	-	1,415,285	8,966
Repurchase and cancellation of shares	-	-	(1,677,827)	(11,941)
Balance, end of year	149,595,952	\$ 1,088,538	148,394,152	\$ 1,079,055
Preferred shares:				
Issued and outstanding				
Balance, beginning of year	4,323,300	\$ 136,771	4,040,000	\$ 128,363
Shares issued for cash	338,865	10,447	283,300	9,260
Preferred shares issuance cost	-	(253)	-	(852)
Balance, end of year	4,662,165	\$ 146,965	4,323,300	\$ 136,771
Shareholders' capital	154,258,117	\$ 1,235,503	152,717,452	\$ 1,215,826

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, 2019, 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, 2019 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 2019.

(b) Restricted share grants

Just Energy grants awards under the 2010 RSGs Plan (formerly the 2004 unit appreciation rights) in the form of fully paid RSGs to senior officers, employees and service providers of its subsidiaries and affiliates. As at March 31, 2019, there were 2,717,774 RSGs (2018 - 3,004,624) still available for grant under the plan. Of the RSGs issued, 1,473,989 remain outstanding as at March 31, 2019 (2018 - 1,635,882). 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.

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There are 40,000 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

	2019	2018
Balance, beginning of year	3,004,624	4,107,830
Less: Granted	(788,211)	(1,716,743)
Add: Cancelled/forfeited	501,361	613,537
Balance, end of year	2,717,774	3,004,624

The average grant date fair value of RSGs granted in the year was \$5.00 (2018 - \$6.94).

(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, 2019, there were 2,182,302 (2018 - 2,270,480) PBGs still available for grant under the PBG Plan. Of the PBGs issued, 385,214 remain outstanding as at March 31, 2019 (2018 -1,050,094). 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

	2019	2018
Balance, beginning of year	2,270,480	2,650,513
Less: Granted	(331,196)	(812,787)
Add: Cancelled/forfeited	243,018	432,754
Balance, end of year	2,182,302	2,270,480

The average grant date fair value of PBGs granted in the year was \$5.01 (2018 - \$7.08).

(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 may elect to receive all or any portion of the balance of their annual compensation in DSGs. The holders of DSGs and/or common shares are also granted additional DSGs on a quarterly 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, 2019, there were nil DSGs (2018 - 69,481) available for grant under the plan. In fiscal 2019, with the consent of the TSX 37,123 DSGs have been granted to directors, subject to shareholder approval. The Company will be requesting shareholder approval at its Annual and Special meeting on June 26, 2019. Of the DSGs issued, 184,430 DSGs (2018 - 114,949) remain outstanding as at March 31, 2019.

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DSGs available for grant

	2019	2018
Balance, beginning of year	69,481	110,012
Less: Granted	(69,481)	(40,531)
Balance, end of year	-	69,481

The weighted average grant date fair value of DSGs granted in the year was \$4.48 (2018 - \$6.32).

24. REPORTABLE BUSINESS SEGMENTS

Just Energy's reportable segments are 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, and the type of customer class and regulatory environment.

Transactions between 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 residential customer equivalents 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 does not have any key customers.

Corporate and shared services report the costs related to management oversight of the business units, public reporting and filings, corporate governance and other shared services functions.

JUST ENERGY GROUP INC.
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For the year ended March 31, 2019:

	Consumer segment	Commercial segment	Corporate and shared services	Consolidated
Sales	\$ 2,395,624	\$ 1,416,846	\$ -	\$ 3,812,470
Gross margin	535,711	176,504	-	712,215
Depreciation of property, plant and equipment	4,567	204	-	4,771
Amortization of intangible assets	20,440	2,215	-	22,655
Administrative expenses	76,709	40,693	89,418	206,820
Selling and marketing expenses	158,770	73,260	-	232,030
Restructuring costs	3,173	4,069	8,836	16,078
Other operating expenses	78,460	9,130	-	87,590
Operating profit (loss) for the period	\$ 193,592	\$ 46,933	\$ (98,254)	\$ 142,271
Finance costs				(88,072)
Change in fair value of derivative instruments and other				(153,226)
Other income, net				1,365
Provision for income taxes				(2,829)
Loss for the year from continued operations				(100,491)
Loss from discontinued operations				(22,379)
Loss for the year				\$ (122,870)
Capital expenditures	\$ 39,475	\$ 4,068	\$ -	\$ 43,543
As at March 31, 2019				
Total goodwill	\$ 181,358	\$ 158,563	\$ -	\$ 339,921
Total assets	\$ 1,284,435	\$ 461,633	\$ -	\$ 1,746,068
Total liabilities	\$ 1,513,583	\$ 201,935	\$ -	\$ 1,715,518

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For the year ended March 31, 2018:

	Consumer segment	Commercial segment	Corporate and shared services	Consolidated
Sales	\$ 2,232,081	\$ 1,391,477	\$ -	\$ 3,623,558
Gross margin	487,175	153,336	-	640,511
Depreciation of property and equipment	3,775	340	-	4,115
Amortization of intangible assets	12,707	3,992	-	16,699
Administrative expenses	64,282	29,153	93,815	187,250
Selling and marketing expenses	161,246	70,982	-	232,228
Other operating expenses	69,690	4,800	-	74,490
Operating profit (loss) for the period	\$ 175,475	\$ 44,069	\$ (93,815)	\$ 125,729
Finance costs				(55,972)
Change in fair value of derivative instruments and other				474,393
Other income, net				1,040
Provision for income taxes				(20,671)
Profit for the year from continued operations				\$ 524,519
Loss from discontinued operations				(5,945)
Profit for the year				518,574
Capital expenditures	\$ 32,252	\$ 3,524	\$ -	\$ 35,776
As at March 31, 2018				
Total goodwill	\$ 147,252	\$ 153,421	\$ -	\$ 300,673
Total assets	\$ 1,135,325	\$ 466,068	\$ -	\$ 1,601,393
Total liabilities	\$ 844,379	\$ 540,479	\$ -	\$ 1,384,858

Sales from external customers

The revenue is based on the location of the customer.

	For the year ended March 31, 2019	For the year ended March 31, 2018
Canada	\$ 413,836	\$ 414,183
U.S.	2,624,602	2,465,794
U.K.	774,032	743,581
Total	\$ 3,812,470	\$ 3,623,558

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Non-current assets

Non-current assets by geographic segment consist of property and equipment and intangible assets and are summarized as follows:

	As at March 31, 2019	As at March 31, 2018
Canada	\$ 266,775	\$ 201,985
U.S.	223,802	207,147
International	7,941	11,687
Total	\$ 498,518	\$ 420,819

25. OTHER EXPENSES

(a) Other operating expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Amortization of intangible assets	\$ 22,655	\$ 16,547
Depreciation of property and equipment	4,771	4,073
Bad debt expense	81,037	56,331
Share-based compensation	6,133	18,353
Other	420	-
	\$ 115,016	\$ 95,304

(b) Amortization and energy costs included in cost of sales in the consolidated statements of income (loss)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Amortization	\$ 2,666	\$ 3,116
Direct energy costs and other	3,097,589	2,983,047
	\$ 3,100,255	\$ 2,986,163

(c) Employee benefits expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Wages, salaries and commissions	\$ 264,566	\$ 237,867
Benefits	24,239	24,100
	\$ 288,805	\$ 261,967

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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 four operating segments. These segments are the U.K. Consumer, North America Consumer, U.K. Commercial, and North America Commercial. The goodwill associated with the Filter Group acquisition was not allocated to an operating segment for the purposes of impairment testing as at March 31, 2019.

For impairment testing, goodwill and brand have been allocated as follows as at March 31, 2019:

	Consumer segment		Commercial segment	
	North America	U.K.	North America	
Goodwill	\$ 168,003	\$ 13,355	\$ 158,563	
Brand	19,570	-	14,734	
	\$ 187,573	\$ 13,355	\$ 173,297	

The goodwill of \$38.2 million associated with the acquisition of Filter Group has been allocated to the Consumer segment for the purposes of goodwill impairment testing.

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, 2019, the market capitalization of Just Energy was above the book value of its equity.

The recoverable amount of each of the operating segments has been determined based on a fair value less costs of disposal model using fiscal 2019's EBITDA of the operating segment multiplied by the entity's EBITDA multiple. The EBITDA multiple and the EBITDA of the segment that has been utilized in the fair value less costs to disposal model are consistent with external sources of information and are considered a Level 2 input within the fair value hierarchy.

27. EARNINGS (LOSS) PER SHARE

	For the year ended March 31, 2019	For the year ended March 31, 2018
BASIC EARNINGS (LOSS) PER SHARE		
Earnings (loss) from continuing operations available to shareholders	\$ (100,299)	\$ 515,221
Dividend to preferred shareholders - net of tax	8,959	8,364
Earnings (loss) from continuing operations available to shareholders - net	(109,258)	506,857
Basic weighted average shares outstanding	149,138,797	147,039,737
Basic earnings (loss) per share from continuing operations available to shareholders	\$ (0.73)	\$ 3.45
Basic earnings (loss) per share available to shareholders	\$ (0.88)	\$ 3.42
DILUTED EARNINGS (LOSS) PER SHARE		
Earnings (loss) from continuing operations available to shareholders	\$ (109,258)	506,857
Adjustment for dilutive impact of convertible debentures	-	22,407
Adjusted earnings (loss) from continuing operations available to shareholders	\$ (109,258)	\$ 529,264
Basic weighted average shares outstanding	149,138,797	147,039,737
Dilutive effect of:		
Restricted share and performance bonus grants	2,409,990 ¹	2,924,587
Deferred share grants	142,928 ¹	95,536
Convertible debentures	39,574,831 ¹	49,979,055
Shares outstanding on a diluted basis	191,266,546	200,038,915
Diluted earnings (loss) from continuing operations per share available to shareholders	\$ (0.73)	\$ 2.65
Diluted earnings (loss) per share available to shareholders	\$ (0.88)	\$ 2.62

¹ The assumed conversion into shares results in an anti-dilutive position; therefore, these items have not been included in the computation of diluted earnings (loss) per share.

The potentially dilutive instruments are the convertible features on the 6.5% convertible bonds, 6.75% \$160M convertible debentures and 6.75% \$100M convertible debentures as well as the stock options and share grants.

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 flows 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 debts, and as at March 31, 2019 and 2018, 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.

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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 consist of the Executive Chair, the Chief Executive Officer and the Chief Financial Officer.

During the years ended March 31, 2019 and 2018, Just Energy recorded the following as expenses related to these individuals:

	March 31, 2019	March 31, 2018
Salaries and benefits	\$ 2,493	\$ 8,939
Share-based compensation, net	1,163	3,738
	\$ 3,656	\$ 12,677

In fiscal 2018, the key management personnel consisted of the Executive Chair, two Chief Executive Officers and the Chief Financial Officer. The key management personnel expenses for the prior year also include severance and executive bonuses not included in fiscal 2019.

As at March 31, 2019, key management personnel held approximately 669,688 RSGs/PBGs (2018 – 1,774,094).

30. DIVIDENDS PAID

For the year ended March 31, 2019, dividends of \$0.50 (2018 - \$0.50) per common share were declared by Just Energy. These dividends amounted to \$74,557 (2018 - \$73,624) and were approved by the Board of Directors and were paid out during the year.

For the year ended March 31, 2019, distributions of \$0.50 (2018 - \$0.50) per common share for share grants was declared by Just Energy. This distribution amounted to \$1,284 (2018 - \$1,302) which was paid in accordance with the terms of the Canadian and U.S. Plans during the year.

For the year ended March 31, 2019, dividends of US\$2.125 (2018 - \$2.125) per preferred share were declared by Just Energy. These dividends amounted to \$12,189 (2018 - \$11,380) 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, 2019

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Premises and equipment leasing	\$ 5,035	\$ 9,902	\$ 6,306	\$ -	\$ 21,243
Gas, electricity and non-commodity contracts	1,899,713	1,439,479	119,212	42,089	3,500,493
	\$ 1,904,748	\$ 1,449,381	\$ 125,518	\$ 42,089	\$ 3,521,736

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.

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(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, 2019 amounted to \$70.3 million.

As at March 31, 2019, Just Energy had total letters of credit outstanding in the amount of \$94.0 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 \$104.9 million.

32. SUPPLEMENTAL CASH FLOW INFORMATION

(a) Adjustments required to reflect net cash receipts from gas sales

	2019	2018
Changes in:		
Accrued gas receivable	\$ 2,256	\$ 459
Gas delivered in excess of consumption	(405)	516
Accrued gas payable	676	(276)
Deferred revenue	1,659	(3,575)
	\$ 4,186	\$ (2,876)

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(b) **Net change in working capital**

	As at March 31, 2019	As at March 31, 2018
Accounts receivable and unbilled revenue	\$ (92,923)	\$ (108,900)
Gas in storage	(601)	538
Prepaid expenses and deposits	(88,184)	(15,534)
Provisions	4,309	(3,501)
Trade and other payables	53,261	90,972
	\$ (124,138)	\$ (36,425)

Management's discussion and analysis

– May 15, 2019

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, 2019. This MD&A has been prepared with all information available up to and including May 15, 2019. This MD&A should be read in conjunction with Just Energy's audited consolidated financial statements for the year ended March 31, 2019. The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. 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

Just Energy is a leading consumer company focused on essential needs, including electricity and natural gas commodities; on health and well-being, through products such as water quality and filtration devices; and on utility conservation, bringing energy efficient solutions and renewable energy options to consumers. Currently operating in the United States ("U.S."), Canada and the United Kingdom ("U.K."), Just Energy serves both residential and commercial customers. Just Energy is the parent company of Amigo Energy, EdgePower Inc., Filter Group Inc., Green Star Energy, Hudson Energy, Interactive Energy Group, Just Energy Advanced Solutions, Tara Energy, and TerraPass.



For a more detailed description of Just Energy's business operations, refer to the "Continuing operations overview" section on page 6 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, 2020. 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, 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 on SEDAR at www.sedar.com or by visiting the U.S. Securities and Exchange Commission's website at www.sec.gov.

Key terms

“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 credit facility. In September 2018, US\$45.6 million were tendered. A further US\$82.0 million were repurchased during the fourth quarter of fiscal 2019 resulting in a balance of US\$22.4 million outstanding as at March 31, 2019. See “Debt and financing for continuing operations” on page 26 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 continuing operations” on page 26 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 continuing operations” on page 26 for further details.

“8.75% loan” refers to the US\$250 million non-revolving multi-draw senior unsecured term loan facility entered into on September 12, 2018, which has a maturity date of September 12, 2023. US\$193.0 million was drawn as of March 31, 2019. Net proceeds from the initial draw were used to fund a tender offer for Just Energy’s outstanding 6.5% convertible bonds due July 29, 2019, and for general corporate purposes, including to pay down the Company’s credit facility. See “Debt and financing for continuing operations” on page 26 for further details.

“Active asset” means an asset (product) that has been installed and not cancelled.

“Active MRR” refers to monthly recurring revenue (“MRR”) from active assets (i.e., subscriptions). It represents the expected recurring revenue as at the reporting date.

“Commodity RCE attrition” refers to the percentage of energy customers whose contracts were terminated prior to the end of the term either at the option of the customer or by Just Energy.

“Customer count” is comprised of each individual customer with a distinct address 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.

“Filter Group financing” refers to the outstanding loan balance between Home Trust Company (“HTC”) and Filter Group Inc. which was acquired by the Company on October 1, 2018. The loan bears an annual interest rate of 8.99%. See “Debt and financing for continuing operations” on page 26 for further details.

“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.

“Maintenance capital expenditures” means the necessary capital expenditures required to maintain existing operations at functional levels.

“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, as and if declared by our Board of Directors.

“RCE” means residential customer equivalent, which is a unit of measurement equivalent to a customer using, as regards natural gas, 2,815 m³ (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.

Non-IFRS financial measures

Just Energy's audited consolidated financial statements are prepared in accordance with 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; however, the Company believes that these measures are useful in providing relative operational profitability of the Company's business.

EBITDA

"EBITDA" refers to earnings before finance costs, income taxes, depreciation and amortization. EBITDA 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, discontinued operations and restructuring as well as reflecting an adjustment for share-based compensation, non-controlling interest and amortization of sales commissions with respect to value-added products (see below). This measure reflects operational profitability as the non-cash share-based compensation expense is treated as an equity issuance for the purposes of this calculation, since it will be settled in common shares; the mark to market gains (losses) are associated with supply already sold in the future at fixed prices; and the mark to market gains (losses) of weather derivatives are not yet realized. Restructuring and discontinued operations are one-time, non-recurring events.

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; however, 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 gains (losses) do not impact the long-term financial performance of Just Energy, and has excluded them from the Base EBITDA calculation.

Included in Base EBITDA are gains (losses) from the Company's portfolio of equity investments and acquisitions which are presented in the Company's audited consolidated statements of income (loss). The impact from fair value adjustments of contingent consideration liabilities that are related solely to performance is included in Base EBITDA, while any impact from fair value adjustments of contingent consideration liabilities relating to changes in Just Energy's share price is excluded from Base EBITDA. Management believes that volatility in share price does not impact the financial performance of Just Energy as the contingent consideration is settled in shares.

Just Energy recognizes the incremental acquisition costs of obtaining a customer contract as an asset since these costs would not have been incurred if the contract was not obtained and are recovered through the consideration collected from the contract. Commissions and incentives paid for commodity contracts and value-added product contracts are capitalized and amortized over the term of the contract. Amortization of these costs with respect to commodity contracts is included in the calculation of Base EBITDA (as selling and marketing expenses). Amortization of incremental acquisition costs on value-added product contracts is excluded from the Base EBITDA calculation as value-added products are considered to be a lease asset akin to a fixed asset whereby amortization or depreciation expenses are excluded from Base EBITDA.

FREE CASH FLOW

Free cash flow ("FCF") is the cash flow from operating activities less cash flow from investing activities.

FUNDS FROM OPERATIONS

Funds from Operations ("FFO") refers to the cash flow generated by current operations. FFO is calculated 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 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 maintenance capital expenditures.

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 and product gross margin. The commodity 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 commodity RCE attrition and renewals. The product gross margin is the difference between existing value-added product customer contract prices and the cost of sales on a five-year or ten-year undiscounted basis for such customer contracts, with appropriate assumptions for value-added product 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 consider administrative and other costs necessary to realize this margin.

Strategic initiatives

Just Energy continues its strategic shift from a retail energy provider to a consumer company focused on differentiated value-added products, unparalleled customer satisfaction and profitable customer growth. The Company stabilized its growth platform in fiscal 2019 by establishing a solid base for long-term growth through value-added products, maturing the retail sales channel development and consolidating service functions, thereby simplifying the business and realizing cost savings. Throughout the year, Just Energy realigned its technology and service functions, culminated in the overall restructuring of its businesses, to support the fiscal 2020 strategic initiatives. In addition, Just Energy is taking steps to refine its global footprint and focus on the core profitable markets.

Just Energy will focus on optimization to achieve profitable growth throughout fiscal 2020 by applying customer data analytics to gain a deep understanding of customers’ needs. Additionally, Just Energy will focus on optimizing sales channels and cost-to-serve in North America to increase gross margin. Lastly, Just Energy will drive value-added products and services (“VAPS”) growth through the newly acquired Filter Group to accelerate its strategic shift to a customer centric consumer company.

Discontinued operations

In March 2019, Just Energy formally approved and commenced the process to dispose of its businesses in Germany, Ireland and Japan. The decision was part of a strategic transition to focus on the core business in North America and the U.K. The disposal of the operations is expected to be completed within the next 12 months. As at March 31, 2019, these operations were classified as a disposal group held for sale and as discontinued operations. In the past, these operations were reported under the Consumer segment. Just Energy’s results for the past two fiscal periods reported throughout this MD&A have been adjusted to reflect continuing operation results and figures with respect to these discontinued operations. The tax impact on the discontinued operations is minimal.

For a detailed breakdown of the discontinued operations, reference Note 18 of the consolidated financial statements for the year ended March 31, 2019.

Financial highlights

For the years ended March 31

(thousands of dollars, except where indicated and per share amounts)

	Fiscal 2019	% increase (decrease)	Fiscal 2018	% increase (decrease)	Fiscal 2017
Sales	\$ 3,812,470	5%	\$ 3,623,558	(4)%	\$ 3,756,924
Gross margin	712,215	11%	640,511	(8)%	696,009
Administrative expenses	206,820	10%	187,251	12%	167,283
Selling and marketing expenses	232,030	-	232,228	3%	226,239
Restructuring costs	16,078	-	-	-	-
Finance costs	88,072	57%	55,972	(28)%	78,077
Profit (loss) from continuing operations	(100,491)	NMF ³	524,519	NMF ³	472,225
Loss from discontinued operations	(22,379)	NMF ³	(5,945)	NMF ³	(1,342)
Profit (loss) ¹	(122,870)	NMF ³	518,574	NMF ³	470,883
Profit (loss) per share from continuing operations available to shareholders - basic	(0.73)		3.45		3.03
Profit (loss) per share from continuing operations available to shareholders - diluted	(0.73)		2.65		2.43
Dividends/distributions	88,030	2%	86,307	12%	76,751
Base EBITDA from continuing operations ²	203,998	13%	180,151	(19)%	223,622
Base Funds from continuing operations ²	106,826	10%	96,915	(25)%	129,013
Payout ratio on Base Funds from continuing operations ²	82%		89%		60%
Embedded gross margin ²	2,271,200	20%	1,900,500	8%	1,757,000
Total customers (RCEs)	4,089,000	(2)%	4,163,000	(1)%	4,202,000
Total gross customer (RCE) additions	1,102,000	(6)%	1,171,000	40%	839,000
Total net customer (RCE) additions	(74,000)	(54)%	(48,000)	85%	(318,000)

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.

² See "Non-IFRS financial measures" on page 3.

³ Not a meaningful figure.

For the year ended March 31, 2019, sales increased 5% from \$3.6 billion to \$3.8 billion. In fiscal 2019, gross margin was \$712.2 million, 11% higher than the prior year, and Base EBITDA amounted to \$204.0 million, 13% higher than fiscal 2018. The higher gross margin is largely attributable to the pricing power improvements in North America, additional sales from newly acquired VAPS businesses, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations, which in turn drove Base EBITDA higher. The impact from the improvements in gross margin can be also seen in the increases in Base FFO and embedded gross margin, which grew 10% and 20%, respectively, compared to the prior year.

Throughout the year, an unprecedented level of scrutiny has been applied across all products, contracts, operations, and regions to ensure each part of the business is operating efficiently which culminated in the restructuring announcement in the fourth quarter of fiscal 2019. This decision resulted in the reclassification of previously reported administrative costs of \$6.0 million to restructuring costs. The Company incurred an additional \$10.1 million as restructuring charges in the fourth quarter of fiscal 2019.

Continuing operations overview

CONSUMER SEGMENT

The sale of gas and electricity to customers with annual consumption equivalent to 15 RCEs or less is undertaken by the Consumer segment. Marketing of the energy products of this segment is primarily done through retail, online and door-to-door marketing. Consumer customers make up 41% 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 segment'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 with the Company's energy products. As a conservation solution, smart thermostats are offered as a value-added product with commodity contracts and also sold as a stand-alone unit. These smart thermostats are currently manufactured and distributed by ecobee Inc., a company in which Just Energy holds a 8% fully diluted equity interest. On October 1, 2018, Just Energy added home water filtration systems to its line of consumer product and service offerings through the acquisition of Filter Group. See "Acquisition of Filter Group Inc." on page 27 for further details.

COMMERCIAL SEGMENT

Customers with annual consumption equivalent to over 15 RCEs are served by the Commercial segment. These sales are made through three main channels: brokers, door-to-door commercial independent contractors, and inside commercial sales representatives. Commercial customers make up 59% of Just Energy's RCE base. Products offered to Commercial customers range from standard fixed-price offerings to "one off" offerings, tailored to meet the customer's specific needs. These products can be fixed or floating rate or a blend of the two, and normally have a term of less than five years. Gross margin per RCE for this segment is lower than it is for the Consumer segment, but customer aggregation costs and ongoing customer care costs per RCE are lower as well. Commercial customers also have significantly lower attrition rates than Consumer customers.

In addition, the Commercial segment also provides value-added products and services which include LED lighting, smart building controls, monitoring and alerts, bill audits, smart thermostats, tariff analysis, energy insights and energy procurement.

ABOUT THE ENERGY MARKETS

Just Energy offers products and services to address customers' essential needs, including electricity and natural gas commodities; health and well-being products such as water quality and filtration devices; and utility conservation products which bring energy efficient solutions and renewable energy options to customers.

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. 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 increase or decrease depending upon market conditions at the time of balancing.

<i>Territory</i>	<i>Gas delivery method</i>
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 and the U.K.	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. and the U.K. 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 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 expected normal customer consumption. Similar to gas, Just Energy mitigates exposure to weather variations through active management of the power portfolio and 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. JustGreen's electricity product offers customers the option of having all or a portion of the volume of their electricity usage sourced from renewable green sources such as wind, solar, hydropower or biomass, via power purchase agreements and renewable energy certificates. 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, 44% purchased JustGreen for some or all of their energy needs. On average, these customers elected to purchase 79% of their consumption as green supply. For comparison, as reported for the year ended March 31, 2018, 34% of Consumer customers who contracted with Just Energy chose to include JustGreen for an average of 71% of their consumption. As of March 31, 2019, JustGreen makes up 7% of the Consumer gas portfolio, compared to 10% a year ago. JustGreen makes up 14% of the Consumer electricity portfolio, compared to 12% a year ago.

Value-added products and services

In addition to JustGreen, Just Energy also provides energy management as well as health and wellness solutions in the form of VAPS. 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. These 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 and energy conserving products. Just Energy has strategic partnerships to facilitate the purchase and support of smart thermostats and home warranty products. Customers may also redeem points earned through Just Energy's Perks loyalty program for a wide variety of free or discounted energy saving products.

Through the Filter Group business acquired by Just Energy on October 1, 2018, Just Energy now provides subscription-based home water filtration systems to residential customers in Canada and the United States, including under-counter and whole-home water filtration solutions.

The VAPS business is still in its infancy stage; the core business is still the commodity operations.

EBITDA from Continuing Operations

*For the years ended March 31
(thousands of dollars)*

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Reconciliation to consolidated financial statements			
Profit (loss) for the year	\$ (122,870)	\$ 518,574	\$ 470,883
Add:			
Finance costs	88,072	55,972	78,077
Provision for income taxes	2,829	20,671	43,231
Amortization	30,868	23,930	25,494
EBITDA	\$ (1,101)	\$ 619,147	\$ 617,685
Add (subtract):			
Change in fair value of derivative instruments and other	153,226	(474,356)	(374,791)
Change in fair value of investments	-	20,591	-
Contingent consideration revaluation	7,447	-	-
Restructuring costs	16,078	-	-
Share-based compensation	6,182	18,353	6,076
Discontinued operations	21,974	5,714	(877)
Loss (Profit) attributable to non-controlling interest	192	(9,298)	(24,471)
Base EBITDA from continuing operations	\$ 203,998	\$ 180,151	\$ 223,622

Gross margin per consolidated financial statements	\$	712,215	\$	640,511	\$	696,009
Add (subtract):						
Administrative expenses		(206,820)		(187,250)		(167,283)
Selling and marketing expenses		(232,030)		(232,228)		(226,239)
Bad debt expense		(81,037)		(56,331)		(56,041)
Amortization included in cost of sales		2,666		3,116		2,974
Other income (expenses)		8,812		1,040		(1,327)
Change in fair value of investments		-		20,591		-
Loss (Profit) attributable to non-controlling interest		192		(9,298)		(24,471)
Base EBITDA from continuing operations	\$	203,998	\$	180,151	\$	223,622

Base EBITDA amounted to \$204.0 million for the year ended March 31, 2019, an increase of 13% from \$180.2 million in the prior year. The higher Base EBITDA is largely attributable to the increase in gross margin, partially offset by increased bad debt expenses and administrative expenses.

The Company's continuing operational performance has been adjusted to exclude the loss from the discontinued operations totalling \$22.4 million, including the impairment loss resulting from the write down assets in the discontinued operations in fiscal 2019. The comparative periods have also been adjusted for the results of this disposal group. Base EBITDA also excludes non-recurring restructuring costs which include a reclassification of previously reported administrative expenses of \$6.0 million to restructuring costs and \$10.1 million incurred in the last quarter of fiscal 2019.

Gross margin was up 11% due to the pricing power improvements in North America, additional sales from newly acquired VAPS businesses, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations. The impact from the improvements in gross margin can be also seen in the increases in Base FFO and embedded gross margin, which grew 10% and 20%, respectively, compared to the prior year.

Administrative expenses increased by 10% from \$187.3 million to \$206.8 million. The increase over the prior year was attributable to the additional administrative expenses resulting from the stabilization program to achieve operational effectiveness and from the acquisition of Filter Group together with foreign exchange fluctuations from the U.S. and U.K. operations.

Selling and marketing expenses for the year ended March 31, 2019 were \$232.0 million, consistent with the prior year, largely due to the capitalization of the incremental customer acquisition costs under IFRS 15 and mass-market restructuring actions that reduced costs, offset by unfavourable foreign exchange fluctuations from the U.S. and U.K. operations.

Bad debt expense was \$81.0 million for the year ended March 31, 2019, an increase of 44% from \$56.3 million recorded for the prior year. For the year ended March 31, 2019, the bad debt expense represents approximately 2.3% of revenue in the jurisdictions where the Company bears the credit risk, up from 1.9% of revenue reported for the year ended March 31, 2018. Management's target range is 2% to 3%.

For more information on the changes in the results from operations, refer to "Gross margin" on page 21 and "Administrative expenses", "Selling and marketing expenses", "Bad debt expense" and "Finance costs", which are further explained on pages 22 through 23.

For comparative purposes, the table on the previous page includes the results for the years ended March 31, 2018 and 2017. For the year ended March 31, 2018, gross margin was \$640.5 million, a decrease of 8% from \$696.0 million reported in fiscal 2017, 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 2017. In fiscal 2018, administrative, selling and marketing, and bad debt expenses amounted to \$187.3 million, \$232.2 million and \$56.3 million respectively, an increase of 12%, 3% and 1%, respectively. For fiscal 2018, Base EBITDA amounted to \$180.2 million, a decrease of 19% from \$223.6 million in fiscal 2017, reflecting a number of one-time weather related events that occurred in fiscal 2018, 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 2018 in North America.

EMBEDDED GROSS MARGIN

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

(millions of dollars)

	Fiscal 2019	Fiscal 2018	2019 vs. 2018 variance	Fiscal 2017	2018 vs. 2017 variance
Commodity embedded gross margin	\$ 2,230.4	\$ 1,900.5	17%	\$ 1,757.0	8%
VAPS embedded gross margin	40.8	-	-	-	-
Total embedded gross margin	\$ 2,271.2	\$ 1,900.5	20%	\$ 1,757.0	8%

Management's estimate of the future embedded gross margin within its customer contracts amounted to \$2,271.2 million as of March 31, 2019, an increase of 20% compared to the embedded gross margin as of March 31, 2018, primarily due to the improved pricing power in North America. The embedded gross margin remains stable at record highs compared to the embedded gross margin reported in the previous fiscal years.

Embedded gross margin includes \$40.8 million from Filter Group, which was acquired by Just Energy on October 1, 2018, on a five-year undiscounted basis. On a ten-year undiscounted basis, the embedded gross margin for Filter Group is \$73.1 million.

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 intended 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.

Just Energy's results for the past two fiscal periods reported throughout the MD&A have been adjusted to reflect continuing operation results and figures.

Funds from Continuing Operations

For the years ended March 31
(thousands of dollars)

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Cash inflow from continuing operations	\$ (44,455)	\$ 62,022	\$ 150,451
Add (subtract):			
Changes in working capital	124,138	36,194	22,756
Change in fair value of Filter Group contingent consideration	7,447	-	-
Loss (profit) attributable to non-controlling interest	192	(9,298)	(24,471)
Discontinued operations	22,375	5,944	1,254
Tax adjustment	6,117	18,763	(7,283)
Funds from continuing operations	\$ 115,814	\$ 113,625	\$ 142,707
Less: Maintenance capital expenditures	(8,988)	(16,710)	(13,695)
Base Funds from continuing operations	\$ 106,826	\$ 96,915	\$ 129,012
Gross margin per consolidated financial statements	\$ 712,215	\$ 640,511	\$ 696,009
Add (subtract):			
Administrative expenses	(206,820)	(187,250)	(167,283)
Selling and marketing expenses	(232,030)	(232,228)	(226,239)
Bad debt expense	(81,037)	(56,331)	(56,041)
Current income tax recovery	(6,333)	(2,556)	(27,123)
Adjustment required to reflect net cash receipts from gas sales	4,186	(2,876)	(681)
Amortization included in cost of sales	2,666	3,116	2,974
Restructuring costs	(16,078)	-	-
Other income	8,812	1,040	804
Financing charges, non-cash	18,223	14,547	23,198
Finance costs	(88,072)	(55,972)	(78,077)
Other non-cash adjustments	82	(8,376)	(24,834)
Funds from continuing operations	\$ 115,814	\$ 113,625	\$ 142,707
Less: Maintenance capital expenditures	(8,988)	(16,710)	(13,695)
Base Funds from continuing operations	\$ 106,826	\$ 96,915	\$ 129,012
Base Funds from continuing operations payout ratio	82%	89%	59%
Dividends/distributions			
Dividends on common shares	\$ 74,557	\$ 73,624	\$ 73,717
Dividends on preferred shares	12,189	11,380	1,657
Distributions for share-based awards	1,284	1,303	1,377
Total dividends/distributions	\$ 88,030	\$ 86,307	\$ 76,751

Base Funds from Continuing Operations for the year ended March 31, 2019 was \$106.8 million, an increase of 10% compared with Base FFO of \$96.9 million for the prior year. The improvement in Base FFO is largely attributable to the significant improvement in Base EBITDA and lowered maintenance capital expenditures spending, offset by higher bad debt expenses from the implementation of IFRS 9 and higher finance costs. Finance costs of \$28.8 million increased by 59% in fiscal 2019 compared to the prior year as a result of higher collateral and working capital management related costs, supplier credit term extensions, interest expense from higher debts and higher interest rates, as well as an increase in non-cash accretion costs.

Dividends and distributions for the year ended March 31, 2019 were \$88.0 million, a slight increase of 2% from fiscal 2018. The payout ratio on Base Funds from Continuing Operations was 82% for the year ended March 31, 2019, an improvement from 89% reported in fiscal 2018, primarily resulting from the higher 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 2019	Fiscal 2018	Fiscal 2017
Sales	\$ 3,812,470	\$ 3,623,558	\$ 3,756,924
Gross margin	712,215	640,511	696,009
Profit (loss) from continuing operations	(100,491)	524,519	472,225
Profit (loss) from continuing operations per share - basic	(0.73)	3.45	3.03
Profit (loss) from continuing operations per share - diluted	(0.73)	2.65	2.43

Balance sheet data

As at March 31

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Total assets	\$ 1,746,068	\$ 1,601,393	\$ 1,225,318
Long-term liabilities	817,064	538,191	679,645

2019 COMPARED WITH 2018

For the year ended March 31, 2019, sales increased by 5% to \$3.8 billion in fiscal 2019, compared with \$3.6 billion in the prior fiscal year.

Gross margin increased by 11% to \$712.2 million from \$640.5 million reported in fiscal 2018. The increases in sales and gross margin are primarily due to the pricing power improvements in North America, additional sales from newly acquired VAPS businesses, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations.

The loss for fiscal 2019 amounted to \$100.5 million, compared to a profit of \$524.5 million in fiscal 2018, primarily due to the change in fair value of the derivative instruments which resulted in a loss of \$153.2 million, as compared to a gain of \$474.4 million in fiscal 2018. 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). Additionally, the loss from operations is a result of higher administrative expenses to support the Company's growth and international operations, restructuring costs of \$16.1 million to transform the Company and increased bad debt expenses. Just Energy views Base EBITDA and FFO as more relevant measures of operating performance.

Total assets increased by 9% to \$1,746.1 million in fiscal 2019 due to increases in accounts receivable, capitalization of customer acquisition costs and acquisition of intangible assets, partially offset by the reduction of cash and the derivative financial assets. Total long-term liabilities as of March 31, 2019 were \$817.1 million, representing a 52% increase from fiscal 2018. The increase in total long-term liabilities is primarily due to the additional withdrawals on the credit facility, the signing of the new 8.75% loan, and the acquisition of Filter Group which added the Filter Group financing, partially offset by the partial redemption of the 6.5% convertible debentures.

2018 COMPARED WITH 2017

Sales decreased by 4% 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 \$640.5 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 the fiscal 2018. Gross margin for the Consumer segment decreased to \$487.2 million, down 5%, while gross margin for the Commercial segment decreased by 16% to \$153.3 million.

The profit for fiscal 2018 amounted to \$524.5 million, compared to \$472.2 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 the better measures of operating performance.

Total assets increased by 33% to \$1,634.2 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 liabilities and the repayment of the 5.75% convertible debentures, partially offset by the issuance of the 6.75% \$100M convertible debentures in fiscal 2018.

Summary of quarterly results for continuing operations

(thousands of dollars, except per share amounts)

	Q4		Q3		Q2		Q1	
	Fiscal 2019		Fiscal 2019		Fiscal 2019		Fiscal 2019	
Sales	\$	1,024,200	\$	960,657	\$	953,482	\$	874,131
Gross margin		198,172		187,992		172,851		153,201
Administrative expenses		48,418		50,927		55,276		52,199
Selling and marketing expenses		69,405		56,610		56,185		49,830
Restructuring costs		10,096		2,746		1,319		1,917
Finance costs		(28,847)		(22,762)		(20,123)		(16,340)
Profit (loss) for the period from continuing operations		(71,413)		29,672		(19,415)		(39,335)
Loss for the period from discontinued operations		(15,608)		(2,648)		(2,035)		(2,088)
Profit (loss) for the period		(87,021)		27,024		(21,450)		(41,423)
Profit (loss) for the period from continuing operations per share – basic		(0.49)		0.19		(0.15)		(0.28)
Profit (loss) for the period from continuing operations per share – diluted		(0.49)		0.18		(0.15)		(0.28)
Dividends/distributions paid		22,004		21,434		22,330		22,261
Base EBITDA from continuing operations		68,774		63,534		40,531		31,159
Base Funds from continuing operations		23,945		34,632		28,173		20,075
Payout ratio on Base Funds from continuing operations		92%		62%		79%		111%

	Q4		Q3		Q2		Q1	
	Fiscal 2018		Fiscal 2018		Fiscal 2018		Fiscal 2018	
Sales	\$	1,012,855	\$	911,522	\$	851,767	\$	847,415
Gross margin		169,132		171,229		142,667		157,484
Administrative expenses		47,183		47,361		45,330		47,377
Selling and marketing expenses		60,563		55,355		58,421		57,889
Finance costs		18,195		13,266		12,521		11,990
Profit (loss) for the period from continuing operations		267,679		209,330		(63,260)		110,772
Loss for the period from discontinued operations		(1,906)		(915)		(1,663)		(1,463)
Profit (loss) for the period		265,773		208,415		(64,923)		109,309
Profit (loss) for the period from continuing operations per share – basic		1.81		1.41		(0.47)		0.70
Profit (loss) for the period from continuing operations per share – diluted		1.41		1.12		(0.47)		0.53
Dividends/distributions paid		21,555		21,501		21,468		21,783
Base EBITDA from continuing operations		70,680		53,357		22,184		33,930
Base Funds from continuing operations		27,145		38,453		9,345		21,971
Payout ratio on Base Funds from continuing operations		79%		56%		230%		99%

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 commodity 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 2019	% increase (decrease)	Fiscal 2018
Sales	\$ 1,024,200	1%	\$ 1,012,855
Gross margin	198,172	17%	169,132
Administrative expenses	48,418	3%	47,183
Selling and marketing expenses	69,405	15%	60,563
Restructuring costs	10,096		-
Finance costs	28,847	59%	18,195
Profit (loss) from continuing operations	(71,413)	NMF ³	267,679
Loss from discontinued operations	(15,608)	NMF ³	(1,906)
Profit (loss) ¹	(87,021)	NMF ³	265,773
Profit (loss) per share from continuing operations available to shareholders - basic	(0.49)		1.81
Profit (loss) per share from continuing operations available to shareholders - diluted	(0.49)		1.41
Dividends/distributions	22,004	2%	21,555
Base EBITDA from continuing operations ²	68,774	(3)%	70,680
Base Funds from continuing operations ²	23,945	(12)%	27,145
Payout ratio on Base Funds from continuing operations ²	92%		79%
Total gross customer (RCE) additions	245,000	(21)%	312,000
Total net customer (RCE) additions ²	(44,000)	NMF ³	49,000

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.

² See "Non-IFRS financial measures" on page 3.

³ Not a meaningful figure.

For the three months ended March 31, 2019, gross margin was \$198.2 million, 17% higher than the prior comparable quarter, and Base EBITDA amounted to \$68.8 million, a decrease of 3% compared to fiscal 2018. The increase in gross margin is primarily due to the pricing power improvements in North America, additional sales from newly acquired VAPS businesses, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations.

The decline was substantially to the gain of \$20.6 million on the Company's ecobee investment in the fourth quarter of fiscal 2018, partially offset by increase in gross margin.

Fourth quarter gross margin per RCE

	Q4 Fiscal 2019	Number of RCEs	Q4 Fiscal 2018	Number of RCEs
Consumer customers added and renewed	\$ 386	215,000	\$ 216	242,000
Consumer customers lost	313	168,000	200	117,000
Commercial customers added and renewed	71	165,000	87	220,000
Commercial customers lost	89	70,000	81	128,000

For the three months ended March 31, 2019, the average gross margin per RCE for the customers added and renewed by the Consumer segment was \$386/RCE, compared with \$216/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, 2019 was \$313/RCE, compared with \$200/RCE in the fourth quarter of fiscal 2018.

For the Commercial segment, the average gross margin per RCE for the customers signed during the quarter ended March 31, 2019 was \$71/RCE, compared to \$87/RCE in the prior comparable quarter. Customers lost through attrition and failure to renew during the three months ended March 31, 2019 were at an average gross margin of \$89/RCE, an increase from \$81/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 1% to \$1,024.2 million for the three months ended March 31, 2019 from \$1,012.9 million recorded in the fourth quarter of fiscal 2018. The gross margin was \$198.2 million, an increase of 17% from the prior comparable quarter, primarily due to improved pricing power in North America, enabled by the Company's unique customer value enhancing product offerings coupled with loyalty rewards offered through a multi-channel approach, and margin expansion from the suite of value-added products and services, partially offset by risk management costs.

Administrative expenses for the three months ended March 31, 2019 increased 3% attributable to the additional operational administrative expenses from the acquisition of Filter Group, and unfavourable foreign exchange fluctuations from the U.S. and U.K. operations. Selling and marketing expenses for the three months ended March 31, 2019 increased by 15% to \$69.4 million as a result of the increased commission costs to acquire new customers in certain channels, increased customer additions in Texas and growth in the residual perks points commission, offset by capitalization of certain upfront incremental customer acquisition costs under IFRS 15 and cost savings from restructuring of the marketing function.

Finance costs for the three months ended March 31, 2019 amounted to \$28.8 million, an increase of 59% from \$18.2 million reported for the three months ended March 31, 2018, primarily driven by higher collateral and working capital management related costs, supplier credit term extensions, interest expense from higher debts and higher interest rates as well as an increase in non-cash accretion costs.

The change in fair value of derivative instruments and other resulted in a loss of \$91.2 million for the three months ended March 31, 2019, compared to a gain of \$250.9 million in the prior comparable quarter, as market prices relative to Just Energy's future electricity supply contracts decreased by an average of \$2.63/MWh, offset by the increase in future gas contracts by an average of \$0.02/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; however, there is a requirement to mark to market the future supply contracts.

An unprecedented level of scrutiny has been applied across all products, contracts, operations, and regions to ensure each part of the business is operating efficiently throughout the year which culminated in the restructuring announcement in the fourth quarter of fiscal 2019. This decision resulted in \$10.1 million of restructuring costs recognized during the fourth quarter, of which \$6.6 million was accrued as at March 31, 2019.

The loss for the three months ended March 31, 2019 was \$87.0 million, representing a loss per share of \$0.49 on a basic and diluted basis, respectively. For the prior comparable quarter, the profit was \$265.8 million, representing earnings per share of \$1.82 and \$1.42 on a basic and diluted basis, respectively.

Base EBITDA was \$68.8 million, a decrease of 3% as compared to the prior comparable quarter due to an increase in selling and marketing expenses to support the growth in sales, partially offsetting the increase in gross margin. The Base EBITDA excludes restructuring costs recorded in the fourth quarter.

Base FFO was \$23.9 million for the fourth quarter of fiscal 2019, down 12% compared to \$27.1 million in the prior comparable quarter as a result of the lower Base EBITDA, partially offset by lower maintenance capital expenditures.

Dividends and distributions paid were \$22.0 million, consistent with the prior comparable quarter. The payout ratio on Base FFO for the quarter ended March 31, 2019 was 92%, compared with 79% in the prior comparable quarter. The payout ratio for the fiscal year ended March 31, 2019 was 82%, compared with 89% for the fiscal year ended March 31, 2018.

Just Energy's results for the past fiscal period have been adjusted to reflect continuing operation results and figures.

Segmented Base EBITDA¹

For the years ended March 31
(thousands of dollars)

	Fiscal 2019			
	Consumer	Commercial	Corporate and shared services	Consolidated
Sales	\$ 2,395,624	\$ 1,416,846	\$ -	\$ 3,812,470
Cost of sales	(1,859,913)	(1,240,342)	-	(3,100,255)
Gross margin	535,711	176,504	-	712,215
Add (subtract):				
Administrative expenses	(76,709)	(40,693)	(89,418)	(206,820)
Selling and marketing expenses	(158,770)	(73,260)	-	(232,030)
Bad debt expense	(72,470)	(8,567)	-	(81,037)
Amortization included in cost of sales	2,666	-	-	2,666
Other income, net	8,703	109	-	8,812
Loss attributable to non-controlling interest	192	-	-	192
Base EBITDA from continuing operations	\$ 239,323	\$ 54,093	\$ (89,418)	\$ 203,998

	Consumer	Commercial	Corporate and shared services	Consolidated
Sales	\$ 2,232,081	\$ 1,391,477	\$ -	\$ 3,623,558
Cost of sales	(1,744,906)	(1,238,141)	-	(2,983,047)
Gross margin	487,175	153,336	-	640,511
Add (subtract):				
Administrative expenses	(64,282)	(29,153)	(93,815)	(187,250)
Selling and marketing expenses	(161,246)	(70,982)	-	(232,228)
Bad debt expense	(53,759)	(2,572)	-	(56,331)
Amortization included in cost of sales	3,116	-	-	3,116
Other income, net	21,524	107	-	21,631
Profit attributable to non-controlling interest	(9,298)	-	-	(9,298)
Base EBITDA from continuing operations	\$ 223,230	\$ 50,736	\$ (93,815)	\$ 180,151

¹ The segment definitions are provided on page 6.

Consumer Energy contributed \$239.3 million to Base EBITDA for the year ended March 31, 2019, an increase of 7% from \$223.2 million in fiscal 2018. Consumer gross margin increased 10% due to the 22% increase in gross margin per RCE resulting from the pricing power improvements in North America, additional sales from newly acquired VAPS businesses, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations. Consumer administrative costs increased by 19%, attributable to the additional operational administrative expenses from the acquisition of Filter Group, and unfavourable foreign exchange fluctuations from the U.S. and U.K. operations. Consumer selling and marketing expenses were down by 2% due to the capitalization of upfront commission expense with the adoption of IFRS 15 and the reduction in non-commission selling expenses resulting from the consolidation of regional sales offices and diversification of sales channels.

Commercial Energy contributed \$54.1 million to Base EBITDA, an increase of 7% from the year ended March 31, 2018, when the segment contributed \$50.7 million. The increase in gross margin was due to the 20% increase in gross margin per RCE for Commercial customers, resulting from the pricing power improvements in North America, ramp up on sales from the Commercial VAPS businesses acquire in the latter half of fiscal 2018, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations. The increase in Commercial administrative costs reflects the unfavourable foreign exchange fluctuations from the U.S. and U.K. operations.

Customer aggregation

CUSTOMER SUMMARY

	As at March 31, 2019	As at March 31, 2018	% increase (decrease)
Commodity	1,399,000	1,556,000	(10)%
VAPS	70,000	24,000	192%
Commodity and VAPS bundle	140,000	78,000	79%
Total customer count	1,609,000	1,658,000	(3)%

As at March 31, 2019, the total customer count declined 3% to 1,609,000 compared to the prior period. The decline in commodity customers is a result of the Company's focus on renewing and signing higher quality and long lasting customers. The customer count captures customers with a distinct service address. These customers can have multiple products contracted with Just Energy, multiple active assets installed by Just Energy. The total VAPS customer count also includes 27,000 distinct customers from Filter Group's water filter subscriptions, with 33,000 active assets. Just Energy's customer base also includes 74,000 smart thermostat customers. The significant growth in VAPS customers shows the positive reception to the Company's strategic shift from a retail energy provider to a consumer company focused on differentiated value-added products.

COMMODITY RCE SUMMARY

	Apr. 1, 2018	Additions	Attrition	Failed to renew	Mar. 31, 2019	% increase (decrease)
Consumer						
Gas	640,000	139,000	(111,000)	(98,000)	570,000	(11)%
Electricity	1,196,000	360,000	(313,000)	(129,000)	1,114,000	(7)%
Total Consumer RCEs	1,836,000	499,000	(424,000)	(227,000)	1,684,000	(8)%
Commercial						
Gas	384,000	140,000	(37,000)	(27,000)	460,000	20%
Electricity	1,943,000	463,000	(154,000)	(307,000)	1,945,000	-
Total Commercial RCEs	2,327,000	603,000	(191,000)	(334,000)	2,405,000	3%
Total RCEs	4,163,000	1,102,000	(615,000)	(561,000)	4,089,000	(2)%

Just Energy's total RCE base is currently at 4.1 million. Gross RCE additions for the year ended March 31, 2019 were 1,102,000, compared to 1,171,000 for the prior year, reflecting the transition from a purely RCE driven focus to a greater focus on attracting and retaining strong-fit customers that will drive greater profitability. Net additions were negative 74,000 for the year ended March 31, 2019, compared with a negative 48,000 net RCE additions in fiscal 2018.

Consumer RCE additions amounted to 499,000 for the year ended March 31, 2019, a 14% decrease from 578,000 gross RCE additions recorded in fiscal 2018, primarily driven by significant customer acquisitions in the U.K. from switching sites in the prior year, which was not repeated in fiscal 2019. As of March 31, 2019, the U.S., Canadian and U.K. segments accounted for 68%, 17% and 15% of the Consumer RCE base, respectively.

Commercial RCE additions were 603,000 for the year ended March 31, 2019, a 2% increase over fiscal 2018 due to improved selling efforts in the Midwest and Eastern U.S., offset by lower adds from large Commercial and Industrial customers and Interactive Energy Group RCEs. The Commercial failed to renew RCEs for the year ended March 31, 2019 improved by 37%, decreasing from 534,000 RCEs to 334,000 RCEs with the launch of the Company's enhanced product offering, which resulted in improved renewal rates. As of March 31, 2019, the U.S., Canadian and U.K. segments accounted for 69%, 24% and 7% of the Commercial RCE base, respectively.

For the year ended March 31, 2019, 44% of the total Consumer and Commercial RCE additions were generated through commercial brokers, 35% from online and other sales channels, 11% from retail channels and 10% from door-to-door sales. In fiscal 2018, 47% of RCE additions were generated from retail, online and other sales channels, 39% from commercial brokers, and 14% from door-to-door sales.

Overall, as of March 31, 2019, the U.S., Canadian and U.K. operations accounted for 69%, 21% and 10% of the RCE base, respectively. At March 31, 2018, the U.S., Canadian and U.K. operations represented 67%, 22% and 11% of the RCE base, respectively.

COMMODITY RCE ATTRITION

	Fiscal 2019	Fiscal 2018
Consumer	19%	20%
Commercial	6%	4%
Total attrition	13%	12%

The combined attrition rate for Just Energy was 13% for the year ended March 31, 2019, an increase of one percentage point from the 12% reported for prior year. The Consumer attrition rate decreased one percentage point to 19% from a year ago while the Commercial attrition rate increased two percentage points to 6%. The decrease in the Consumer attrition rate is a result of Just Energy's focus on margin optimization while working to become the customers' "trusted advisor" and providing a variety of energy management solutions to its customer base to drive customer loyalty. The increase in the Commercial attrition 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.

COMMODITY RCE RENEWALS

	Fiscal 2019	Fiscal 2018
Consumer	70%	70%
Commercial	51%	45%
Total renewals	59%	55%

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 to renew customers begin up to 15 months in advance. Overall, the renewal rate was 59% for the year ended March 31, 2019, an increase of four percentage points from 55% as at March 31, 2018. The Consumer renewal rate remained at 70%, and the Commercial renewal rate increased by 6 percentage points to 51% as compared to the prior year. The increase in the overall renewal rate is evidence that the Company's loyalty building tactics are taking effect and improving customer retention.

ENERGY CONTRACT RENEWALS

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

	Consumer		Commercial	
	Gas	Electricity	Gas	Electricity
2020	31%	24%	26%	33%
2021	21%	34%	21%	22%
2022	22%	22%	22%	20%
Beyond 2022	26%	20%	31%	25%
Total	100%	100%	100%	100%

Note: All month-to-month customers, who represent 704,000 RCEs, are excluded from the table above.

Gross margin

For the years ended March 31
(thousands of dollars)

	Fiscal 2019			Fiscal 2018		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Gas	\$ 168,092	\$ 27,061	\$ 195,153	\$ 160,168	\$ 17,729	\$ 177,897
Electricity	359,746	144,242	503,988	327,423	134,639	462,062
VAPS	7,873	5,201	13,074	-	968	968
	\$ 535,711	\$ 176,504	\$ 712,215	\$ 487,591	\$ 153,336	\$ 640,927
Increase	10%	15%	11%			

CONSUMER ENERGY

Gross margin for the year ended March 31, 2019 for the Consumer segment was \$535.7 million, an increase of 10% from \$487.6 million recorded in fiscal 2018. Gas and electricity gross margins increased by 5% and 10%, respectively, primarily as a result of the pricing power improvements in North America, additional sales from newly acquired VAPS businesses, normalized weather compared to the extreme negative one-time weather events in the prior fiscal year, growth in the U.K. operations and favourable foreign exchange fluctuations.

Average realized gross margin for the Consumer segment for the year ended March 31, 2019 was \$252/RCE, representing a 7% increase from \$236/RCE reported in the prior year. This increase is primarily attributable to the margin improvement initiatives, partially offset by significantly higher bad debt expense in fiscal 2019. 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 segment was \$168.1 million for the year ended March 31, 2019, an increase of 5% from \$160.2 million recorded in the prior year. This change is primarily a result of the Company's margin optimization efforts, which focus on ensuring customers added meet profitability targets.

Electricity

Gross margin from electricity customers in the Consumer segment was \$359.7 million for the year ended March 31, 2019, an increase of 10% from \$327.4 million recorded in fiscal 2018. The increase in gross margin was primarily due to lower gross margin in fiscal 2018, impacted by 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 a normal monthly average.

COMMERCIAL ENERGY

Gross margin for the Commercial segment was \$176.5 million for the year ended March 31, 2019, an increase of 15% from \$153.3 million recorded in the prior year.

Average realized gross margin for the year ended March 31, 2019 was \$100/RCE, an increase of 20% from \$83/RCE a year ago as a result of the margin improvement initiatives, partially offset by the increase in bad debt expense. The gross margin per RCE value includes an appropriate allowance for bad debt expense in markets where Just Energy has customer credit risk.

Gas

Gas gross margin for the Commercial segment was \$27.1 million, an increase of 53% from \$17.7 million recorded in fiscal 2018 due to the 20% increase in RCEs resulting from the pricing power improvements in North America, growth in the U.K. operations and favourable foreign exchange fluctuations, as compared to last fiscal year.

Electricity

Electricity gross margin for the Commercial segment was \$144.2 million, an increase of 7% from \$134.6 million recorded in the prior year. The increase in gross margin was due to the pricing power improvements in North America, ramp up on sales from the Commercial VAPS businesses acquired in the latter half of fiscal 2018, normalized weather compared to the extreme negative one-time customer disruptions caused by Hurricane Harvey and higher supply costs due to the January deep freeze in Texas in the prior 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) earned on new additions and renewals, including both brown commodities and JustGreen supply. The gross margin/RCE value includes an appropriate allowance for bad debt expense in applicable markets.

Annual gross margin per RCE

	Fiscal 2019	Number of RCEs	Fiscal 2018	Number of RCEs
Consumer customers added or renewed	\$ 300	880,000	\$ 206	995,000
Consumer customers lost	268	605,000	198	544,000
Commercial customers added or renewed ¹	76	742,000	80	891,000
Commercial customers lost	77	386,000	78	656,000

¹Annual gross margin per RCE excludes margins from Interactive Energy Group and large Commercial and Industrial customers.

For the year ended March 31, 2019, the average gross margin per RCE for the customers added or renewed by the Consumer segment was \$300/RCE, an increase of 46% from \$206/RCE in the prior comparable period. The average gross margin per RCE for the Consumer customers lost during the year ended March 31, 2019 was \$268/RCE, an increase from \$198/RCE for customers lost in the prior comparable period. The increase in gross margin is attributed to the improved pricing power and continued risk management of the weather derivative costs.

For the Commercial segment, the average gross margin per RCE for the customers signed during the year ended March 31, 2019 was \$76/RCE, a decrease of 5% from \$80/RCE in the prior comparable period. Customers lost through attrition and failure to renew during the year ended March 31, 2019 were at an average gross margin of \$77/RCE, a decrease from \$78/RCE reported in the prior comparable period. Management continues to focus on margin optimization by focusing on small and medium-sized customers and retaining our larger margin customers.

Just Energy's results for the past fiscal periods reported below have been adjusted to reflect continuing operation results and figures.

Overall consolidated results from continuing operations

ADMINISTRATIVE EXPENSES

For the years ended March 31
(thousands of dollars)

	Fiscal 2019	Fiscal 2018	% increase (decrease)
Consumer Energy	\$ 76,709	\$ 64,282	19%
Commercial Energy	40,693	29,153	40%
Corporate and shared services costs	89,418	93,815	(5)%
Total administrative expenses	\$ 206,820	\$ 187,250	10%

Administrative expenses increased by 10% from \$187.3 million to \$206.8 million in the year ended March 31, 2019 as compared to the prior year. The Consumer segment's administrative expenses were \$76.7 million for the year ended March 31, 2019, an increase of 19% from \$64.3 million recorded in fiscal 2018. The Commercial segment's administrative expenses were \$40.7 million for fiscal 2019, an increase from fiscal 2018 of 40%. The overall increase over the prior comparable year was attributable to the additional administrative expenses resulting from the stabilization program to achieve operational effectiveness and from the acquisition of Filter Group together with foreign exchange fluctuations from the U.S. and U.K. operations.

Just Energy's results for the past fiscal periods reported below have been adjusted to reflect continuing operation results and figures.

SELLING AND MARKETING EXPENSES

For the years ended March 31
(thousands of dollars)

	Fiscal 2019	Fiscal 2018	% increase (decrease)
Consumer Energy	\$ 158,770	\$ 161,246	(2)%
Commercial Energy	73,260	70,982	3%
Total selling and marketing expenses	\$ 232,030	\$ 232,228	-

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 \$232.0 million, consistent with the prior year.

The selling and marketing expenses for the Consumer segment were \$158.8 million for the year ended March 31, 2019, a 2% decrease from \$161.2 million recorded in fiscal 2018 due to the capitalization of the upfront commission expense with the adoption of IFRS 15.

The selling and marketing expenses for the Commercial segment increased 3% to \$73.3 million from the prior year resulting from increased commission costs to acquire new customers, offset by capitalization of certain upfront incremental customer acquisition costs in accordance with IFRS 15 and reduction of non-commission selling expense.

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 2019		Fiscal 2018
Consumer	\$	242/RCE	\$ 199/RCE
Commercial	\$	51/RCE	\$ 41/RCE

The average aggregation cost for the Consumer segment was \$242/RCE for the year ended March 31, 2019, an increase of 22% from the \$199/RCE reported in the fiscal 2018, primarily related to the weakening of the U.S. dollar.

The \$51/RCE average aggregation cost for Commercial segment 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 \$51/RCE per year for each additional year that the customer flows. Assuming an average life of 2.8 years, this would add approximately \$92 (1.8 x \$51) to the year's average aggregation cost reported above. As at March 31, 2018, the average aggregation cost for commercial brokers was \$41/RCE.

BAD DEBT EXPENSE

In Alberta, Texas, Illinois, California, Delaware, Ohio, Georgia and the U.K., Just Energy assumes the credit risk associated with the collection of customer accounts. 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.

Bad debt expense is included in the audited consolidated statement of income under other operating expenses. Bad debt expense was \$81.0 million for the year ended March 31, 2019, an increase of 44% from \$56.3 million recorded for fiscal 2018, primarily as a result of the growth of revenues within Texas and in the U.K., and the adoption of the IFRS 9 expected credit loss model. For the year ended March 31, 2019, the bad debt expense represents 2.3% of relevant revenue, up from 1.9% reported in fiscal 2018.

FINANCE COSTS

Total finance costs for the year ended March 31, 2019 amounted to \$88.1 million, an increase of 57% from \$56.0 million recorded during fiscal 2018. The increase in finance costs was primarily driven by the premium and fees associated with the 8.75% loan, partial redemption of the 6.5% convertible bonds, higher collateral related costs associated with Texas electricity markets, supplier credit term extensions and interest expense from the increased utilization of the credit facility and higher interest rates.

FOREIGN EXCHANGE

Just Energy has 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, 2019, an unrealized foreign exchange loss of \$4.2 million was reported in other comprehensive income, versus an unrealized loss of \$2.8 million reported in fiscal 2018. 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 impact from the translation of the U.S.-based operations resulted in a favourable \$2.2 million on Base EBITDA for the year ended March 31, 2019.

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 2019	Fiscal 2018
Current income tax expense	\$ 6,329	\$ 2,552
Deferred income tax expense (recovery)	(3,500)	18,119
Provision for income tax	\$ 2,829	\$ 20,671

Just Energy recorded a current income tax expense of \$6.3 million for the year ended March 31, 2019, versus \$2.6 million in fiscal 2018. Increased gross margin and profitability in taxable jurisdictions as well as the timing of the income taxation in Canada have resulted in higher current tax expense.

For the year ended March 31, 2019, a deferred tax recovery of \$3.5 million was recorded as compared to a deferred tax expense of \$18.1 million in the prior year. The reduction in expense was primarily driven by changes in fair value of derivative instruments.

Liquidity and capital resources from continuing operations

SUMMARY OF CASH FLOWS

For the years ended March 31
(thousands of dollars)

	Fiscal 2019	Fiscal 2018
Operating activities from continuing operations	\$ (44,455)	\$ 62,022
Investing activities from continuing operations	(47,823)	(21,076)
Financing activities from continuing operations, excluding dividends	141,301	35,344
Effect of foreign currency translation	2	1,456
Increase in cash before dividends	49,025	77,746
Dividends (cash payments)	(87,959)	(86,261)
Decrease in cash	(38,934)	(8,515)
Cash and cash equivalents – beginning of period	48,861	57,376
Cash and cash equivalents – end of period	\$ 9,927	\$ 48,861

OPERATING ACTIVITIES FROM CONTINUING OPERATIONS

Cash flow from continuing operating activities for the year ended March 31, 2019 was an outflow of \$44.5 million, compared to an inflow of \$62.0 million in the prior comparable year. Cash flow from operations was lower in the current period due to the payments made upfront for residential commission on customer acquisitions and upfront costs relating to process and operational efficiency improvement activities, which depressed the changes in working capital.

INVESTING ACTIVITIES FROM CONTINUING OPERATIONS

Investing activities for the year ended March 31, 2019 included purchases of capital and intangible assets totalling \$5.2 million and \$38.4 million, respectively, compared with \$4.8 million and \$30.9 million, respectively, in fiscal 2018. Just Energy's capital spending related primarily to information technology-related purchases for process improvement initiatives.

FINANCING ACTIVITIES FROM CONTINUING OPERATIONS

Financing activities, excluding dividends, relate primarily to the issuance and repayment of long-term financing. During the year ended March 31, 2019, Just Energy added \$253.2 million of debt with the 8.75% loan and the Filter Group financing, withdrew an additional \$79.5 million on the credit facility and issued an additional \$10.4 million in preferred shares. These inflows were offset by the partial redemption of the 6.5% convertible debentures and a payment of \$10.0 million on the share swap.

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 2019, Just Energy paid cash dividends to its shareholders and distributions to holders of share-based awards in the amount of \$88.0 million, compared to \$86.3 million paid in the prior comparable year.

Just Energy's annual dividend rate is currently \$0.50 per common share paid quarterly. 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 any 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, 2019 was US\$0.53125 per preferred share.

Balance sheet as at March 31, 2019, compared to March 31, 2018

Total cash decreased from \$48.9 million as at March 31, 2018 to \$9.9 million as at 2019. The decrease in cash is primarily attributable to the Company's significant investment in upfront customer acquisition costs to acquire quality customers and risk management activities throughout the fiscal year.

As of March 31, 2019, trade receivables and unbilled revenue amounted to \$506.2 million and \$277.6 million, respectively, compared to March 31, 2018, when the trade receivables and unbilled revenue amounted to \$357.3 million and \$301.6 million, respectively. Trade payables and other increased from \$590.0 million to \$714.1 million during the year as a result of the extension of payment terms negotiated in fiscal 2018 for a number of 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 \$3.1 million and \$43.2 million, respectively, as of March 31, 2019. These amounts increased from \$2.7 million and \$38.7 million, respectively, as of March 31, 2018. As at March 31, 2019, 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 \$13.6 million and \$12.9 million, respectively, down from \$15.9 million and \$12.3 million, respectively, as of March 31, 2018. These changes represent the normal seasonality of gas storage. Other current assets increased from \$111.9 million at March 31, 2018 to \$164.3 million as of March 31, 2019.

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 increased from \$422.1 million as at March 31, 2018 to \$687.9 million as at March 31, 2019. This increase is a result of reclassification of the credit facility from current to long-term liabilities together with adding the new 8.75% loan, the Filter Group financing and unfavourable foreign exchange fluctuations on the U.S. dollar debt, partially offset by the redemption of the 6.5% convertible bonds. The book value of net debt was 3.6x for Base EBITDA, higher than the 2.8x reported for March 31, 2018.

	As at Mar. 31, 2019	As at March 31, 2018	As at Mar. 31, 2017
Assets:			
Cash	\$ 9,927	\$ 48,861	\$ 83,631
Trade and other receivables	783,780	658,844	582,971
Total fair value of derivative financial assets	153,767	283,431	14,666
Liabilities:			
Trade payables and other	714,110	594,732	513,747
Total fair value of derivative financial liabilities	143,045	138,159	347,517
Total long-term debt	725,372	543,504	498,088
Total other liabilities	11,895	5,486	13,913

Debt and financing for continuing operations

(thousands of dollars)

	March 31, 2019	March 31, 2018
Just Energy credit facility	\$ 201,577	\$ 122,115
Filter Group financing	17,577	-
8.75% loan	240,094	-
6.75% \$100M convertible debentures	87,520	85,760
6.75% \$160M convertible debentures	150,945	148,146
6.5% convertible bonds	29,483	188,147

The various debt instruments are described as follows:

- A \$352.5 million credit facility expiring on September 1, 2020, supported by guarantees and secured by, among other things, a general security agreement and an asset pledge excluding, primarily, the U.K. and other international operations. Credit facility withdrawals amounted to \$201.6 million as of March 31, 2019, compared with \$122.1 million as of March 31, 2018. In addition, total letters of credit outstanding as at March 31, 2019 amounted to \$94.0 million (March 31, 2018 - \$113.4 million). The renewal on the facility agreement included an extension for an additional 2 years to September 1, 2020.
- An 8.99% outstanding loan between HTC and Filter Group. The loan is a result of factoring receivables. Payments on the loan are made monthly as Just Energy receives payment from the customer and will continue up to the end date of the customer contract term on the factored receivable.
- An 8.75% US\$250 million non-revolving multi-draw senior unsecured term loan facility with a maturity date of September 2023 was entered into during the second quarter of fiscal 2019, which bears interest at a rate of 8.75% per annum payable semi-annually in arrears on June 30 and December 31. US\$193 million was drawn as at March 31, 2019.
- 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 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 6.5% 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. As at March 31, 2019, US\$127.6 million was repurchased and extinguished.

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

Acquisition of businesses

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\$14.9 million, of which US\$7.5 million was paid in cash and US\$7.4 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. The management remuneration recognized since the acquisition date is \$nil. As of March 31, 2019, the acquisition accounting for EdgePower has been finalized and closed.

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, 2019.

ACQUISITION OF FILTER GROUP INC.

On October 1, 2018, Just Energy acquired Filter Group Inc, a leading provider of subscription-based home water filtration systems to residential customers in Canada and the United States. Headquartered in Toronto, Ontario, Filter Group currently provides under-counter and whole-home water filtration solutions to residential markets in the provinces of Ontario and Manitoba and the states of Nevada, California, Arizona, Michigan and Illinois.

Just Energy acquired all of the issued and outstanding shares of Filter Group and the shareholder loan owing by Filter Group. In addition, Filter Group had approximately \$22 million of third party Filter Group debt. The aggregate consideration payable by Just Energy under the Purchase Agreement is comprised of: (i) \$14.3 million in cash, fully payable within 180 days of closing; and (ii) earn-out payments of up to 9.5 million Just Energy common shares (with up to an additional 2.4 million Just Energy common shares being issuable to satisfy dividends that otherwise would have been paid in cash on the Just Energy shares issuable pursuant to the earn-out payments (the “DRIP Shares”)), subject to customary closing adjustments. The earn-out payments are contingent on the achievement by Filter Group of certain performance-based milestones specified in the Purchase Agreement in each of the first three years following the closing of the acquisition. In addition, the earn-out payments may be paid 50% in cash and the DRIP Shares 100% in cash, at the option of Just Energy.

The CEO of Filter Group is the son of the Executive Chair of Just Energy. As such, this is a related party transaction under IAS 24 – Related Party Disclosure, but not under securities law. Just Energy’s Executive Chair recused herself from the negotiations and the decision-making processes with respect to the acquisition. The transaction was reviewed by the Strategic Initiatives Committee and Just Energy received a fairness opinion from National Bank Financial on the transaction.

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, 2019. As of March 31, 2019, the acquisition accounting for Filter Group has been finalized and closed.

During the year ended March 31, 2019, Filter Group contributed \$2.1 million in EBITDA to the overall results. Total sales added during fiscal 2019 were \$6.3 million, of which \$5.8 million is recurring. As the Filter Group business applies operating lease accounting, the majority of the sales earned goes directly to gross margin, with a gross margin percentage of 86% for the year ended March 31, 2019. The trailing 12 months attrition rate for the Filter Group business was 12%, one percentage point lower than the attrition rate for Just Energy's commodity markets. On Filter Group's 33,000 active assets, there was active MRR of \$0.9 million.

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	\$ 714,110	\$ -	\$ -	\$ -	\$ 714,110
Long-term debt	39,150	210,564	531,987	-	781,701
Interest payments	40,766	80,234	40,600	-	161,600
Premises and equipment leasing	5,035	9,902	6,306	-	21,243
Gas, electricity and non-commodity contracts	1,899,713	1,439,479	119,212	42,089	3,500,493
	\$ 2,698,774	\$ 1,740,179	\$ 698,105	\$ 42,089	\$ 5,179,147

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, 2019, the current liabilities amount to \$22.3 million and long-term liabilities amount to \$36.4 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 other than the related party transaction discussed under the "Acquisition of Filter Group Inc." section.

Off balance sheet items

The Company has issued letters of credit in accordance with its credit facility totalling \$94.0 million (March 31, 2018 - \$113.4 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, 2019 were \$70.3 million (March 31, 2018 - \$56.5 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.

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 and as part of the risk management practice. In addition, Just Energy uses derivative financial instruments to manage foreign exchange, interest rate and other risks.

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. Certain derivative contracts were purchased to manage Electricity Reliability Council of Texas ("ERCOT") collateral requirements.

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; however, hedge accounting under IFRS 9 is not applied. Just Energy's policy is not to use derivative instruments for speculative purposes.

Just Energy uses a forward interest rate curve along with a volume weighted average share price to value its share swap. The conversion feature on the 6.5% convertible bonds is valued using an option pricing model.

Just Energy's U.S. and U.K. 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, however, hedge accounting under IFRS 9 is not applied.

The consolidated financial statements are in compliance with IAS 32, Financial Instruments: Presentation; IFRS 9, Financial Instruments; and IFRS 7, Financial Instruments: Disclosure. 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 14 of the consolidated financial statements for the year ended March 31, 2019. Other inputs, including volatility and correlations, are driven off historical settlements.

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 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 tested 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. The recoverable amount of assets that do not generate independent cash flows is determined based on the CGU to which the asset belongs.

The recoverable amount of each of the operating segments has been determined based on a fair value less costs of disposal model using fiscal 2019's EBITDA of the operating segment multiplied by the entity's EBITDA multiple. The EBITDA multiple and the EBITDA of the segment that has 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.

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 \$9.5 million and \$9.4 million have been recorded on the consolidated statements of financial position as at March 31, 2019 and March 31, 2018, respectively. These assets primarily relate to mark to market losses on our derivative financial instruments in the UK. Management believes there will be sufficient taxable income 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 in future periods and other taxable temporary differences such as the book gain on fair value of derivative financial instruments. As at March 31, 2019, no net deferred tax assets were recognized in the U.S.

Deferred income tax liabilities of \$4.1 million and \$6.9 million have been recorded on the consolidated statements of financial position as at March 31, 2019 and March 31, 2018, respectively. The decrease in the deferred tax liabilities is primarily due to mark to market losses on the derivative financial instruments in the U.K.

DISCONTINUED OPERATIONS

Management used judgment in concluding on the discontinued operations classification as a major separate geographical area of operations, as part of a single coordinated disposal plan to resell the business in the new fiscal year. There is also a high level of judgment involved in estimating the fair value less cost to sell of the disposal group and the significant carrying amounts of the assets and liabilities related to assets held for sale.

Just Energy common and preferred shares

As at May 15, 2019, there were 149,705,030 common shares and 4,662,165 preferred shares of Just Energy outstanding.

In May 2017, Just Energy announced it 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 15, 2019, Just Energy has issued a cumulative 338,865 preferred shares in fiscal 2019 for aggregate total gross proceeds of \$10.4 million under the ATM offering.

New accounting pronouncements adopted in fiscal 2019

Adoption of IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

On April 1, 2018, Just Energy adopted IFRS 15 and has applied it using the modified retrospective method. As such, transition adjustments have been recognized in equity as at April 1, 2018.

Upon the adoption of IFRS 15, incremental costs to obtain a contract with a customer within the North American Consumer business are capitalized if these costs are expected to be recovered. Similar costs pertaining to other segments have been capitalized in the past. Accordingly, Just Energy has changed its accounting policy to allow for capitalizing all upfront sales commissions, incentives, and third party verification costs paid based on customer acquisitions that met the criteria for capitalization. Just Energy has elected, under the practical expedient, to recognize incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is less than one year. Costs of obtaining a contract are deferred and amortized over the average customer relationship period (estimated to be between two and five years, based on historical blended attrition rates, inclusive of expected renewal periods by region). The majority of Just Energy’s customer contracts meet IFRS 15’s B16 practical expedient where Just Energy has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance completed to date.

The adoption of IFRS 15 resulted in an increase of \$28.4 million in the opening balance of customer acquisition costs capitalized, an increase in deferred tax liabilities of \$7.6 million and an opening retained earnings adjustment of \$20.7 million.

IFRS 15 has no impact on the economics of the business. That being said, the implementation of IFRS 15 will result in a change in the timing and recognition of commission expense, but has no effect on the cash flows of Just Energy. IFRS 15 does impact the relationship between FFO and operating cash flow, with operating cash flow lagging behind FFO, as incremental customer acquisition costs are paid upfront and capitalized.

For further description of the impact of the accounting policy change, refer to Note 7 in the consolidated financial statements for the year ended March 31, 2019.

Adoption of IFRS 9, Financial Instruments (“IFRS 9”)

Effective April 1, 2018, Just Energy adopted IFRS 9, which among other things, introduces a new expected lifetime credit loss impairment model which replaces the existing incurred loss impairment model under IAS 39.

Under the previous accounting standard, IAS 39, a collective allowance for losses was recorded on trade receivables when a loss event had occurred as at, or prior to, the balance sheet date. An incurred loss event provides objective evidence to establish an allowance for loss against these receivables. IAS 39 did not allow the recognition of any allowance for losses expected in the future if a loss event had not yet occurred on the balance sheet date.

Under IFRS 9, Just Energy is required to apply a lifetime expected credit loss model, where credit losses that are expected to transpire in future years, irrespective of whether a loss event has occurred or not, as at the balance sheet date, are provided for. The expected lifetime credit loss is calculated based on the weighted average expected cash collected shortfall against the carrying value of the receivable and unbilled revenue and considers reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that may impact the credit profile of the receivables.

IFRS 9 requires that forward-looking indicators are considered when determining the impact on credit risk and measuring lifetime expected credit losses and are incorporated in the risk parameters as relevant. Based on the analysis performed by Just Energy, it was determined that the following forward-looking indicators could have an impact on the credit performance of the receivables, and they were considered in the calculation of the allowance for losses:

- Interest rates;
- Unemployment rates;
- Commodity prices; and
- The Consumer Price Index.

IFRS 9 does not require the restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Just Energy made the decision not to restate comparative period financial information and has recognized any measurement differences between the previous carrying amounts and the new carrying amounts on April 1, 2018, through an adjustment to opening retained earnings, net of deferred tax.

In Alberta, Texas, Illinois, California, 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. Just Energy’s bad debt expense as a percentage of revenue for these markets, as determined under IAS 39, for the year ended March 31, 2018, was 1.9%.

Under IFRS 9, for the year ended March 31, 2019, the same metric was determined to be 2.3%. This increase in bad debt expense as a percentage of revenue was not indicative of a change in the expected recovery value of the underlying customer receivables but rather a function of extending the allowance for expected lifetime credit losses to provide for expected future losses over a longer future time frame as required under IFRS 9. The standard required that a provision for expected lifetime credit losses be calculated for unbilled revenues, as they meet the definition of a contract asset under IFRS 15, whereas previously, under IAS 39, these receivables would not have a provision under the incurred loss model.

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 LDCs failing to deliver payment to Just Energy is minimal.

The following table summarizes the transition adjustment that was required to adopt IFRS 9 as at April 1, 2018 for the markets above:

(in thousands of dollars)	IAS 39 carrying amount as at March 31, 2018	Transition adjustment	IFRS 9 carrying amount as at April 1, 2018
Trade receivables	\$ 395,730	\$ (11,237)	\$ 384,493
Unbilled revenues	\$ 301,577	\$ (12,399)	\$ 289,178

Due to the transition from an incurred loss model to a future expected lifetime credit loss model as required under IFRS 9, if forecast of events or change of economic condition are expected to give rise to change of the credit loss, the bad debt expenses will be changed prior to the occurrence of the future event. This would theoretically result in a greater bad debt expense and a corresponding decrease in reported net income when compared to net income reported under IAS 39 in situations where the future expected event leads to deterioration of the credit loss.

Just Energy's results for the past two fiscal periods reported throughout the MD&A have been adjusted to reflect continuing operation results and figures.

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. For more information on the new accounting pronouncements not yet applied, as well as the Company's analysis of accounting impacts, reference Note 8 of the consolidated financial statements for the year ended March 31, 2019.

<i>Standard</i>	<i>Change summary</i>	<i>Effective for fiscal years commencing after:</i>
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
IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”)	IFRS 23 clarifies the uncertainty in certain income tax treatments in complex situations and scenarios.	January 1, 2019

The IFRS Interpretations Committee (“IFRIC”) reached a decision IFRIC Agenda Paper 11, Physical Settlement of Contracts to Buy or Sell a Non-Financial Item (“Agenda Paper 11), during its meeting on March 5 - 6, 2019. The decision was in respect to a request about how an entity applies IFRS 9 to particular contracts to buy or sell a non-financial item at a fixed price.

The Company has reviewed the agenda decision and determined that a change is required in its accounting policy related to contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments. These are contracts the Company enters into which are accounted for as derivatives at fair value through profit or loss but physically settled by taking delivery of the underlying non-financial item. The IFRIC concluded that IFRS 9 neither permits or requires an entity to reverse the accumulated gain or loss previously recognized on the derivative and recognize a corresponding adjustment to cost of goods sold or inventory when the contract is physically settled.

In its December 2018 meeting, the International Accounting Standards Board (IASB) confirmed its view that it expects companies to be entitled to sufficient time to implement changes in accounting policy that result from agenda decisions of the IFRIC. The Company is currently evaluating the impact of implementing the agenda decision on its financial statements, systems and processes. Given the nature of its current systems and processes and the volume of transactions effected, the Company determined it was not possible to affect the accounting change in time for its March 31, 2019 reporting. The Company expects to implement the change retrospectively in the first half of its fiscal 2020 year. While the impact has not been quantified, the Company expects there will be material movements between cost of sales and change in fair value of derivative instruments and other in Just Energy’s consolidated statement of operations and the value of gas in storage on the statement of financial position. There is no impact on the net income of the Company.

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 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, supplier payment terms, perpetual preferred shares and refinancing of its debt instruments. Just Energy may enter into derivative instruments to mitigate interest 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 the Credit Agreement, subordinated debt, convertible debentures and commercial notes. An 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 \$352.5 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 subsidiaries 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.

On September 12, 2018, Just Energy entered into a US\$250 million non-revolving multi-draw senior unsecured term loan facility during the year to fund a tender offer for its U.S. dollar denominated convertible unsecured subordinated bonds, for general corporate purposes, including to pay down the Company's credit facility, and for future acquisitions. The term loan contains usual and customary covenants for this type of financing, including but not limited to financial covenants and limitations on debt incurrence, distributions, asset sales, and transactions with affiliates. The restrictions in the loan facility may adversely affect Just Energy's liquidity position and ability to finance its future operations and capital needs and to pursue available business opportunities.

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. As of the date hereof, 149,705,030 common shares and 4,662,165 preferred shares have been issued.

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, purchasing from multiple suppliers and purchasing business interruption insurance.

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 the onus on Just Energy to adhere to stricter renewable energy compliance standards, procure additional volume of capacity and transmission units and pay regulated tariffs 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 which 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 43) 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 business, revenues, results of operations and financial condition of Just Energy.

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 energy and value-added 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 Company's reputation and 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 8.75% loan facility, the 6.5% convertible bonds and the 6.75% \$100M and \$160M 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 8.75% loan facility, the 6.5% convertible bonds and the 6.75% \$100M and \$160 M 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 Canada Business Corporations Act or any other applicable law, or when the terms and provisions of any limiting documents, including the credit facility, prohibit 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 legal matters that are 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. ("Commerce"), 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. On October 6, 2014, the jury refused to find a willful violation but concluded that certain individuals were not properly classified as outside salespeople in order to qualify for an exemption under the minimum wage and overtime requirements. On September 28, 2018, the Court issued a final judgment, opinion and order. Just Energy filed its appeal to the Court of Appeals for the Sixth Circuit on October 25, 2018. Just Energy strongly believes it complied with the law which is consistent with the recent findings in *Encino Motorcars, LLC v. Navarro*, 138 S. Ct. 1134, 1142 (2018) and *Kevin Flood, et al. v. Just Energy Marketing Group, et al.* 2d Circular No. 17-0546.

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 certified the class of Illinois sales representatives who sold for Just Energy Illinois and Commerce, and on June 16, 2016, the Court granted Just Energy’s motion for reconsideration which revised the class definition to exclude sales representatives who sold for Commerce. The trial is scheduled to commence on August 5, 2019. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

In May 2015, Kia Kordestani, a former door-to-door independent contractor 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, 2000 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. On July 27, 2016, the Court granted Omarali’s request for certification, refused to certify Omarali’s request for damages on an aggregate basis, and refused to certify Omarali’s request for punitive damages. On September 5, 2018, Omarali filed his motion for summary judgment and set a hearing date of June 11, 2019. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

Controls and procedures

DISCLOSURE CONTROLS AND PROCEDURES

Both the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) have designed, or caused to be designed under their supervision, the Company’s disclosure controls and procedures which provide reasonable assurance that: i) material information relating to the Company is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and ii) information required to be disclosed by the Company in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. The CEO and CFO are assisted in this responsibility by a Disclosure Committee composed of senior management. The Disclosure Committee has established procedures so that it becomes aware of any material information affecting Just Energy to evaluate and communicate this information to management, including the CEO and CFO as appropriate, and determine the appropriateness and timing of any required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Both the CEO and CFO have designed, or caused to be designed under their supervision, the Company’s Internal Control over Financial Reporting (“ICFR”) which has been effected by the Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

During January 2019, in connection with the Company’s assessment of internal controls over financial reporting, the Company which identified and subsequently remediated a deficiency in the design and operating effectiveness of certain internal controls related to certain account balances in certain markets. Specifically, the Company identified a deficiency in the design of internal controls through the effective operation of alternative internal controls related to the preparation, analysis and review of certain gross margin accounts in those markets. Upon identification of the deficiency, the Company designed internal controls were designed, including account reconciliations, to remediate the deficiency in design. These new internal controls were effectively operated for February 28, 2019 and March 31, 2019. Just Energy considers the internal control deficiency to be effectively remediated as at March 31, 2019.

As a result of remediating this deficiency in the design of internal controls and operating them in an effective manner, the Company identified certain individually insignificant reconciling items that should have been recorded in periods prior to April 1, 2017. The Company determined that it was appropriate to revise its consolidated financial statements as at April 1, 2017, as denoted within Note 5 of the consolidated financial statements, to correct for an aggregate error of \$14.2 million in the opening accumulated deficit account. It was determined that this deficiency in the design and operating effectiveness of these particular internal controls resulted in no significant error in the income statements for the years ended March 31, 2019 and 2018.

INHERENT LIMITATIONS

A control system, no matter how well conceived and operated, can only provide reasonable, not absolute, assurance that its objectives are met. Due to these inherent limitations in such systems, no evaluation of controls can provide absolute assurance that all control issues within any company have been detected. Accordingly, Just Energy’s disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the Company’s disclosure control and procedure objectives are met.

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-added products, unparalleled customer satisfaction and profitable customer growth. While Just Energy continues to nurture its core commodity business, the Company is committed to harnessing the accretive potential of its large customer base by offering value-added products and services with strong consumer appeal. Early customer response has been enthusiastic and is reflected in a rise in the Company's Net Promoter Score, a standard metric for evaluating customer satisfaction levels. Stable attrition rates provide further evidence of heightened customer satisfaction as the Company continues to increase gross margin on its residential book.

Rapidly growing, high-engagement sales channels have opened the door to sophisticated customers that are motivated more by value than price, allowing for further expansion of gross margin and near-term growth. Priorities of these customers include resource conservation and health and well-being. This presents a pivotal, long-term growth opportunity for Just Energy as a best-in-class product and service provider and opens the door to regulated markets.

Just Energy will continue to leverage its close supplier relationships and aggressively contain costs, building upon efficiencies of 2019 and further enhancing embedded gross margin. A comprehensive review of capital expenditures is underway, and new projects may be initiated only by meeting strict requirements for return on invested capital. The Company will continue to use its offshore business process office for transaction-based work and to consolidate back office functions where appropriate. Streamlined operations and a simplified reporting structure are expected to further reduce costs. Refinement of the Company's geographic footprint will allow for sharper focus on profitability in the core North American and U.K. operations, markets in which meaningful growth is expected.

As a result, management has provided its guidance for fiscal 2020 Base EBITDA from continuing operations in the range of \$220 million to \$240 million. In addition, management is providing fiscal 2020 FCF guidance of between \$90 million and \$100 million.

