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
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2021

Commission File Number: 001-35400

JUST ENERGY GROUP INC.

(Translation of registrant's name into English)

100 King Street West, Suite 2630
Toronto, Ontario M5X 1E1
(Address of principal executive office)

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

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): ☐

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): ☐

DOCUMENTS INCLUDED AS PART OF THIS REPORT

Exhibit	
99.1	Interim Condensed Consolidated Financial Statements (Unaudited) for the three months ended June 30, 2021 and 2020.
99.2	Management’s Discussion and Analysis for the three months ended June 30, 2021.

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)

Dated: August 16, 2021

By: /s/ Michael Carter
Name: Michael Carter
Title: Chief Financial Officer

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

	Notes	As at June 30, 2021 (Unaudited)	As at March 31, 2021 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		**$ 184,271**	$ 215,989
Restricted cash		**3,309**	1,139
Trade and other receivables, net	4(a)	**365,766**	340,201
Gas in storage		**8,820**	2,993
Fair value of derivative financial assets	6	**215,769**	25,026
Income taxes recoverable		**10,229**	8,238
Other current assets	5(a)	**148,826**	163,405
		936,990	756,991
Non-current assets			
Investments		**32,889**	32,889
Property and equipment, net		**16,125**	17,827
Intangible assets, net		**68,147**	70,723
Goodwill		**163,447**	163,770
Fair value of derivative financial assets	6	**54,986**	10,600
Deferred income tax assets		**3,599**	3,744
Other non-current assets	5(b)	**35,095**	35,262
		374,288	334,815
TOTAL ASSETS		**$ 1,311,278**	$ 1,091,806
LIABILITIES			
Current liabilities			
Trade and other payables	7	**$ 945,977**	$ 921,595
Deferred revenue		**2,876**	1,408
Income taxes payable		**3,750**	4,126
Fair value of derivative financial liabilities	6	**9,888**	13,977
Provisions		**7,895**	6,786
Current portion of long-term debt	8	**622,227**	654,180
		1,592,613	1,602,072
Non-current liabilities			
Long-term debt	8	**959**	1,560
Fair value of derivative financial liabilities	6	**9,450**	61,169
Deferred income tax liabilities		**2,773**	2,749
Other non-current liabilities		**17,020**	19,078
		30,202	84,556
TOTAL LIABILITIES		**$ 1,622,815**	$ 1,686,628
SHAREHOLDERS' DEFICIT			
Shareholders' capital	11	**$ 1,537,863**	$ 1,537,863
Contributed deficit		**(11,024)**	(11,634)
Accumulated deficit		**(1,936,366)**	(2,211,728)
Accumulated other comprehensive income		**98,381**	91,069
Non-controlling interest		**(391)**	(392)
TOTAL SHAREHOLDERS' DEFICIT		**(311,537)**	(594,822)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$ 1,311,278**	$ 1,091,806

Basis of presentation (Note 3)
Commitments and guarantees (Note 15)
See accompanying notes to the Interim Condensed Consolidated Financial Statements

Scott Gahn
Chief Executive Officer and President

Stephen Schaefer
Corporate Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30

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

	Notes	2021	2020
CONTINUING OPERATIONS			
Sales	9	**$ 608,672**	$ 685,964
Cost of goods sold		**528,363**	416,827
GROSS MARGIN		**80,309**	269,137
INCOMES (EXPENSES)			
Administrative		**(29,770)**	(39,953)
Selling and marketing		**(39,672)**	(46,959)
Other operating expenses	12(a)	**(12,474)**	(19,911)
Finance costs	8	**(12,913)**	(21,853)
Reorganization costs	13	**(20,009)**	–
Unrealized gain of derivative instruments and other	6	**292,137**	77,349
Realized gain (loss) of derivative instruments		**17,213**	(134,446)
Other expenses, net		**(489)**	(632)
Profit from continuing operations before income taxes		**274,332**	82,732
Provision (recovery) for income taxes	10	**(967)**	634
PROFIT FROM CONTINUING OPERATIONS		**$ 275,299**	$ 82,098
DISCONTINUED OPERATIONS			
Loss after tax from discontinued operations		**–**	(2,948)
PROFIT FOR THE PERIOD		**$ 275,299**	$ 79,150
Attributable to:			
Shareholders of Just Energy		**$ 275,362**	$ 79,147
Non-controlling interest		**(63)**	3
PROFIT FOR THE PERIOD		**$ 275,299**	$ 79,150
Earnings per share from continuing operations	14		
Basic		**$ 5.73**	$ 7.96
Diluted		**$ 5.63**	$ 7.90
Loss per share from discontinued operations			
Basic		**$ –**	$ (0.30)
Diluted		**$ –**	$ (0.30)
Earnings per share available to shareholders	14		
Basic		**$ 5.73**	$ 7.66
Diluted		**$ 5.63**	$ 7.60

See accompanying notes to the Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30

(unaudited in thousands of Canadian dollars)

	Notes	2021	2020
PROFIT FOR THE PERIOD		**$ 275,299**	$ 79,150
Other comprehensive profit (loss) to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on translation of foreign operations		**7,312**	1,143
Unrealized gain on translation of foreign operations from discontinued operations		**–**	426
Gain on translation of foreign operations disposed and reclassified to Consolidated Statements of Income		**–**	833
		7,312	2,402
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**$ 282,611**	$ 81,552
Total comprehensive income attributable to:			
Shareholders of Just Energy		**$ 282,674**	$ 81,549
Non-controlling interest		**(63)**	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**$ 282,611**	$ 81,552

See accompanying notes to the Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT FOR THE THREE MONTHS ENDED JUNE 30

(unaudited in thousands of Canadian dollars)

	Notes	2021	2020
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated earnings			
Accumulated earnings, beginning of period		**$ (261,702)**	$ 140,446
Profit for the period as reported, attributable to shareholders		**275,362**	79,147
Accumulated earnings, end of period		**$ 13,660**	$ 219,593
DIVIDENDS AND DISTRIBUTIONS			
Dividends and distributions, beginning of period		**(1,950,026)**	(1,950,003)
Dividends and distributions declared and paid	11(b)	**-**	(23)
Dividends and distributions, end of period		**$ (1,950,026)**	$ (1,950,026)
ACCUMULATED DEFICIT		**$ (1,936,366)**	$ (1,730,433)
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income, beginning of period		**$ 91,069**	$ 84,651
Other comprehensive income		**7,312**	2,402
Accumulated other comprehensive income, end of period		**$ 98,381**	$ 87,053
SHAREHOLDERS' CAPITAL			
Common shares			
Common shares, beginning of period	11	**$ 1,537,863**	$ 1,099,864
Share-based units exercised		**–**	162
Common shares, end of period		**$ 1,537,863**	$ 1,100,026
Preferred shares			
Preferred shares, beginning of period	11	**$ –**	$ 146,965
Preferred shares, end of period		**$ –**	$ 146,965
SHAREHOLDERS' CAPITAL		**$ 1,537,863**	$ 1,246,991
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of period		**$ –**	$ 13,029
Balance, end of period		**$ –**	$ 13,029
CONTRIBUTED DEFICIT			
Balance, beginning of period		**$ (11,634)**	$ (29,826)
Add: Share-based compensation expense	12(a)	**610**	692
Less: Share-based units exercised		**–**	(162)
Non-cash deferred share grants		**–**	23
Balance, end of period		**$ (11,024)**	$ (29,273)
NON-CONTROLLING INTEREST			
Balance, beginning of period		**$ (392)**	$ (414)
Foreign exchange impact on non-controlling interest		**64**	4
Gain (loss) attributable to non-controlling interest		**(63)**	3
Balance, end of period		**$ (391)**	$ (407)
TOTAL SHAREHOLDERS' DEFICIT		**$ (311,537)**	$ (413,040)

See accompanying notes to the Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30

(unaudited in thousands of Canadian dollars)

	Notes	2021	2020
Net inflow (outflow) of cash related to the following activities			
OPERATING			
Profit from continuing operations before income taxes		**$ 274,332**	$ 82,732
Loss from discontinued operations before income taxes		**–**	(2,948)
Profit before income taxes		**274,332**	79,784
Items not affecting cash			
Amortization and depreciation	12(a)	**4,487**	7,352
Share-based compensation expense	12(a)	**610**	692
Financing charges, non-cash portion		**2,180**	5,561
Unrealized gain in fair value of derivative instruments and other	6	**(292,137)**	(77,349)
Net change in working capital balances		**26,468**	(8,641)
Liabilities subject to compromise	1	**(15,801)**	–
Adjustment for discontinued operations, net		**–**	3,920
Income taxes paid		**(1,453)**	(670)
Cash inflow (outflow) from operating activities		**(1,314)**	10,649
INVESTING			
Purchase of property and equipment		**(71)**	(16)
Purchase of intangible assets		**(1,738)**	(1,670)
Cash outflow from investing activities		**(1,809)**	(1,686)
FINANCING			
Proceeds from DIP Facility	8	**31,425**	–
Repayment of long-term debt	8	**(796)**	(1,651)
Credit facilities withdrawal (payments)	8	**(56,143)**	9,867
Share swap payout		**–**	(21,488)
Leased asset payments		**(720)**	(1,081)
Cash outflow from financing activities		**(26,234)**	(14,353)
Effect of foreign currency translation on cash balances		**(2,361)**	(697)
Net cash inflow (outflow)		**(31,718)**	(6,087)
Cash and cash equivalents, beginning of period		**215,989**	26,093
Cash and cash equivalents, end of period		**$ 184,271**	$ 20,006
Supplemental cash flow information:			
Interest paid		**$ 10,733**	$ 12,934

See accompanying notes to the Interim Condensed Consolidated Financial Statements

1. ORGANIZATION

Just Energy Group Inc. ("Just Energy" or the "Company") is a corporation established under the laws of Canada to hold securities 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 Interim Condensed Consolidated Financial Statements consist of Just Energy and its subsidiaries and affiliates. The Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on August 13, 2021.

In February 2021, the State of Texas experienced extremely cold weather (the "Weather Event"). The Weather Event led to increased electricity demand and sustained high prices from February 13, 2021 through February 20, 2021. As a result of the losses sustained and without sufficient liquidity to pay the corresponding invoices from the Electric Reliability Council of Texas, Inc. ("ERCOT") when due, and accordingly, on March 9, 2021, Just Energy applied for and received creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") from the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") and under Chapter 15 ("Chapter 15") of the Bankruptcy Code in the United States from the Bankruptcy Court of the Southern District of Texas, Houston Division (the "Court Orders"). Protection under the Court Orders allows Just Energy to operate while it restructures its capital structure.

As part of the CCAA filing, the Company entered into a USD$125 million Debtor-In-Possession ("DIP Facility") financing with certain affiliates of Pacific Investment Management Company ("PIMCO). The Company entered into Qualifying Support Agreements with its largest commodity supplier and ISO services provider. The Company entered a Lender Support Agreement with the lenders under its Credit Facility (refer to Note 8(c)). The filings and associated USD$125 million DIP Facility arranged by the Company, enabled Just Energy to continue all operations without interruption throughout the U.S. and Canada and to continue making payments required by ERCOT and satisfy other regulatory obligations.

On May 26, 2021, the stay period was extended by the Ontario Court to September 30, 2021.

As at June 30, 2021, in connection with the CCAA proceedings, the Company identified the following obligations that are subject to compromise:

		Amounts in 000's
Trade and other payables	$	**516,910**
Other non-current liabilities		**11,730**
Current portion of long-term debt		**468,586**
Total liabilities subject to compromise	$	**997,226**

The common shares of the Company are listed on the TSX Venture Exchange, under the symbol "JE" and on the OTC Pink Market under the symbol "JENGQ".

On June 16, 2021 Texas House Bill 4492 ("HB 4492"), which provides a mechanism for recovery of certain costs incurred by various parties, including the Company, during the Weather Event through certain securitization structures, became law in Texas. HB 4492 addresses securitization of (i) ancillary service charges above USD $9,000/MWh during the Weather Event; (ii) reliability deployment price adders charged by the ERCOT during the Weather Event; and (iii) amounts owed to ERCOT due to defaults of competitive market participants, which were subsequently "short-paid" to market participants, including Just Energy, (collectively, the "Costs").

HB 4492 provides that ERCOT request that the Public Utility Commission of Texas (the "Commission") establish financing mechanisms for the payment of the Costs incurred by load-serving entities, including Just Energy. On July 16, 2021, ERCOT filed the request with the commission (PUC Docket No. 52322). The Company continues to evaluate HB 4492. Based on current information, if the Commission approves the financing provided for in HB 4492, Just Energy anticipates that it will recover up to approximately USD $100 million of Costs. The total amount that the Company may recover through the mechanisms authorized in HB 4492 may change materially based on a number of factors, including the details of an established financing order issued by the Commission, additional ERCOT resettlements, the aggregate amount of funds applied for under HB 4492 by participants, the outcome of the dispute resolution process initiated by the Company with ERCOT, and any potential challenges to the Commission's order or orders. There is no assurance that the Company will be able to recover all of the Costs.

2. OPERATIONS

Just Energy is a retail energy provider specializing in electricity and natural gas commodities and bringing energy efficient solutions, carbon offsets and renewable energy options to customers. Operating in the United States ("U.S.") and Canada, Just Energy serves both residential and commercial customers, providing homes and businesses with a broad range of energy solutions that deliver comfort, convenience and control. Just Energy is the parent company of Amigo Energy, Filter Group Inc. ("Filter Group"), Hudson Energy, Interactive Energy Group, Tara Energy and terrapass.

Just Energy's current commodity product offerings include fixed, variable, index and flat rate options. By fixing the price of electricity or natural gas 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 gross margin 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.

Just Energy offers green products through terrapass and its JustGreen program. Green products offered through terrapass 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. 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, via power purchase agreements and renewable energy certificates. The JustGreen gas product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. Through the Filter Group, Just Energy provides subscription-based home water filtration systems to residential customers, including under-counter and whole-home water filtration solutions. Just Energy markets its product offerings through multiple sales channels including digital, retail, door-to-door, brokers and affinity relationships.

3. FINANCIAL STATEMENT PRESENTATION

(a) Compliance with IFRS

These Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), utilizing the accounting policies Just Energy outlined in its March 31, 2021 annual audited consolidated financial statements, except the adoption of new International Financial Reporting

Standards ("IFRS"). Accordingly, certain information and footnote disclosures normally included in the annual audited consolidated financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed.

(b) Basis of presentation and interim reporting

These Interim Condensed Consolidated Financial Statements should be read in conjunction with and follow the same accounting policies and methods of application as those used in the annual audited consolidated financial statements for the fiscal year ended March 31, 2021.

The comparative Interim Condensed Consolidated Financial Statements have been corrected from the interim statements previously presented to conform to the presentation of the current Interim Condensed Consolidated Financial Statements.

The Interim Condensed Consolidated Financial Statements are presented in Canadian dollars, the functional currency of Just Energy, and all values are rounded to the nearest thousands, except where otherwise indicated. The Interim Financial Statements are prepared on a going concern basis under the historical cost convention, except for certain financial assets and liabilities that are stated at fair value.

The interim operating results are not necessarily indicative of the results that may be expected for the full fiscal year ending March 31, 2022, due to seasonal variations resulting in fluctuations in quarterly results. Gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September and lowest in October through December and April through June.

Principles of consolidation

The Interim Condensed Consolidated Financial Statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries and affiliates as at June 30, 2021. Subsidiaries and affiliates are consolidated from the date of acquisition and control and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries and affiliates are prepared for the same reporting period as Just Energy using consistent accounting policies. All intercompany balances, sales, expenses and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

Going Concern

Due to the Weather Event and associated CCAA filing, the Company's ability to continue as a going concern for the next 12 months is dependent on the Company emerging from CCAA protection, maintain liquidity and complying with DIP Facility covenants. The material uncertainties arising from the CCAA filings cast substantial doubt upon the Company's ability to continue as a going concern and, accordingly the ultimate appropriateness of the use of accounting principles applicable to a going concern. These Interim Condensed Consolidated Financial Statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and Interim Condensed Consolidated Statements of Financial Position classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material. There can be no assurance that the Company will be successful in emerging from CCAA as a going concern.

(c) Significant accounting judgments, estimates, and assumptions

The preparation of the Interim Condensed Consolidated Financial Statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported

amount of assets, liabilities, income and expenses. The estimates and related assumptions based on previous experience and other factors are 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. There have been no material changes from the disclosures from the Company's Audited Consolidated Financial Statements and Notes to the Consolidated Financial Statements for the year ended March 31, 2021 with respect to significant accounting judgments, estimates and assumptions.

4. TRADE AND OTHER RECEIVABLES, NET

(a) Trade and other receivables, net

	As at June 30, 2021	As at March 31, 2021
Trade account receivables, net	**$ 160,582**	$ 189,250
Unbilled revenue, net	**124,389**	103,986
Accrued gas receivable	**226**	833
Other	**80,569**	46,132
	$ 365,766	$ 340,201

(b) Aging of accounts receivable

Customer credit risk

The lifetime expected credit loss reflects Just Energy's best estimate of losses on the accounts receivable and unbilled revenue balances. Just Energy determines the lifetime ECL by using historical loss rates and forward-looking factors, if applicable. Just Energy is exposed to customer credit risk on its continuing operations in Alberta, Texas, Illinois (gas), California (gas) and Ohio (electricity). 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 of the above markets.

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 that is recorded in cost of goods sold. Although there is no assurance that the LDCs providing these services will continue to do so in the future, management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal.

The aging of the trade accounts receivable from the markets where the Company bears customer credit risk was as follows:

	As at June 30, 2021	As at March 31, 2021
Current	**$ 74,406**	$ 58,737
1–30 days	**28,141**	19,415
31–60 days	**5,098**	3,794
61–90 days	**2,245**	2,144
Over 90 days	**9,424**	10,446
	$ 119,314	$ 94,536

The unbilled revenue subject to customer credit risk is $115.2 million as at June 30, 2021 (March 31, 2021 - $87.1 million).

(c) Allowance for doubtful accounts

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

	As at June 30, 2021	As at March 31, 2021
Balance, beginning of period	**$ 23,363**	$ 45,832
Provision for doubtful accounts	**7,418**	34,260
Bad debts written off	**(11,027)**	(62,529)
Foreign exchange	**2,306**	5,800
Balance, end of period	**$ 22,060**	$ 23,363

5. OTHER CURRENT AND NON-CURRENT ASSETS

(a) Other current assets	As at June 30, 2021	As at March 31, 2021
Prepaid expenses and deposits	**$ 66,050**	$ 52,216
Customer acquisition costs	**43,617**	45,681
Green certificates assets	**35,570**	61,467
Gas delivered in excess of consumption	**1,644**	649
Inventory	**1,945**	3,392
	$ 148,826	$ 163,405

(b) Other non-current assets	As at June 30, 2021	As at March 31, 2021
Customer acquisition costs	**$ 27,086**	$ 27,318
Other long-term assets	**8,009**	7,944
	$ 35,095	$ 35,262

6. 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 offsets and renewable energy certificates ("RECs"), 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 and green power 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 (“CDDs”) and heating degree days (“HDDs”) measured in its utility service territories to reduce the impact of weather volatility on Just Energy’s electricity and natural gas volumes, commonly referred to as “weather derivatives”. The fair value of these swaps on a given measurement station indicated in the derivative contract is determined by calculating the difference between the agreed strike and expected variable observed at the same station.

The following table illustrates unrealized gains (losses) related to Just Energy's derivative financial instruments classified as fair value through profit or loss and recorded on the Interim Condensed 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 unrealized gain (loss) in fair value of derivative instruments and other on the Interim Condensed Consolidated Statements of Income.

	For the three months ended June 30, 2021	For the three months ended June 30, 2020
Physical forward contracts and options (i)	**$ 225,307**	$ 48,380
Financial swap contracts and options (ii)	**66,394**	28,121
Foreign exchange forward contracts	**1,105**	(6,051)
6.5% convertible bond conversion feature	**–**	12,218
Unrealized foreign exchange on Term Loan	**4,147**	–
Weather derivatives (iii)	**(1,704)**	(2,381)
Other derivative options	**(3,112)**	(2,938)
Unrealized gain of derivative instruments and other	**$ 292,137**	$ 77,349

The following table summarizes certain aspects of the fair value of derivative financial assets and liabilities recorded in the Interim Condensed Consolidated Statements of Financial Position as at June 30, 2021:

	Financial assets (current)	**Financial assets (non-current)**	**Financial liabilities (current)**	**Financial liabilities (non-current)**
Physical forward contracts and options (i)	**$ 155,295**	**$ 40,198**	**$ 6,062**	**$ 8,414**
Financial swap contracts and options (ii)	**55,702**	**14,715**	**2,004**	**1,031**
Foreign exchange forward contracts	**834**	**–**	**–**	**–**
Weather derivatives (iii)	**1,883**	**–**	**1,721**	**–**
Other derivative options	**2,055**	**73**	**101**	**5**
As at June 30, 2021	**$ 215,769**	**$ 54,986**	**$ 9,888**	**$ 9,450**

The following table summarizes certain aspects of the fair value of derivative financial assets and liabilities recorded in the Consolidated Statements of Financial Position as at March 31, 2021:

	Financial **assets (current)**	**Financial assets (non-current)**	**Financial liabilities (current)**	**Financial liabilities (non-current)**
Physical forward contracts and options (i)	$ 12,513	$ 6,713	$ 10,157	$ 56,122
Financial swap contracts and options (ii)	6,942	2,634	3,548	5,047
Foreign exchange forward contracts	–	–	272	–
Weather derivatives (iii)	1,911	–	–	–
Other derivative options	3,660	1,253	–	–
As at March 31, 2021	$ 25,026	$ 10,600	$ 13,977	$ 61,169

Individual derivative asset and liability transactions are offset, and the net amount reported in the Interim Condensed 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. Individual derivative transactions are typically offset at the legal entity and counterparty level.

Below is a summary of the financial instruments classified through profit or loss as at June 30, 2021, to which Just Energy has committed:

(i) Physical forward contracts and options consist of:

- Electricity contracts with a total remaining volume of 28,121,312 MWh, a weighted average price of $44.94/MWh and expiry dates up to December 31, 2029.
- Natural gas contracts with a total remaining volume of 65,297,406 GJs, a weighted average price of $3.69/GJ and expiry dates up to October 31, 2025.
- RECs with a total remaining volume of 2,041,751 MWh, a weighted average price of $45.09/REC and expiry dates up to December 31, 2029.
- Green gas certificates with a total remaining volume of 500,000 tonnes, a weighted average price of $3.92/tonne and expiry dates up to December 31, 2021.
- Electricity generation capacity contracts with a total remaining volume of 2,579 MWCap, a weighted average price of $4,700.15/MWCap and expiry dates up to December 31, 2023.
- Ancillary contracts with a total remaining volume of 658,300 MWh, a weighted average price of $16.93/MWh and expiry dates up to December 31, 2022.

(ii) Financial swap contracts and options consist of:

- Electricity contracts with a total remaining volume of 17,672,286 MWh, a weighted average price of $49.62/MWh and expiry dates up to December 31, 2024.
- Natural gas contracts with a total remaining volume of 93,174,950 GJs, a weighted average price of $3.26/GJ and expiry dates up to October 31, 2025.

(iii) Weather derivatives consist of:

- HDD natural gas swaps with price strikes to be set on futures index and temperature strikes from 1,813F to 4,985F HDD and an expiry date of March 31, 2022.
- HDD natural gas swaps with price strikes to be set on futures index and temperature strikes from 3,439C to 4,985F HDD and an expiry date of March 31, 2023.
- CDD Puts with temperature strikes from 656F to 3399F CDD and an expiry date of October 31, 2021.
- Temperature Contingent Power Call Options with price strikes at various temperature strikes and an expiry date of October 31, 2021.
- Temperature and Power Price Contingent Call Option with an expiry date of August 31, 2021.

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 Interim Condensed 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. Currently there are no derivatives carried in this level.

Level 2

Fair value measurements that require observable inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the FV hierarchy. This could include the use of statistical

techniques to derive the FV curve from observable market prices. However, in order to be classified under Level 2, significant inputs must be directly or indirectly observable in the market. Just Energy values its New York Mercantile Exchange (“NYMEX”) financial gas fixed-for-floating swaps under Level 2.

Level 3

Fair value measurements that require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs are classified as Level 3 in the FV hierarchy. For the electricity 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.

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.

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 June 30, 2021:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$ –	$ 37,472	$ 233,283	$ 270,755
Derivative financial liabilities	–	–	(19,338)	(19,338)
Total net derivative financial assets	**$ –**	**$ 37,472**	**$ 213,945**	**$ 251,417**

The following table illustrates the classification of derivative financial assets (liabilities) in the FV hierarchy as at March 31, 2021:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$ –	$ 682	$ 34,944	$ 35,626
Derivative financial liabilities	–	–	(75,146)	(75,146)
Total net derivative financial liabilities	$ –	$ 682	$ (40,202)	$ (39,520)

Commodity price sensitivity – Level 3 derivative financial instruments

If the energy prices associated with only Level 3 derivative financial instruments including natural gas, electricity, and RECs had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit from continuing operations before income taxes for the quarter ended June 30, 2021 would have increased (decreased) by $163.3 million ($158.2 million), 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:

	Three months ended June 30, 2021	Year ended March 31, 2021
Balance, beginning of period	**$ (40,202)**	$ (85,885)
Total gains (losses)	**210,743**	(2,900)
Purchases	**60,844**	(4,059)
Sales	**(9,290)**	(1,670)
Settlements	**(8,150)**	54,312
Balance, end of period	**$ 213,945**	$ (40,202)

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

As at June 30, 2021 and March 31, 2021, the carrying value of cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables approximates their fair value due to their short-term nature.

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. operations.

The performance of the Canadian dollar relative to the U.S. dollars could positively or negatively affect Just Energy's Interim Condensed Consolidated Statements of Income, as a significant portion of Just Energy's profit or loss is generated in U.S. dollars and is subject to currency fluctuations upon translation to Canadian dollars. Due to its growing operations in the U.S., Just Energy expects to have a greater exposure to foreign currency fluctuations in the future than in prior years. Just Energy has a policy to economically hedge between 50% and 100% 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 three months ended June 30, 2021, assuming that all the other variables had remained constant, the net profit for the three months ended June 30, 2021 would have been $17.3 million lower/higher and other comprehensive loss would have been $9.8 million lower/higher.

Interest rate risk

Just Energy is only exposed to interest rate fluctuations associated with its floating rate Credit Facility. Just Energy's current exposure to interest rates does not economically warrant the use of derivative instruments. Just Energy's exposure to interest rate risk is relatively immaterial and temporary in nature. Just Energy does not currently believe that its 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 an increase (decrease) of approximately $0.7 million in profit from continuing operations before income taxes in the Interim Condensed Consolidated Statements of Income for the three months ended June 30, 2021 (June 30, 2020 – $0.6 million).

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. 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 and RECs had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit from continuing operations before income taxes for the three months ended June 30, 2021 would have increased (decreased) by $171.1 million ($165.5 million), primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

(ii) Physical supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations.

(iii) 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 Risk Committee of the Board of Directors of Just Energy. The risk department and Risk Committee of the Board of Directors 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 June 30, 2021, Just Energy has applied an adjustment factor to determine the fair value of its financial instruments in the amount of $0.5 million (March 31, 2021 – $1.1 million) to accommodate for its counterparties' risk of default.

As at June 30, 2021, the estimated net counterparty credit risk exposure amounted to $258.4 million (March 31, 2021 – $35.6 million), representing the risk relating to Just Energy's exposure to derivatives that are in an asset position.

7. TRADE AND OTHER PAYABLES

	As at June 30, 2021	As at March 31, 2021
Commodity suppliers' accruals and payables (a)	**$ 772,618**	$ 712,144
Green provisions and repurchase obligations	**53,921**	77,882
Sales tax payable	**27,035**	27,684
Non-commodity trade accruals and accounts payable (b)	**62,752**	80,573
Current portion of payable to former joint venture partner (c)	**13,829**	11,467
Accrued gas payable	**354**	544
Other payables	**15,468**	11,301
	$ 945,977	$ 921,595

(a) Includes $491.7 million (March 31, 2021 – $507.3 million) that is subject to compromise depending on the outcome of the CCAA proceedings.

(b) Includes $11.7 million (March 31, 2021 – $12.9 million) that is subject to compromise depending on the outcome of the CCAA proceedings.

(c) The amount due to the former joint venture partner is subject to compromise depending on the outcome of the CCAA proceedings.

8. LONG-TERM DEBT AND FINANCING

	As at June 30, 2021	As at March 31, 2021
DIP Facility (a)	**$ 154,925**	$ 126,735
Less: Debt issue costs (a)	**(4,147)**	(6,312)
Filter Group financing (b)	**3,822**	4,617
Credit facility - subject to compromise (c)	**171,046**	227,189
Term loan - subject to compromise (d)	**283,986**	289,904
Note Indenture - subject to compromise (e)	**13,554**	13,607
	623,186	655,740
Less: Current portion	**(622,227)**	(654,180)
	$ 959	$ 1,560

Future annual minimum principal repayments are as follows:

	Less than 1 year	**1–3 years**	**4–5 years**	**More than 5 years**	**Total**
DIP Facility (a)	$ 154,925	$ –	$ –	$ –	$ 154,925
Less: Debt issue costs (a)	(4,147)	–	–	–	(4,147)
Filter Group financing (b)	2,863	959	–	–	3,822
Credit facility - subject to compromise (c)	171,046	–	–	–	171,046
Term Loan - subject to compromise (d)	283,986	–	–	–	283,986
Note Indenture - subject to compromise (e)	13,554	–	–	–	13,554
	$ 622,227	$ 959	$ –	$ –	$ 623,186

The following table details the finance costs for the period ended June 30. Interest is expensed based on the effective interest rate.

	For the three months ended June 30, 2021	For the three months ended June 30, 2020
DIP Facility (a)	**$ 7,100**	$ –
Filter Group financing (b)	**96**	206
Credit facility (c)	**5,717**	5,135
8.75% term loan (f)	**–**	9,264
6.75% $100M convertible debentures (g)	**–**	2,408
6.75% $160M convertible debentures (h)	**–**	3,496
6.5% convertible bonds (i)	**–**	275
Supplier finance and others	**–**	1,069
	$ 12,913	$ 21,853

(a) As discussed in Note 1, Just Energy filed and received the Court Order under the CCAA on March 9, 2021. In conjunction with the CCAA filing, the Company entered into the DIP Facility for USD $125 million. Just Energy Ontario L.P., Just Energy Group Inc. and Just Energy (U.S.) Corp. are the

borrowers under the DIP Facility and are supported by guarantees of certain subsidiaries and affiliates and secured by a super-priority charge against and attaching to the property that secures the obligations arising under the Credit Facility, created by the Court Order. The DIP Facility has an interest rate of 13%, paid quarterly in arrears. The DIP Facility terminates at the earlier of: (a) December 31, 2021, (b) the implementation date of the CCAA plan, (c) the lifting of the stay in the CCAA proceedings or (d) the termination of the CCAA proceedings. For consideration for making the DIP Facility available, Just Energy paid a 1% origination fee and a 1% commitment fee.

(b) Filter Group has a $3.8 million outstanding loan payable to Home Trust Company ("HTC"). The loan is a result of factoring receivables to finance the cost of rental equipment that matures no later than October 2023 with HTC and bears interest at 8.99% per annum. Principal and interest are payable monthly. Filter Group did not file under the CCAA and accordingly, the stay does not apply to Filter Group and any amounts outstanding under the loan payable to Home Trust Company.

(c) On March 18, 2021, Just Energy Ontario L.P, Just Energy (U.S.) Corp. and Just Energy Group Inc. entered into an Accommodation and Support Agreement (the "Lender Support Agreement") with the lenders under the Credit Facility. Under the Lender Support Agreement, the lenders agreed to allow issuance or renewals of Letters of Credit under the Credit Facility during the pendency of the CCAA proceedings within certain restrictions. In return, the Company has agreed to continue paying interest and fees at the non-default rate on the outstanding advances and Letters of Credit under the Credit Facility. The amount of Letters of Credit that may be issued is limited to the lesser of $46.1 million (excluding the Letters of Credit guaranteed by Export Development Canada under its Account Performance Security Guarantee Program), plus any amount the Company has repaid and $125 million. As at June 30, 2021, the Company had repaid $62.0 million and had a total of $98.8 million of letters of Credit outstanding.

Certain amounts outstanding under the letter of Credit Facility ("LC Facility") are guaranteed by Export Development Canada under its Account Performance Security Guarantee Program. 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 Filter Group. Just Energy has also entered into an inter-creditor agreement in which certain commodity and hedge providers are also secured by the same collateral. As a result of the CCAA filing, the borrowers are in default under the Credit Facility. However, any potential actions by the lenders have been stayed pursuant to the Court Order. As at June 30, 2021, the Company had $54.4 million of Letters of Credit outstanding and Letter of Credit capacity of $2.9 million available under the LC Facility.

The outstanding Advances are all Prime rate advances at a rate of bank prime (Canadian bank prime rate or U.S. prime rate) plus 4.25% and letters of credit are at a rate of 5.25%.

As at June 30, 2021, the Canadian prime rate was 2.45% and the U.S. prime rate was 3.25%.

As a result of the CCAA filing, the Credit Facility has been reclassified to short-term reflecting the potential acceleration of the debt allowed under the Credit Facility.

(d) As part of the September 2020 Recapitalization, Just Energy issued a USD $205.9 million principal note (the "10.25% Term Loan") maturing on March 31, 2024. The note bears interest at 10.25%. The balance at June 30, 2021 includes an accrual of $13.4 million for interest payable on the notes. As a result of the CCAA filing, the Company is in default under the 10.25% Term Loan. However, any potential actions by the lenders under the 10.25% Term Loan have been stayed pursuant to the Court Order, and the Company is not issuing additional notes equal to the capitalized interest. Given this acceleration option, the 10.25% Term Loan has been classified as current.

(e) As part of the September 2020 Recapitalization, Just Energy issued $15 million principal amount of 7.0% subordinated notes ("Note Indenture") to holders of the subordinated convertible debentures, which has a six-year maturity. The principal amount was reduced through a tender offer for no consideration on October 19, 2020 to $13.2 million. The Note Indenture bears an annual interest rate of 7.0% payable in kind. The balance at June 30, 2021 includes an accrual of $0.4 million for interest payable on the notes. As a result of the CCAA filing, the Company is in default under the Note Indenture's Trust Indenture agreement. However, any potential actions by the lenders under the Note Indenture have been stayed pursuant to the Court Order and the Company is not issuing additional notes equal to the capitalized interest. Given this acceleration option, the Note Indenture has been classified as current.

(f) As part of the September 2020 Recapitalization, the 8.75% loan was exchanged for its pro-rata share of the Term Loan and 786,982 common shares. At the time of the September 2020 Recapitalization, the 8.75% loan had USD $207.0 million outstanding plus accrued interest.

(g) As part of the September 2020 Recapitalization, the 6.75% $100M convertible debentures were exchanged for 3,592,069 common shares along with its pro-rata share of the Note Indenture and the payment of accrued interest.

(h) As part of the September 2020 Recapitalization, the 6.75% $160M convertible debentures were exchanged for 5,747,310 common shares along with its pro-rata share of the Note Indenture and the payment of accrued interest.

(i) As part of the September 2020 Recapitalization, the 6.5% convertible bonds were exchanged for its pro-rata share of the Term Loan and 35,737 common shares. At the time of the September 2020 Recapitalization, $9.2 million of the 6.5% convertible bonds were outstanding plus accrued interest.

9. REPORTABLE BUSINESS SEGMENTS

Just Energy's reportable segments are the Mass Market (formerly called Consumer) and the Commercial segments.

The chief operating decision maker monitors the operational results of the Mass Market and Commercial segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on certain non-IFRS measures such as Base EBITDA, Base gross margin and Embedded gross margin as defined in the Company's Management Discussion and Analysis.

Transactions between segments are in the normal course of operations and are recorded at the exchange amount.

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 such as Human Resources, Finance and Information Technology.

For the period ended June 30, 2021:

	Mass Market	Commercial	Corporate and shared services	Consolidated
Sales	$ 314,987	$ 293,685	$ –	$ 608,672
Cost of goods sold	255,498	272,865	–	528,363
Gross margin	59,489	20,820	–	80,309
Depreciation and amortization	3,640	806	–	4,446
Administrative expenses	9,153	3,339	17,278	29,770
Selling and marketing expenses	25,132	14,540	–	39,672
Other operating expenses	7,038	990	–	8,028
Segment profit (loss)	$ 14,526	$ 1,145	$ (17,278)	$ (1,607)
Finance costs				(12,913)
Unrealized gain on derivative instruments and other				292,137
Realized gain on derivative instruments				17,213
Other expense, net				(489)
Reorganization costs				(20,009)
Provision for income taxes				967
Profit from continuing operations				275,299
Profit for the period				$ 275,299
Capital expenditures	$ 1,774	$ 35	$ –	$ 1,809
As at June 30, 2021				
Total goodwill	$ 163,447	$ –	$ –	$ 163,447

For the three months ended June 30, 2020:

	Mass Market	Commercial	Corporate and shared services	Consolidated
Sales	$ 390,664	$ 295,300	$ –	$ 685,964
Cost of goods sold	204,309	212,518	–	416,827
Gross margin	186,355	82,782	–	269,137
Depreciation and amortization	6,365	914	–	7,279
Administrative expenses	8,461	5,835	25,657	39,953
Selling and marketing expenses	27,556	19,403	–	46,959
Other operating expenses	9,115	3,517	–	12,632
Segment profit (loss)	$ 134,858	$ 53,113	$ (25,657)	$ 162,314
Finance costs				(21,853)
Unrealized gain on derivative instruments and other				77,349
Realized loss of derivative instruments				(134,446)
Other income, net				(632)
Provision for income taxes				(634)
Profit from continuing operations				$ 82,098
Loss from discontinued operations				(2,948)
Profit for the period				79,150
Capital expenditures	$ 1,521	$ 165	$ –	$ 1,686
As at June 30, 2020				
Total goodwill	$ 170,854	$ 98,748	$ –	$ 269,602

Sales from external customers

Sales based on the location of the customer.

	For the three months ended June 30, 2021	For the three months ended June 30, 2020
Canada	**$ 140,478**	$ 104,454
United States	**468,194**	581,510
Total	**$ 608,672**	$ 685,964

Non-current assets

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

	As at June 30, 2021	As at March 31, 2021
Canada	**$ 178,245**	$ 178,802
United States	**69,474**	73,518
Total	**$ 247,719**	$ 252,320

10. INCOME TAXES

	Three months ended June 30, 2021	Three months ended June 30, 2020
Current income tax expense	**$ (1,112)**	$ 873
Deferred income tax recovery	**145**	(239)
Provision for (recovery of) income taxes	**$ (967)**	$ 634

11. SHAREHOLDERS' CAPITAL

Just Energy is authorized to issue an unlimited number of common shares with no par value and up to 50,000,000 preferred shares. The common shares outstanding have no preferences, rights or restrictions attached to them and there are no preferred shares outstanding.

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

	Three months ended June 30, 2021		Year ended March 31, 2021	
	Shares	**Amount**	Shares	Amount
Common shares:				
Issued and outstanding				
Balance, beginning of period	**48,078,637**	**$ 1,537,863**	4,594,371	$ 1,099,864
Share-based awards exercised	–	–	91,854	929
Issuance of shares due to Recapitalization	–	–	43,392,412	438,642
Issuance cost	–	–	–	(1,572)
Balance, end of period	**48,078,637**	**$ 1,537,863**	48,078,637	$ 1,537,863
Preferred shares:				
Issued and outstanding				
Balance, beginning of period	–	$ –	4,662,165	$ 146,965
Exchanged to common shares	–	–	(4,662,165)	(146,965)
Shareholders' capital	**48,078,637**	**$ 1,537,863**	48,078,637	$ 1,537,863

The above table reflects the impacts of the September 2020 Recapitalization including the extinguished convertible debentures, the settlement of the preferred shares and the issuance of new common shares. The common shares have been adjusted retrospectively to reflect the 33:1 share consolidation as part of the September 2020 Recapitalization.

(b) Dividends

For the quarter ended June 30, 2021, dividends of $nil (2020 - $nil) per common share were declared by Just Energy. Distributions in the three months ended June 30, 2021 amounted to $nil (2020 - $23). No dividends per preferred shares were declared during the three months ended June 30, 2020.

12. OTHER EXPENSES

(a) Other operating expenses

	Three months ended June 30, 2021	Three months ended June 30, 2020
Amortization of intangible assets	**$ 3,644**	$ 4,592
Depreciation of property and equipment	**802**	2,687
Bad debt expense	**7,418**	11,940
Share-based compensation	**610**	692
	$ 12,474	$ 19,911

(b) Employee expenses

	Three months ended June 30, 2021	Three months ended June 30, 2020
Wages, salaries and commissions	**$ 38,738**	$ 36,219
Benefits	**5,111**	6,488
	$ 43,849	$ 42,707

Employee expenses of $14.7 million and $29.1 million are included in administrative expense and selling and marketing expenses, respectively, for the three months ended June 30, 2021. Compared to $15.2 million and $27.5 million, respectively, for the three months ended June 30, 2020.

13. REORGANIZATION COSTS

Reorganization costs represent the amounts incurred related to the filings under the CCAA and Chapter 15 under the U.S. Bankruptcy Code proceedings and consist of:

	Three months ended June 30, 2021
Professional and advisory costs	**$ 12,546**
Key employee retention plan	**2,536**
Prepetition claims and other costs	**4,927**
	$ 20,009

14. EARNINGS PER SHARE

	Three months ended June 30, 2021	Three months ended June 30, 2020
BASIC EARNINGS PER SHARE		
Profit from continuing operations available to shareholders	**$ 275,299**	$ 82,098
Dividend to preferred shareholders, net of tax	**–**	3,319
Profit for the period available to shareholders	**275,299**	78,779
Basic weighted average shares outstanding[1]	**48,078,637**	9,895,058
Basic earnings per share from continuing operations available to shareholders	**$ 5.73**	$ 7.96
Basic earnings per share available to shareholders	**$ 5.73**	$ 7.66
DILUTED EARNINGS PER SHARE		
Profit from continuing operations available to shareholders	**$ 275,299**	$ 78,779
Adjusted profit for the period available to shareholders	**$ 275,299**	$ 78,779
Basic weighted average shares outstanding	**48,078,637**	9,895,058
Dilutive effect of:		
Restricted share and performance bonus grants	**–**	67,351
Deferred share grants	**–**	6,157
Deferred share units	**190,983**	–
Options	**650,000**	–
Shares outstanding on a diluted basis	**48,919,620**	9,968,566
Diluted earnings from continuing operations per share available to shareholders	$ **5.63**	$ 7.90
Diluted earnings per share available to shareholders	**$ 5.63**	$ 7.60

1 The shares have been adjusted to reflect the share consolidation due to the September 2020 Recapitalization.

15. COMMITMENTS AND CONTINGENCIES

Commitments for each of the next five years and thereafter are as follows:

As at June 30, 2021

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Gas, electricity and non-commodity contracts	**$ 1,252,345**	**$ 1,247,531**	**$ 238,030**	**$ 65,231**	**$ 2,803,137**

(a) Surety bonds and letters of credit

Pursuant to separate arrangements with several bond agencies, 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 June 30, 2021 amounted to $45.4 million (March 31, 2021 – $46.3 million) and are backed by letters of credit or cash collateral.

As at June 30, 2021, Just Energy had total letters of credit outstanding in the amount of $153.2 million (Note 8(c)).

(b) 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.

On March 9, 2021, Just Energy filed for and received creditor protection pursuant to the Court Order under the CCAA and similar protection under Chapter 15 of the Bankruptcy Code in the United States in connection with the Weather Event.

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, but refused to certify Omarali's request for damages on an aggregate basis and refused to certify Omarali's request for punitive damages. Omarali's motion for summary judgment was dismissed in its entirety on June 21, 2019. The matter was set for trial in November 2021. However, pursuant to the CCAA proceedings, these proceedings have been stayed. Just Energy denies the allegations and will vigorously defend against these claims, if they proceed.

On July 23, 2019, Just Energy announced that, as part of its Strategic Review process, management identified customer enrolment and non-payment issues, primarily in Texas. In response to this announcement, and in some cases in response to this and other subsequent related announcements, putative class action lawsuits were filed in the United States District Court for the Southern District of New York, in the United States District Court for the Southern District of Texas and in the Ontario Court, on behalf of investors that purchased Just Energy Group Inc. securities during various periods, ranging from November 9, 2017 through August 19, 2019. The U.S. lawsuits have been consolidated in the United States District Court for the Southern District of Texas with one lead plaintiff and the Ontario lawsuits have been consolidated with one lead plaintiff. The U.S. lawsuit seeks damages allegedly arising from violations of the United States Securities Exchange Act. The Ontario lawsuit seeks damages allegedly arising from violations of Canadian securities legislation and of common law. The Ontario lawsuit was subsequently amended to, among other things, extend the period to July 7, 2020. On September 2, 2020, pursuant to Just Energy's plan of arrangement, the Superior Court of Justice (Ontario) ordered that all existing equity class action claimants shall be irrevocably and forever limited solely to recovery from the proceeds of the insurance policies payable on behalf of Just Energy or its directors and officers in respect of any such existing equity class action claims, and such existing equity class action claimants shall have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from any of the released parties or any of their respective current or former officers and directors in respect of any existing equity class action claims, other than enforcing their rights to be paid by the applicable insurer(s) from the proceeds of the applicable insurance policies. Pursuant to the CCAA proceedings, these proceedings have been stayed. Just Energy denies the allegations and will vigorously defend against these claims if they proceed.

Management's discussion and analysis – August 13, 2021

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 quarter ended June 30, 2021. This MD&A has been prepared with all information available up to and including August 13, 2021. This MD&A should be read in conjunction with Just Energy's unaudited Interim Condensed Consolidated Financial Statements (the "Interim Condensed Consolidated Financial Statements") for the quarter ended June 30, 2021. The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise noted. Quarterly reports, the annual report and supplementary information can be found on Just Energy's corporate website at www.investors.justenergy.com. Additional information can be found on SEDAR at www.sedar.com or on the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

WEATHER EVENT AND CREDITOR PROTECTION FILINGS

In February 2021, the State of Texas experienced extremely cold weather (the "Weather Event"). The Weather Event led to increased electricity demand and sustained high prices from February 13, 2021 through February 20, 2021. As a result of the losses sustained and without sufficient liquidity to pay the corresponding invoices from the Electric Reliability Council of Texas, Inc. ("ERCOT") when due, and accordingly, on March 9, 2021, Just Energy applied for and received creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") from the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") and under Chapter 15 ("Chapter 15") in the United States from the Bankruptcy Court of the Southern District of Texas, Houston Division (the "Court Orders"). Protection under the Court Orders allows Just Energy to operate while it restructures its capital structure.

As part of the CCAA filing, the Company entered into a USD$125 million Debtor–In–Possession ("DIP Facility") financing with certain affiliates of Pacific Investment Management Company ("PIMCO). The Company entered into Qualifying Support Agreements with its largest commodity supplier and ISO services provider. The Company entered into a Lender Support Agreement with the lenders under its Credit Facility (for details refer to note 8(c) in the Interim Condensed Consolidated Financial Statements). The filings and associated USD$125 million DIP Facility arranged by the Company, enabled Just Energy to continue all operations without interruption throughout the U.S. and Canada and to continue making payments required by ERCOT and satisfy other regulatory obligations.

On May 26, 2021, the stay period was extended by the Ontario Court to September 30, 2021. As at June 30, 2021, in connection with the CCAA proceeds, the Company identified $997.2 million of liabilities subject to compromise (see Note 1 in the Interim Condensed Consolidated Financial Statements). The Company also recorded Reorganization Costs (defined below in Key Terms) of $20.0 million in the three months ended June 30, 2021 (see Note 13 in the Interim Condensed Consolidated Financial Statements).

The Common Shares, no par value, of the Company (the "Common Shares") are listed on the TSX Venture Exchange under the symbol "JE" and on the OTC Pink Market under the symbol "JENGQ".

SECURITIZATION UNDER HOUSE BILL 4492

On June 16, 2021 Texas House Bill 4492 ("HB 4492"), which provides a mechanism for recovery of certain costs incurred by various parties, including the Company, during the Weather Event through certain securitization structures, became law in Texas. HB 4492 addresses securitization of (i) ancillary service charges above USD $9,000/MWh during the Weather Event; (ii) reliability deployment price adders charged by the ERCOT during the Weather Event; and (iii) amounts owed to ERCOT due to defaults of competitive market participants, which were subsequently "short–paid" to market participants, including Just Energy, (collectively, the "Costs").

HB 4492 provides that ERCOT request that the Public Utility Commission of Texas (the “Commission”) establish financing mechanisms for the payment of the Costs incurred by load–serving entities, including Just Energy. On July 16, 2021, ERCOT filed the request with the Commission (Docket number 52322). The Company continues to evaluate HB 4492. Based on current information, if the Commission approves the financing provided for in HB 4492, Just Energy anticipates that it will recover up to approximately USD $100 million of Costs. The total amount that the Company may recover through the mechanisms authorized in HB 4492 may change materially based on a number of factors, including the details of an established financing order issued by the Commission, additional ERCOT resettlements, the aggregate amount of funds applied for under HB 4492 by participants, the outcome of the dispute resolution process initiated by the Company with ERCOT, and any potential challenges to the Commission’s order or orders. There is no assurance that the Company will be able to recover all of the Costs.

Forward–looking information

This MD&A may contain forward–looking statements, including, without limitation, statements with respect to the implementation of HB 4492 by the Commission, the establishment of financing mechanisms for the payment of the Costs incurred by load–serving entities, and whether the Company may ultimately recover any amount of Costs. These statements are based on current expectations that involve several risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, risks with respect to the Commission’s decisions with respect to the financing mechanisms to recover the Costs, Just Energy failing to meet any requirements under any rules established by the Commission with respect to financing mechanisms to recover the Costs, and any litigation with respect to the financing mechanism established by the Commission; the ability of the Company to continue as a going concern; the outcome of proceedings under CCAA proceedings with respect to the Company and similar legislation in the United States; the impact of any recovery of the Costs on the Company and/or its proceedings under CCAA and similar United States legislation; the outcome of any legislative or regulatory actions; the outcome of any invoice dispute with ERCOT; the outcome of potential litigation in connection with the Weather Event; the quantum of the financial loss to the Company from the Weather Event and its impact on the Company’s liquidity; the Company’s discussions with key stakeholders regarding the Weather Event and the CCAA proceedings and the outcome thereof; the impact of the evolving COVID–19 pandemic on the Company’s business, operations and sales; reliance on suppliers; uncertainties relating to the ultimate spread, severity and duration of COVID–19 and related adverse effects on the economies and financial markets of countries in which the Company operates; the ability of the Company to successfully implement its business continuity plans with respect to the COVID–19 pandemic; the Company’s ability to access sufficient capital to provide liquidity to manage its cash flow requirements; 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; customer credit risk; 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; and dependence on certain suppliers. Additional information on these and other factors that could affect Just Energy’s operations or financial results are included in Just Energy’s annual information form and other reports on file with Canadian securities regulatory authorities which can be accessed through the SEDAR website at www.sedar.com on the U.S. Securities and Exchange Commission’s website at www.sec.gov or through Just Energy’s website at www.investors.justenergy.com.

Company overview

Just Energy is a retail energy provider specializing in electricity and natural gas commodities, energy efficient solutions, carbon offsets and renewable energy options to customers. Operating in the United States (“U.S.”) and Canada, Just Energy serves both residential and commercial customers, providing homes and businesses with a broad range of energy solutions that deliver comfort, convenience and control. Just Energy is the parent company of Amigo Energy, Filter Group Inc. (“Filter Group”), Hudson Energy, Interactive Energy Group, Tara Energy and terrapass.

Continuing operations overview

MASS MARKETS SEGMENT

The Mass Markets segment (formerly referred to as "Consumer Segment") includes customers acquired and served under the Just Energy, Tara Energy, Amigo Energy and terrapass brands. Marketing of the energy products of this segment is primarily done through digital and retail sales channels. Mass Market customers make up 75% of Just Energy's Base gross margin (defined below in non–IFRS financial measures), which is currently focused on price–protected and flat–bill 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 Mass Markets segment's sales channels offer these products.

Just Energy also provides home water filtration systems with its line of consumer product and service offerings through Filter Group.

COMMERCIAL SEGMENT

The Commercial segment includes customers acquired and served under the Hudson Energy, as well as brokerage services managed by the Interactive Energy Group. Hudson sales are made through three main channels: brokers, door–to–door commercial independent contractors and inside commercial sales representatives. Commercial customers make up 25% of Just Energy's Base gross margin. 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 Mass Markets segment, but customer acquisition costs and ongoing customer care costs per RCE are lower as well. Commercial customers also have significantly lower attrition rates than Mass Markets customers.

ABOUT JUST ENERGY'S PRODUCTS

Just Energy offers products and services to address customers' essential needs, including electricity and natural gas commodities, energy efficient solutions, carbon offsets and renewable energy options as well as water quality and filtration devices to customers.

Electricity

Just Energy services various states and territories in U.S. and Canada 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. Most of these products provide customers with price–protection programs for the majority of their electricity requirements. Just Energy uses historical usage data for enrolled customers to predict future customer consumption and to help with long–term supply procurement decisions. Flat–bill products offer customers the ability to pay a fixed amount per period regardless of usage.

Just Energy purchases electricity supply from market counterparties for Mass Markets and Commercial customers based on forecasted customer aggregation. Electricity supply is generally purchased concurrently with the execution of a contract for larger Commercial customers. Historical customer usage is obtained from LDCs (as defined in key terms), which, when normalized to average weather, provides Just Energy with expected normal customer consumption. Just Energy mitigates exposure to weather variations through active management of the electricity 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 electricity 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 increase or decrease Just Energy's Base gross margin (as defined in Non–IFRS financial measures) depending upon market conditions at the time of balancing.

Natural gas

Just Energy offers natural gas customers a variety of products ranging from five–year fixed–price contracts to month–to–month variable–price contracts. Gas supply is purchased from market counterparties based on forecasted consumption. 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 Base gross margin may increase or decrease depending upon market conditions at the time of balancing.

Territory	***Gas delivery method***
Manitoba, Ontario, Quebec and Michigan	The volumes delivered for a customer typically remain constant throughout the year. Sales are not recognized until the customer 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.
Alberta, British Columbia, Saskatchewan, California, Illinois, Indiana, Maryland, New Jersey, New York, Ohio and Pennsylvania	The volume of gas delivered is based on the estimated consumption and storage requirements for each month. The amount of gas delivered in the months of October to March is higher than in the months of April to September. Cash flow received from most of these markets is greatest during the fall and winter quarters, as cash is normally received from the LDCs in the same period as customer consumption.

JustGreen

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

JustGreen's electricity products offer 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. JustGreen programs for gas customers involve the purchase of carbon offsets from carbon capture and reduction projects. 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 electricity and gas in eligible markets across North America. Of all customers who contracted with Just Energy in the past year, 38% purchased JustGreen for some or all of their energy needs. On average, these customers elected to purchase 93% of their consumption as green supply. For comparison, as reported for the trailing 12 months ended June 30, 2020, 55% of Consumer customers who contracted with Just Energy chose to include JustGreen for an average of 90% of their consumption. As at June 30, 2021, JustGreen makes up 25% of the Mass Market electricity portfolio, compared to 21% in the year ago period. JustGreen makes up 13% of the Mass Market gas portfolio, compared to 17% in the year ago period.

Terrapass

Through terrapass, customers can offset their environmental impact by purchasing high quality environmental products. Terrapass supports projects throughout North America and are exploring other projects world–wide that destroy greenhouse gases, produce renewable energy and restore freshwater ecosystems. Each project is made possible through the purchase of carbon offsets and renewable energy credits. Terrapass offers various purchase options for residential or commercial customers as well as non–commodity customers, depending on the impact the customer wishes to make.

Key terms

"6.5% convertible bonds" refers to the US$150 million in convertible bonds issued in January 2014, which were exchanged for Common Shares and a pro–rata portion of the Term loan as part of the September 2020 Recapitalization.

"6.75% $160M convertible debentures" refers to the $160 million in convertible debentures issued in October 2016, which were exchanged for Common Shares and its pro–rata allocation of the 7.0% $13M subordinated notes issued as part of the September 2020 Recapitalization.

“6.75% $100M convertible debentures” refers to the $100 million in convertible debentures issued in February 2018, which were exchanged for Common Shares and its pro–rata allocation of the 7.0% $13M subordinated notes issued as part of the September 2020 Recapitalization.

“8.75% loan” refers to the US$250 million non–revolving multi–draw senior unsecured term loan facility entered into on September 12, 2018. The 8.75% loan was exchanged for Common Shares and a pro–rata portion of the Term loan as part of the September 2020 Recapitalization.

“Base gross margin per RCE” refers to the energy Base gross margin realized on Just Energy’s RCE customer base, including gains (losses) from the sale of excess commodity supply excluding the impacts of the Weather Event or Reorganization Costs.

“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” refers to the number of customers with a distinct address rather than RCEs (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. The loan bears an annual interest rate of 8.99%.

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

“Liquidity” means cash on hand.

“Maintenance capital expenditures” means the necessary property and equipment and intangible asset capital expenditures required to maintain existing operations at functional levels.

“Note Indenture” refers to the $15 million subordinated notes with a six–year maturity and bearing an annual interest rate of 7.0% (payable in kind semi–annually) issued in relation to the September 2020 Recapitalization, which have a maturity date of September 15, 2026. The principal amount was reduced through a tender offer for no consideration, on October 19, 2020 to $13.2 million.

“RCE” means residential customer equivalent, which is a unit of measurement equivalent to a customer using 2,815 m^3 (or 106 GJs or 1,000 Therms or 1,025 CCFs) of natural gas on an annual basis or 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.

“Reorganization Costs” – means the amounts incurred related to the filings under the CCAA and Chapter 15 under the U.S. Bankruptcy Code proceedings. These costs include professional and advisory costs, key employee retention plan, contract terminations and prepetition claims, and other costs.

“Selling commission expenses” means customer acquisition costs amortized under IFRS 15, *Revenue from contracts with customers*, or directly expensed within the current period and consist of commissions paid to independent sales contractors, brokers and sales agents and is reflected on the Interim Condensed Consolidated Statements of Income as part of selling and marketing expenses.

“Selling non–commission and marketing expenses” means the cost of selling overhead, including digital marketing cost not directly associated with the costs of direct customer acquisition costs within the current period and is reflected on the Interim Condensed Consolidated Statements of Income as part of selling and marketing expenses.

“Strategic Review” means the Company’s formal review announced on June 6, 2019 to evaluate strategic alternatives available to the Company. The Company finalized the Strategic Review with the completed September 2020 Recapitalization.

“Term Loan” refers to the US$206 million senior unsecured 10.25% term loan facility entered into on September 28, 2020 pursuant to the September 2020 Recapitalization, which has a maturity date of March 31, 2024.

Non–IFRS financial measures

Just Energy's Interim Condensed 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.

BASE GROSS MARGIN

"Base gross margin" represents gross margin adjusted to exclude the effect of applying IFRS Interpretation Committee Agenda Decision 11, *Physical Settlement of Contracts to Buy or Sell a Non–Financial Item*, for realized gains (losses) on derivative instruments, the one–time impact of the Weather Event, and the one–time non–recurring sales tax settlement. Base gross margin is a key measure used by management to assess performance and allocate resources. Management believes that these realized gains (losses) on derivative instruments reflect the long–term financial performance of Just Energy and thus have included them in the Base gross margin calculation.

EBITDA

"EBITDA" refers to earnings before finance costs, income taxes, depreciation and amortization with an adjustment for discontinued operations. 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 unrealized mark to market gains (losses) arising from IFRS requirements for derivative financial instruments, Reorganization costs, share–based compensation, impairment of inventory, Strategic Review costs, realized gains (losses) related to gas held in storage until gas is sold, and non–controlling interest. This measure reflects operational profitability as the impact of the non–cash gains (losses), impairment of inventory and Reorganization costs are one–time non–recurring events. Non–cash share–based compensation expense is treated as an equity issuance for the purposes of this calculation as it will be settled in Common Shares; the unrealized mark to market gains (losses) are associated with supply already sold in the future at fixed prices; and, the unrealized mark to market gains (losses) of weather derivatives are not related to weather in the current period.

Just Energy ensures that customer margins are protected by entering into fixed–price supply contracts. Under 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 and realized gains (losses) depending upon current supply pricing. Management believes that the unrealized 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.

Just Energy uses derivative financial instruments to hedge the gas held in storage for future delivery to customers. Under IFRS, the customer contracts are not marked to market: however, there is a requirement to report the realized gains (losses) in the current period instead of recognizing them as a cost of inventory until delivery to the customer. Just Energy excludes the realized gains (losses) to EBITDA during the injection season and includes them during the withdrawal season in accordance with the customers receiving the gas. Management believes that including the realized gains (losses) during the withdrawal season when the customers receive the gas is more reflective of the operations of the business.

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 products contracts are capitalized and amortized over the term of the contract. Amortization of these costs with respect to customer contracts is included in the calculation of Base EBITDA (as selling commission 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 AND UNLEVERED FREE CASH FLOW

Free cash flow represents cash flow from operations less maintenance capital expenditures. Unlevered free cash flow represents free cash flows plus finance costs excluding the non–cash portion.

EMBEDDED GROSS MARGIN (“EGM”)

EGM is a rolling five–year measure of management’s estimate of future contracted energy and product gross margin. The commodity EGM 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 goods sold on a five– 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.

EGM indicates the gross 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 neither discounted to present value nor is it intended to consider administrative and other costs necessary to realize this margin.

Financial and operating highlights

For the three months ended June 30.

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

	Fiscal 2022	% increase (decrease)	Fiscal 2021
Sales	**$ 608,672**	**(11)%**	$ 685,964
Base gross margin[1]	**99,617**	**(27)%**	136,279
Administrative expenses[2]	**29,770**	**(25)%**	39,953
Selling commission expenses	**25,294**	**(30)%**	35,979
Selling non-commission and marketing expense	**14,378**	**31 %**	10,981
Bad debt expense	**7,418**	**(38)%**	11,940
Reorganization costs	**20,009**	**NMF [3]**	–
Finance costs	**12,913**	**(41)%**	21,853
Profit from continuing operations	**275,299**	**NMF [3]**	82,098
Base EBITDA[1]	**23,021**	**(43)%**	40,479
Unlevered free cash flow[1]	**7,610**	**(65)%**	21,897
EGM Mass Market	**1,017,300**	**(15)%**	1,203,800
EGM Commercial	**332,500**	**(24)%**	438,700
RCE Mass Markets count	**1,127,000**	**(11)%**	1,261,000
RCE Mass Markets net adds	**(6,000)**	**90 %**	(62,000)
RCE Commercial count	**1,734,000**	**(10)%**	1,922,000

[1] See “Non–IFRS financial measures” on page 6.
[2] Includes $3.6 million of Strategic Review costs for the first quarter of fiscal 2021.
[3] Not a meaningful figure.

Sales decreased by 11% to $608.7 million for the three months ended June 30, 2021 compared to $686.0 million for the three months ended June 30, 2020. The decrease was primarily driven by a decline in the customer base due to Company’s continued strategy to increase the onboarding of high–quality customers; regulatory restrictions in Ontario, New York and California; and selling constraints in direct in–person channels previously posed by the COVID–19 pandemic; and by competitive pressures on pricing and COVID–19 pandemic in the commercial segment.

Base gross margin decreased by 27% to $99.6 million for the quarter ended June 30, 2021 compared to $136.3 million for the quarter ended June 30, 2020. The decrease was primarily driven by a lower customer base, unfavourable exchange rate fluctuations and favourable resettlements during the prior comparable quarter.

Base EBITDA decreased by 43% to $23.0 million for the three months ended June 30, 2021 compared to $40.5 million for the three months ended June 30, 2020. The decrease was driven by lower Base gross margin and increased investment in digital marketing, partially offset by lower administrative, selling commission and bad debt expenses.

Administrative expenses decreased by 25% to $29.8 million for the three months ended June 30, 2021 compared to $40.0 million for the three months ended June 30, 2020. The decrease was primarily driven by Strategic Review costs in the prior comparable quarter, lower wages expense, and lower professional and legal fee costs.

Selling commission expenses decreased by 30% to $25.3 million for the three months ended June 30, 2021 compared to $36.0 for the three months ended June 30, 2020. The decrease is primarily driven by lower sales from direct in–person channels driven by the impacts of the COVID–19 pandemic and lower commercial sales driven competitive price pressures and the COVID–19 pandemic in prior periods.

Selling non–commission and marketing expenses increased by 31% to $14.4 million for the three months ended June 30, 2021 compared to $11.0 million for the three months ended June 30, 2020. The increase was driven by the increased investment in digital marketing.

Bad debt expense decreased by 38% to $7.4 million for the three months ended June 30, 2021 compared to $11.9 million for the three months ended June 30, 2020. The decrease in bad debt was driven by lower revenues from overall lower customer base and improvements in commercial segment.

Reorganization costs represent the amounts incurred related to the filings under the CCAA and Chapter 15 under the U.S. Bankruptcy Code proceedings. These costs include professional and advisory costs of $12.5 million, $2.5 million for the key employee retention plan and $5.0 million in prepetition claims, contract terminations and other costs.

Finance costs decreased by 41% to $12.9 million for the three months ended June 30, 2021 compared to $21.9 million for the three months ended June 30, 2020. The decrease is due to September 2020 Recapitalization together with no longer accruing finance costs on the unsecured debt due to the CCAA filing as shown in Note 8 of the Interim Condensed Consolidated Financial Statements.

Unlevered free cash flow decreased by 65% to an inflow of $7.6 million for the three months ended June 30, 2021 compared to an inflow of $21.9 million for the three months ended June 30, 2020. The decrease is related to higher payments to ERCOT associated with the Weather Event, partially offset by the non–payment of trade and other payables subject to compromise under the CCAA.

Mass Markets EGM decreased by 15% to $1,017.3 million as at June 30, 2021 compared to $1,203.8 million as at June 30, 2020. The decline resulted from the decline in the customer base and the unfavorable foreign exchange.

Commercial EGM decreased by 24% to $332.5 million as at June 30, 2021 compared to $438.7 million as at June 30, 2020. The decline resulted from the decline in the customer base and the unfavourable foreign exchange.

Mass Markets RCE Net Adds for the three months ended June 30, 2021 was a loss of 6,000 compared to a loss of 62,000 for the three months ended June 30, 2020. Excluding the one–time 29,000 loss related to the regulatory changes in New York coming into effect in April 2021, Mass Markets RCE Net Adds for the three months ended June 30, 2021 was a positive 23,000.

Base gross margin[1]

For the three months ended June 30.
(thousands of dollars)

	Fiscal 2022			Fiscal 2021		
	Mass Market	**Commercial**	**Total**	Mass Market	Commercial	Total
Gas	**$ 14,232**	**$ 1,818**	**$ 16,050**	$ 27,816	$ 6,429	$ 34,245
Electricity	**60,743**	**22,824**	**83,567**	83,210	18,824	102,034
	$ 74,975	**$ 24,642**	**$ 99,617**	$ 111,026	$ 25,253	$ 136,279
Decrease	**(32)%**	**(2)%**	**(27)%**			

[1] See "Non–IFRS financial measures" on page 6.

MASS MARKETS

Mass Markets Base gross margin decreased by 32% to $75.0 million for the three months ended June 30, 2021 compared to $111.0 million for the three months ended June 30, 2020. The decline in Base gross margin was primarily driven by a decline in the customer base, lower exchange rate and favorable resettlements during prior comparable quarter.

Gas

Mass Market gas Base gross margin decreased by 49% to $14.2 million for the three months ended June 30, 2021 compared to $27.8 million for the three months ended June 30, 2020. The decline in gas Base gross margin was driven by a decline in customer base and favorable resettlements during prior comparable quarter.

Electricity

Mass Market electricity Base gross margin decreased by 27% to $60.7 million for the three months ended June 30, 2021 compared to $83.2 million for the three months ended June 30, 2020. The decrease in electricity Base gross margin is due to the decline in the customer base, lower fee revenue disconnect moratorium by the Commission, and lower exchange rate.

COMMERCIAL

Commercial Base gross margin decreased by 2% to $24.6 million for the three months ended June 30, 2021 compared to $25.3 million for the three months ended June 30, 2020. The decrease in Commercial Base gross margin was driven primarily by a decline in the customer base, favorable resettlements during prior comparable quarter and lower exchange rate, partially offset by lower capacity obligation across several markets.

Gas

Commercial gas base gross margin decreased by 72% to $1.8 million for the three months ended June 30, 2021 compared to $6.4 million for the three months ended June 30, 2020. The Commercial gas Base gross margin decrease was primarily driven by favorable resettlements during prior comparable quarter.

Electricity

Commercial electricity base gross margin increased by 21% to $22.8 million for the three months ended June 30, 2021 compared to $18.8 million for the three months ended June 30, 2020. Commercial electricity Base gross margin increase is primarily driven by lower capacity obligation across several markets and higher realized margin, partially offset by a decline in the customer base.

Mass Markets average realized Base gross margin

For the trailing 12 months ended June 30.
(thousands of dollars)

	Fiscal 2022 GM/RCE	% Change	Fiscal 2021 GM/RCE
Gas	**$ 373**	**(1)%**	$ 377
Electricity	**320**	**(10)%**	355
Total	**$ 333**	**(8)%**	361

Mass Market average realized Base gross margin for the trailing 12 months ended June 30, 2021 decreased 8% to $333/RCE compared to $361/RCE for the trailing 12 months ended June 30, 2020. The decrease is primarily attributable favorable resettlements during the prior year and lower exchange rate.

Commercial average realized Base gross margin

For the trailing 12 months ended June 30.
(thousands of dollars)

	Fiscal 2022 GM/RCE	% Change	Fiscal 2021 GM/RCE
Gas	**$ 89**	**(6)%**	$ 95
Electricity	**97**	**3 %**	94
Total	**$ 96**	**1 %**	95

Commercial Average realized Base gross margin for the trailing 12 months ended June 30, 2021 increased by 1% to $96/RCE compared to $95/RCE for the trailing 12 months ended June 30, 2020.

Base EBITDA

For the three months ended June 30.
(thousands of dollars)

	Fiscal 2022	Fiscal 2021
Reconciliation to Interim Condensed Consolidated Statements of Income		
Profit for the period	**$ 275,299**	$ 79,150
Add:		
Finance costs	**12,913**	21,853
Provision (recovery) for income taxes	**(967)**	634
Loss from discontinued operations	**–**	2,948
Amortization and depreciation	**4,487**	7,352
EBITDA	**$ 291,732**	$ 111,937
Add (subtract):		
Unrealized gain of derivative instruments and other	**(292,137)**	(77,349)
Weather event	**3,666**	–
Reorganization costs	**20,009**	–
Share-based compensation	**610**	692
Impairment of inventory	**648**	–
Strategic Review costs	**–**	3,614
Realized (gain) loss included in cost of goods sold	**(1,570)**	1,588
Loss attributable to non-controlling interest	**63**	(3)
Base EBITDA	**$ 23,021**	$ 40,479
Gross margin	**$ 80,309**	$ 269,137
Realized gain (loss) of derivative instruments and other	**15,642**	(132,858)
Weather Event	**3,666**	–
Base gross margin	**99,617**	136,279
Add (subtract):		
Administrative expenses	**(29,770)**	(39,953)
Selling commission expenses	**(25,294)**	(35,979)
Selling non-commission and marketing expense	**(14,378)**	(10,981)
Bad debt expense	**(7,418)**	(11,940)
Strategic Review costs	**–**	3,614
Amortization included in cost of sales	**42**	74
Loss attributable to non-controlling interest	**63**	(3)
Other income (expense)	**159**	(632)
Base EBITDA	**$ 23,021**	$ 40,479

Base EBITDA decreased by 43% to $23.0 million for the three months ended June 30, 2021 compared to $40.5 million for the three months ended June 30, 2020. The decrease was driven by lower Base gross margin and increased investment in digital marketing, partially offset by lower administrative, selling commission and bad debt expenses.

Base gross margin decreased by 27% to $99.6 million for the quarter ended June 30, 2021 compared to $136.3 million for the quarter ended June 30, 2020. The decrease was primarily driven by a lower customer base, unfavourable exchange rate fluctuations and favourable resettlements during the prior comparable quarter.

For more information on the changes in the results from operations by segment, refer to pages 12 through 15 below.

Summary of quarterly results for continuing operations

(thousands of dollars, except per share amounts)

	Q1 Fiscal 2022	Q4 Fiscal 2021	Q3 Fiscal 2021	Q2 Fiscal 2021
Sales[1]	**$ 608,672**	$ 689,064	$ 627,015	$ 737,994
Cost of goods sold[1]	**528,363**	3,131,485	446,571	517,283
Gross margin	**80,309**	(2,442,421)	180,445	220,711
Realized gain (loss) of derivative instruments and other	**15,642**	2,152,866	(48,837)	(82,438)
Weather Event	**3,666**	418,369	–	–
Sales Tax settlement	**–**	1,885	–	–
Base gross margin	**99,617**	130,699	131,608	138,273
Administrative expenses	**29,770**	29,884	30,408	43,957
Selling commission expenses	**25,294**	28,295	30,485	34,895
Selling non-commission and marketing expenses	**14,378**	14,086	11,784	13,017
Bad debt expense	**7,418**	7,301	3,358	11,662
Restructuring costs	**–**	–	–	7,118
Finance costs	**12,913**	17,346	17,677	29,744
Profit (loss) for the period from continuing operations	**275,299**	(382,371)	(52,327)	(50,156)
Profit (loss) for the period from discontinued operations, net	**–**	(162)	4,788	(1,210)
Profit (loss) for the period	**275,299**	(382,533)	(47,539)	(51,366)
Base EBITDA from continuing operations	**23,021**	53,794	55,785	32,774

	Q1 Fiscal 2021	Q4 Fiscal 2020	Q3 Fiscal 2020	Q2 Fiscal 2020
Sales[1]	$ 685,964	$ 776,921	$ 750,615	$ 860,395
Cost of goods sold[1]	416,827	489,411	538,646	935,743
Gross margin	269,137	287,510	211,969	(75,348)
Realized gain (loss) of derivative instruments and other	(132,858)	(107,089)	(69,485)	230,732
Base gross margin	136,279	180,421	142,484	155,384
Administrative expenses	39,953	46,051	39,616	41,466
Selling commission expenses	35,979	36,983	36,698	33,499
Selling non-commission and marketing expenses	10,981	16,584	14,572	20,780
Bad debt expense	11,940	13,197	19,996	29,570
Finance costs	21,853	26,770	28,178	28,451
Profit (loss) for the period from continuing operations	82,098	(138,210)	20,601	89,349
Profit (loss) for the period from discontinued operations, net	(2,948)	(2,721)	6,293	(9,809)
Profit (loss) for the period	79,150	(140,931)	26,894	79,540
Base EBITDA from continuing operations	40,479	74,632	37,950	49,069

[1] Sales amounts have been corrected from the statements previously presented to conform to the presentation of the current Interim Condensed Consolidated Financial Statements.

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 (RCEs) currently represent 77% and 23% of the commodity customer base, respectively. Since consumption for each commodity is influenced by weather, Just Energy believes the annual quarter over quarter comparisons are more relevant than sequential quarter comparisons.

Segmented Base EBITDA[1]

For the three months ended June 30.
(thousands of dollars)

Fiscal 2022

	Mass Market	Commercial	Corporate and shared services	Consolidated
Sales	**$ 314,987**	**$ 293,685**	**$ –**	**$ 608,672**
Cost of goods sold	**(255,498)**	**(272,865)**	**–**	**(528,363)**
Gross margin	**59,489**	**20,820**	**–**	**80,309**
Weather event	**3,666**	**–**	**–**	**3,666**
Realized loss of derivative instruments and other	**11,820**	**3,822**	**–**	**15,642**
Base gross margin	**74,975**	**24,642**	**–**	**99,617**
Add (subtract):				
Administrative expenses	**(9,153)**	**(3,339)**	**(17,278)**	**(29,770)**
Selling commission expenses	**(11,856)**	**(13,438)**	**–**	**(25,294)**
Selling non-commission and marketing expense	**(13,276)**	**(1,102)**	**–**	**(14,378)**
Bad debt expense	**(5,940)**	**(1,478)**	**–**	**(7,418)**
Amortization included in cost of goods sold	**42**	**–**	**–**	**42**
Other income	**124**	**35**	**–**	**159**
Loss attributable to non-controlling interest	**63**	**–**	**–**	**63**
Base EBITDA from continuing operations	**$ 34,979**	**$ 5,320**	**$ (17,278)**	**$ 23,021**

Fiscal 2021

	Mass Market	Commercial	Corporate and shared services	Consolidated
Sales[1]	$ 390,663	$ 295,301	$ –	$ 685,964
Cost of goods sold[1]	(204,308)	(212,519)	–	(416,827)
Gross margin	186,355	82,782	–	269,137
Realized loss of derivative instruments and other	(75,329)	(57,529)	–	(132,858)
Base gross margin	111,026	25,253	–	136,279
Add (subtract):				
Administrative expenses	(8,461)	(5,835)	(25,657)	(39,953)
Selling commission expenses	(18,451)	(17,528)	–	(35,979)
Selling non-commission and marketing expense	(9,106)	(1,875)	–	(10,981)
Bad debt expense	(8,449)	(3,491)	–	(11,940)
Amortization included in cost of goods sold	74	–	–	74
Strategic Review costs	–	–	3,614	3,614
Other expense	(632)	–	–	(632)
Loss attributable to non-controlling interest	(3)	–	–	(3)
Base EBITDA from continuing operations	$ 65,998	$ (3,476)	$ (22,043)	$ 40,479

[1] Sales amounts have been corrected from the statements previously presented to conform to the presentation of the current Interim Condensed Consolidated Financial Statements.
[2] The segment definitions are provided on page 3.

Mass Markets segment Base EBITDA decreased by 47% to $35.0 million for the three months ended June 30, 2021 compared to $66.0 million for the three months ended June 30, 2020. The decrease was driven by lower Base gross margin primarily due to a decline in the customer base and increased investment in digital marketing partially offset by a lower selling commission and bad debt expenses.

Commercial segment Base EBITDA increased by $8.8 million to $5.3 million for the three months ended June 30, 2021 compared to a negative $3.5 million for the three months ended June 30, 2020. The increase in Commercial segment Base EBITDA is driven by lower selling commission and bad debt expenses.

Corporate and shared services costs relate to management oversight of the business units, public reporting and filings, corporate governance and other shared services functions. The corporate expenses were $17.3 million for the three months ended June 30, 2021, compared to $22.0 million for the three months ended June 30, 2020.

Acquisition Costs

The acquisition costs per customer for the last twelve months for Mass Market customers signed by sales agents including sales through digital channel and the Commercial customers signed by brokers were as follows:

	Fiscal 2022	Fiscal 2021
Mass Markets	**$ 235/RCE**	$ 261/RCE
Commercial	**$ 45/RCE**	$ 47/RCE

The Mass Markets average acquisition cost decreased by 10% to $235/RCE for the twelve months ended June 30, 2021 compared to $261/RCE reported for the twelve months ended June 30, 2020, primarily from lower exchange rate and a change in channel mix towards lower cost channels.

The Commercial average customer acquisition cost decreased by 4% to $45/RCE for the twelve months ended June 30, 2021 compared to $47/RCE for the twelve months ended June 30, 2020, due to lower exchange rate.

Customer summary

CUSTOMER COUNT

	As at June 30, 2021	As at June 30, 2020	% decrease
Mass Markets	**830,000**	947,000	(12)%
Commercial	**100,000**	114,000	(12)%
Total customer count	**930,000**	1,061,000	(12)%

The Mass Markets customer count decreased 12% to 830,000 compared to June 30, 2020. The decline in Mass Markets customers is due to the Company's continued focus on adding high quality customers, impacts of the COVID–19 pandemic on direct in–person sales channels and a reduction in the Company's customer base due to regulatory restrictions in New York and Ontario.

The Commercial customer count decreased 12% to 100,000 compared to June 30, 2020. The decline in commercial customers is due to competitive price pressures in the United States together with impacts related to the COVID–19 pandemic and exiting the California electricity market.

COMMODITY RCE SUMMARY

	April 1, 2021	Additions	Attrition	Failed to renew	**June 30, 2021**	% increase (decrease)
Mass Markets						
Gas	262,000	6,000	(24,000)	(4,000)	**240,000**	(8)%
Electricity	871,000	75,000	(39,000)	(20,000)	**887,000**	2 %
Total Mass Markets RCEs	**1,133,000**	**81,000**	**(63,000)**	**(24,000)**	**1,127,000**	**(1)%**
Commercial						
Gas	413,000	4,000	(3,000)	(7,000)	**407,000**	(1)%
Electricity	1,414,000	39,000	(21,000)	(105,000)	**1,327,000**	(6)%
Total Commercial RCEs	**1,827,000**	**43,000**	**(24,000)**	**(112,000)**	**1,734,000**	**(5)%**
Total RCEs	**2,960,000**	**124,000**	**(87,000)**	**(136,000)**	**2,861,000**	**(3)%**

MASS MARKETS

Mass Markets RCE additions increased by 326% to 81,000 for the three months ended June 30, 2021 compared to 19,000 for the three months ended June 30, 2020. The increase is due to increased investment in Digital Marketing and increases in direct face–to–face channels. The COVID–19 pandemic had substantial impacts in the three months ended June 30, 2020.

Mass Markets RCE attrition increased 43% to 63,000 for the three months ended June 30, 2021 compared to 44,000 for the three months ended June 30, 2020. The increase in attrition is driven by regulatory constraints in New York coming into effect in April 2021 requiring certain variable rate customers to be dropped to the utility.

Mass Markets failed to renew RCEs decreased by 35% to 24,000 for the three months ended June 30, 2021 compared to 37,000 for the three months ended June 30, 2020, driven by improved renewal rates and fewer RCEs maturing in the current quarter.

Mass Markets RCE Net Adds for the three months ended June 30, 2021 was a loss of 6,000 compared to a loss of 62,000 for the three months ended June 30, 2020. Excluding the one–time 29,000 loss related to the regulatory changes in New York coming into effect in April 2021, Mass Markets RCE Net Adds for the three months ended June 30, 2021 was a positive 23,000.

As at June 30, 2021, the U.S. and Canadian operations accounted for 86% and 14% of the Mass Markets RCE base, respectively.

COMMERCIAL

Commercial RCE additions increased by 65% to 43,000 for the three months ended June 30, 2021 compared to 26,000 for the three months ended June 30, 2020. The COVID–19 pandemic had substantial impacts in the three months ended June 30, 2020.

Commercial RCE attrition decreased 76% to 24,000 for the three months ended June 30, 2021 compared to 102,000 for the three months ended June 30, 2020. The company continues to see improved attrition on the commercial segment in line with the general recovery in economic activity.

Commercial failed to renew RCEs increased by 67% to 112,000 RCEs for the three months ended June 30, 2021 compared to 67,000 RCE’s for the three months ended June 30, 2020.

As at June 30, 2021, the U.S. and Canadian operations accounted for 65% and 35% of the Commercial RCE base, respectively.

Overall, as at June 30, 2021, the U.S. and Canadian operations accounted for 73% and 27% of the RCE base, respectively, compared to 76% and 24%, respectively, as at June 30, 2020.

COMMODITY RCE ATTRITION

	Trailing 12 months ended June 30, 2021	Trailing 12 months ended June 30, 2020
Mass Markets	**18%**	22%
Commercial	**9%**	12%

The Mass Markets attrition rate for the trailing 12 months ended June 30, 2021 decreased four percentage points to 18% reflecting the benefits of focus sales to higher quality customers and increased focus on the customer experience.

The Commercial attrition rate for the trailing 12 months ended June 30, 2021 decreased three percentage points to 9%.

	Three months ended June 30, 2021	Three months ended June 30, 2020
Mass Markets	**6%**	3%
Commercial	**1%**	4%

The Mass Markets attrition rate for the three months ended June 30, 2021 increased three percentage points to 6% from 3% for the three months ended June 30, 2020, driven by regulatory constraints in New York coming into effect in April 2021.

The Commercial attrition rate for the three months ended June 30, 2021 decreased by three percentage point to 1% from 4% compared to the three months ended June 30, 2020 reflecting improvement in customer retention following the reduction of restrictions due to the COVID–19 pandemic.

COMMODITY RCE RENEWALS

	Trailing 12 months ended June 30, 2021	Trailing 12 months ended June 30, 2020
Mass Markets	**76%**	72%
Commercial	**49%**	55%

The Mass Markets renewal rate increased four percentage points to 76% for the trailing 12 months ended June 30, 2021. The increase in the Mass Markets renewal rate was driven by improved retention offerings and increased focus on the customer experience.

The Commercial renewal rate decreased by six percentage points to 49% as compared to the same period of fiscal 2021. The decline in the Commercial renewal rate reflects a competitive market for Commercial renewals.

	Three months ended June 30, 2021	Three months ended June 30, 2020
Mass Markets	**78%**	69%
Commercial	**49%**	55%

The Mass Markets renewal rate for the three months ended June 30, 2021, increased to 78% from 69% for the three months ended June 30, 2020 driven by improved retention offerings and increased focus on the customer experience.

The Commercial renewal rate for the three months ended June 30, 2021 decreased to 49% from 55% for the three months ended June 30, 2020.

AVERAGE GROSS MARGIN PER RCE

The table below depicts the annual design margins on new and renewed contracts signed during the three months ended June 30, 2021 compared to three months ended June 30, 2020 for standard commodities, which does not include non–recurring non–commodity fees.

	Q1 Fiscal 2022	Number of RCEs	Q1 Fiscal 2021	Number of RCEs
Mass Markets added or renewed	**$ 239**	**151,000**	$ 273	90,000
Commercial added or renewed[1]	**86**	**85,000**	36	73,000

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

For the three months ended June 30, 2021, the average gross margin per RCE for the customers added or renewed by the Mass Markets segment was $239/RCE, a decrease of 12% from $273/RCE for the three months ended June 30, 2020 due to change in channel mix including lower cost of acquisition channels.

For the Commercial segment, the average gross margin per RCE for the customers signed during the three months ended June 30, 2021 was $86/RCE, an increase of 139% from $36/RCE for the three months ended June 30, 2020 due to the mix of the type contracts added or renewed in the prior comparable quarter.

Liquidity and capital resources from continuing operations

SUMMARY OF CASH FLOWS

For the three months ended June 30.
(thousands of dollars)

	Fiscal 2022	Fiscal 2021
Operating activities from continuing operations	$ **(1,314)**	$ 10,649
Investing activities from continuing operations	**(1,809)**	(1,686)
Financing activities from continuing operations	**(26,234)**	(14,353)
Effect of foreign currency translation	**(2,361)**	(697)
Decrease in cash	**(31,718)**	(6,087)
Cash and cash equivalents – beginning of period	**215,989**	26,093
Cash and cash equivalents – end of period	$ **184,271**	$ 20,006

OPERATING ACTIVITIES

Cash flow from operating activities was an outflow of $1.3 million for the three months ended June 30, 2021 compared to an inflow of $10.6 million for the three months ended June 30, 2020. The decrease in the cash flow from operating activities is related to higher payments to ERCOT associated with the Weather Event, partially offset by the non–payment of trade and other payables subject to compromise under the CCAA.

INVESTING ACTIVITIES

Cash flow from investing activities was an outflow of $1.8 million for the three months ended June 30, 2021 compared to an outflow of $1.7 million for the three months ended June 30, 2020. Investing activities included purchases of property and equipment and intangible assets totaling $1.8 million.

FINANCING ACTIVITIES, EXCLUDING DIVIDENDS

Cash flow from financing activities was an outflow of $26.2 million for the three months ended June 30, 2021 compared to an outflow of $14.4 million for the three months ended June 30, 2020. The outflow is primarily driven by payments of $57.5 million under the Credit Facility to allow the issuance of Letters of Credit partially offset by proceeds from DIP facility.

LIQUIDITY

The Company has $184.3 million of total liquidity available as at June 30, 2021.

Free cash flow and unlevered free cash flow[1]

For the three months ended June 30.
(thousands of dollars)

	Fiscal 2022	Fiscal 2021
Cash flows from operating activities	$ **(1,314)**	$ 10,649
Subtract: Maintenance capital expenditures	**(1,809)**	(1,686)
Free cash flow	**(3,123)**	8,963
Finance costs, cash portion	**10,733**	12,934
Unlevered free cash flow	$ **7,610**	$ 21,897

[1] See “Non–IFRS financial measures” on page 6.

Unlevered free cash flow decreased by 65% to an inflow of $7.6 million for the quarter ended June 30, 2021 compared to an inflow of $21.9 million for the quarter ended June 30, 2020. The decrease is related to higher payments to ERCOT associated with the Weather Event, partially offset by the non–payment of trade and other payables subject to compromise under the CCAA.

Selected Balance sheet data as at June 30, 2021, compared to March 31, 2021

The following table shows selected data from the Interim Condensed Consolidated Financial Statements as at the following periods:

	As at June 30, 2021	As at March 31, 2021
Assets:		
Cash	**$ 184,271**	$ 215,989
Trade and other receivables, net	**365,766**	340,201
Total fair value of derivative financial assets	**270,755**	35,626
Other current assets	**148,826**	163,405
Total assets	**1,311,278**	1,091,806
Liabilities:		
Trade and other payables	**$ 945,977**	$ 921,595
Total fair value of derivative financial liabilities	**19,338**	75,146
Total debt	**623,186**	655,740
Total liabilities	**1,622,815**	1,686,628

Total cash and cash equivalents decreased to $184.3 million as at June 30, 2021 from $216.0 million as at March 31, 2021. The decrease in cash is primarily attributable to cash outflows from financing operations.

Trade and other receivables, net increased $365.8 million as at June 30, 2021 from $340.2 million as at March 31, 2021. The changes are primarily due to increase in receivables from commodity suppliers in the normal course of business.

Other current assets decreased to $148.8 million as at June 30, 2021 from $163.4 million as at March 31, 2021 due to the reduction in customer acquisition costs and green certificates.

Trade and other payables increased to $946.0 million as at June 30, 2021 from $921.6 million as at March 31, 2021 driven by the increase in commodity and supplier payables.

Fair value of derivative financial assets and fair value of financial liabilities relate entirely to the financial derivatives. The unrealized mark to market gains and losses can result in significant changes in profit and, accordingly, shareholders' deficit from year to year due to commodity price volatility. As Just Energy has purchased this supply to cover future customer usage at fixed prices, management believes that these unrealized changes do not impact the long–term financial performance of Just Energy.

Total debt was $623.2 million as at June 30, 2021, down from $655.7 million as at March 31, 2021. The reduction in total debt is a result of the payments made under the credit facility to allow the issuance of letters of credit to be issued. As at June 30, 2021, $468.6 million of the debt is subject to compromise under the CCAA proceedings.

Embedded gross margin[1]

Management's estimate of EGM is as follows:
(millions of dollars)

	As at June 30, 2021	As at June 30, 2020	% decrease
Mass Markets embedded gross margin	**1,017.3**	1,203.8	(15)%
Commercial embedded gross margin	**332.5**	438.7	(24)%
Total embedded gross margin	**$ 1,349.8**	$ **1,642.5**	(18)%

[1] See "Non–IFRS financial measures" on page 6

Management's estimate of the Mass Markets EGM decreased by 15% to $1,017.3 million as at June 30, 2021 compared to $1,203.8 million as at June 30, 2020. The decline resulted from the decline in the customer base and the unfavorable foreign exchange.

Management's estimate of the Commercial EGM decreased by 24% to $332.5 million as at June 30, 2021 compared to $438.7 million as at June 30, 2020. The decline resulted from the decline in the customer base and the unfavorable foreign exchange.

Provision (Recovery) for income and deferred tax

For the three months ended June 30.
(thousands of dollars)

	Fiscal 2022	Fiscal 2021
Current income tax expense (recovery)	**$ (1,112)**	$ 873
Deferred income tax expense (recovery)	**145**	(239)
Provision for (recovery of) income tax	**$ (967)**	$ 634

Just Energy recorded a current income tax recovery of $1.1 million for the three months ended June 30, 2021, compared to $0.9 million expense in the three months ended June 30, 2020. Just Energy continues to have a current tax expense from profitability in taxable jurisdictions however during the first quarter of fiscal 2022 a recovery was recognized due to the benefit of a current year loss carried back.

During the three months ended June 30, 2021, a deferred tax expense of $0.1 million was recorded as compared to a recovery of $0.2 million during the three months ended June 30, 2020.

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 interim condensed 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

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.

Pacific Investment Management Company ("PIMCO") through certain affiliates became a 28.9% shareholder of the Company as part of the September 2020 Recapitalization. On March 9, 2021, certain PIMCO affiliates entered into the DIP facility with the Company as discussed in the interim condensed consolidated financial statements.

Off balance sheet items

The Company has issued letters of credit in accordance with its credit facility and Lender Support Agreement totaling $153.2 million as at June 30, 2021 to various counterparties, utilities in the markets it operates in, certain commodity suppliers and surety bond providers.

Pursuant to separate arrangements with various insurance companies. 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 June 30, 2021 was $45.4 million and are backed by letters of credit or cash collateral.

Critical accounting estimates and judgments

The Interim Condensed 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, sales, cost of goods sold, administrative expenses, selling and marketing expenses, and other operating 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.

COVID–19 IMPACT

As a result of the continued coronavirus disease ("COVID–19") pandemic, we have reviewed the estimates, judgments and assumptions used in the preparation of the Interim Condensed Consolidated Financial Statements and determined that no significant revisions to such estimates, judgments or assumptions were required for the three months ended June 30, 2021.

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 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, "*Financial Instruments*" ("IFRS 9") is not applied. Just Energy's policy is not to use derivative instruments for speculative purposes.

Just Energy's U.S. 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 Interim Financial Statements are in compliance with IAS 32, "*Financial Instruments: Presentation*" IFRS 9; 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 6 of the Interim Condensed Consolidated Financial Statements. Other inputs, including volatility and correlations, are driven off historical settlements.

RECEIVABLES AND LIFETIME EXPECTED CREDIT LOSSES

The lifetime expected credit loss reflects Just Energy's best estimate of losses on the accounts receivable and unbilled revenue balances. Just Energy determines the lifetime expected credit loss by using historical loss rates and forward–looking factors if applicable. Just Energy is exposed to customer credit risk on its continuing operations in Alberta, Texas, Illinois (gas), California (gas) and Ohio (electricity). Credit review processes have been implemented to perform credit evaluations of customers and manage customer default. In addition, the Company may from time to time change the criteria that it uses to determine the creditworthiness of its customers, including RCE's, and such changes could result in decreased creditworthiness of its customers and/or result in increased customer defaults. If a significant number of customers were to default on their payments, including as a result of any changes to the Company's credit criteria, 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 of the above markets, See Note 4 of the Interim Condensed Consolidated Financial Statements.

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.

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. The Company's current significant estimates include the historical collection rates as a percentage of revenue and the use of the Company's historical rates of recovery across aging buckets. Both of these inputs are sensitive to the number of months or years of history included in the analysis, which is a key input and judgment made by management.

Just Energy common shares

Just Energy is authorized to issue an unlimited number of common shares with no par value and up to 50,000,000 preferred shares. Shares outstanding have no preferences, rights or restrictions attached to them.

As at June 30, 2021, there were 48,078,637 Common Shares and no preferred shares of Just Energy outstanding.

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.

On March 9, 2021, Just Energy filed for and received creditor protection pursuant to the Court Order under the CCAA and similar protection under Chapter 15 of the Bankruptcy Code in the United States in connection with the Weather Event.

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, but refused to certify Omarali's request for damages on an aggregate basis and refused to certify Omarali's request for punitive damages. Omarali's motion for summary judgment was dismissed in its entirety on June 21, 2019. The matter was set for trial in November 2021. However, pursuant to the CCAA proceedings, these proceedings have been stayed. Just Energy denies the allegations and will vigorously defend against these claims, if they proceed.

On July 23, 2019, Just Energy announced that, as part of its Strategic Review process, management identified customer enrolment and non–payment issues, primarily in Texas. In response to this announcement, and in some cases in response to this and other subsequent related announcements, putative class action lawsuits were filed in the United States District Court for the Southern District of New York, in the United States District Court for the Southern District of Texas and in the Ontario Court, on behalf of investors that purchased Just Energy Group Inc. securities during various periods, ranging from November 9, 2017 through August 19, 2019.

The U.S. lawsuits have been consolidated in the United States District Court for the Southern District of Texas with one lead plaintiff and the Ontario lawsuits have been consolidated with one lead plaintiff. The U.S. lawsuit seeks damages allegedly arising from violations of the United States Securities Exchange Act. The Ontario lawsuit seeks damages allegedly arising from violations of Canadian securities legislation and of common law. The Ontario lawsuit was subsequently amended to, among other things, extend the period to July 7, 2020. On September 2, 2020, pursuant to Just Energy's plan of arrangement, the Superior Court of Justice (Ontario) ordered that all existing equity class action claimants shall be irrevocably and forever limited solely to recovery from the proceeds of the insurance policies payable on behalf of Just Energy or its directors and officers in respect of any such existing equity class action claims, and such existing equity class action claimants shall have no right to, and shall not, directly or indirectly, make any claim or seek any recoveries from any of the released parties or any of their respective current or former officers and directors in respect of any existing equity class action claims, other than enforcing their rights to be paid by the applicable insurer(s) from the proceeds of the applicable insurance policies. Pursuant to the CCAA proceedings, these proceedings have been stayed. Just Energy denies the allegations and will vigorously defend against these claims if they proceed.

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. Based on the foregoing evaluation, conducted by or under the supervision of the CEO and CFO of the Company's Internal Control over Financial Reporting ("ICFR") in connection with the Company's financial year–end, it was concluded that because of the material weakness described below, the Company's disclosure controls and procedures were not effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013) to evaluate the effectiveness of its ICFR as at March 31, 2021. The COSO framework summarizes each of the components of a company's internal control system, including the: (i) control environment; (ii) control activities (process–level controls); (iii) risk assessment; (iv) information and communication; and (v) monitoring activities. The COSO framework defines a material weakness as a deficiency, or combination of deficiencies, that results in a reasonable possibility that a material misstatement of the annual or interim condensed Consolidated Financial Statements will not be prevented or detected on a timely basis.

Identification and ongoing remediation of material weakness within financial statement close process

Management's evaluation of ICFR identified an ongoing material weakness resulting from the failure to operate several controls within the financial statement close process that allowed errors to manifest, and, the failure to detect them for an extended period of time, as follows:

Previous identification of control activities material weakness within financial statement close process

The Company did not design or maintain effective control activities to prevent or detect misstatements during the operation of the financial statement close process, including from finalization of the trial balance to the preparation of financial statements.

Ongoing remediation of previously identified control activities material weakness associated with financial statement close process

Management remains committed to the planning and implementation of remediation efforts to address the material weaknesses, as well as to foster improvement in the Company's internal controls. These remediation efforts continue and are intended to address this identified material weakness and enhance the overall financial control environment. During the year ended March 31, 2021, management further increased the amount of personnel to perform the financial statement close process, including the hiring of a CFO and a controller, both with significant financial reporting and retail energy industry experience, promoting individuals within the team and training those individuals to perform their enhanced roles, and strengthening the managerial review process of the financial statement preparation. Management will continue to enhance the control environment and assess if the Company requires additional control and accounting individuals to operate the controls as designed, and provide additional training as required. These enhancements remaining ongoing, and management continues strengthening the design and operational effectiveness of the financial statement preparation process; however, not enough time has elapsed to complete remediation efforts of this material weakness.

No assurance can be provided at this time that the actions and remediation efforts the Company has taken or will implement will effectively remediate the material weaknesses described above or prevent the incidence of other significant deficiencies or material weaknesses in the Company's internal controls over financial reporting in the future. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the stated goals under all potential future conditions.

Other changes in internal control over financial reporting

Other than as described above, there were no changes in ICFR during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, ICFR.

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 investors.justenergy.com https://investors.justenergy.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.