# Recapitalization Transaction Announcement

**July 8, 2020**

# Recapitalization and Board Renewal Create Conditions for Future Success

- Recapitalization is essential in building a solid foundation to support current operations and future growth
- The revised structure provides increased liquidity and financial flexibility to allow Just Energy to focus on improving its operations and growing its brand
- Business as usual for employees, customers and suppliers enhanced by the relationship with a financially stronger Just Energy
- The recapitalization has support from key stakeholders
- Just Energy is committed to strong corporate governance and plans to nominate a renewed slate of seven directors, including four new directors, at its upcoming shareholder meeting

# Highlights of the Recapitalization Transaction

- The recapitalization transaction is a comprehensive solution:
    - C$335 million credit facilities: extension by three years to December 2023
    - Existing Term Loan / Eurobond: extension to March 2024, initial interest paid-in-kind
    - Conversion of C$420 million subordinated convertible debentures and preferred shares into new equity
    - Initial cash interest reduction: C$45 million annually
    - New cash equity investment commitment of C$100 million

# Key Terms of the Recapitalization Transaction

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| **Existing Term Loan and Eurobond** | • Replaced with a new US$205.9 million senior unsecured term loan due March 2024 with initial interest to be paid-in-kind<br>• Receive 5.0% of common equity[1] |
| **Subordinated Convertible Debentures** | • Receive 56.7% of common equity[1] |
| **Preferred Shares** | • Receive 9.5% of common equity[1] |
| **Common Shares** | • Receive 28.8% of common equity[1,2] |
| **New Equity Subscription** | • New cash equity investment commitment of C$100 million<br>• Holders of the Existing Term Loan committed to underwrite the C$100 million offering |

1. Pre-new equity subscription.
2. Includes securities in employee equity plans.

# New Equity Subscription Opportunity

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| **Subscription Amount** | • A total of 29.3 million new common shares<br>• Allocated in accordance with the common equity allocation on prior page |
| **Subscription Price** | • C$3.412 per share |
| **Subscription Deadline** | • Date in August 2020 to be announced |
| **Mechanics** | • New Equity Subscription Opportunity is non-transferrable and there will be no listed market for the New Equity Subscription Opportunity<br>• Additional details to be provided in the information circular |
| **Backstop Arrangement** | • Any shares not purchased through new equity subscription will be purchased pursuant to the backstop arrangement<br>• Ensures that the new equity subscription will be fully subscribed |

# Pro Forma Capital Structure

| *In C$ million* | As at June 30, 2020 | Pro Forma Recapitalization & New Equity Subscription |
|---|---|---|
| Credit Facility due Dec 2023 | $246 | $246 |
| Existing Term Loan due Sep 2023 | $284 | -- |
| Existing Eurobond due Dec 2020[(1)] | $13 | -- |
| New Term Loan due Mar 2024 | -- | $282 |
| 6.75% C$260 mm Subordinated Convertible Debentures | $260 | -- |
| 8.50% Preferred Shares (Par Value) | $160 | -- |
| **Total Debt and Preferred Shares** | **$962** | **$528** |
| Cash[(2)] | $4 | $104 |
| **Total Net Debt and Preferred Shares** | **$958** | **$424** |
| Common Shares Incl. Estimated PBGs, RSGs & DSGs (mm shares) | | 46.6 |

Recapitalization transaction reduces net debt
and preferred shares by approximately C$535 million

Note: Exchange rate of US$0.73 per C$1. Excludes any recapitalization transaction costs.
1. 6.50% convertible bonds.
2. Pro forma cash interest payment on (1) existing 8.75% term loan due on June 30, 2020, (2) Eurobond due on July 29, 2020 and (3) accrued and unpaid interest to June 30, 2020 on C$100 mm subordinated convertible debentures.



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# Timeline and Process

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| **Near Term** | • Seek interim order from the Court<br>• File information circular describing the transaction in detail |
| **July 8, 2020** | • Record date for approval vote on the Plan of Arrangement |
| **Expected to be in Late August 2020** | • Meeting for approval vote on the Plan of Arrangement |
| **September 2020** | • Implementation of Recapitalization |

# Disclaimers

***Forward-Looking Statements***

*This Presentation of Just Energy Group Inc. (the "Company") contains forward-looking information and/or forward-looking statements (collectively, "Forward-Looking Statements") pertaining to the recapitalization transaction, new equity subscription and the proforma capital structure. Descriptions of our objectives, goals, targets, plans, strategies, and projected financial and operating performance are also Forward-Looking Statements. These statements are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ from those anticipated. These risks include, but are not limited to, risks with respect to raising new equity capital and the exchange of debt; the proposed recapitalization transaction resulting in a financially stronger Company; reducing the Company's existing debt and interest expense (including the amounts thereof); proceedings under the CBCA; implementing a Plan of Arrangement; issuing new equity; the allocation of any new equity; addressing certain obligations as part of a proposed recapitalization transaction; risks associated with the proposed recapitalization transaction, including the inability to complete a proposed recapitalization transaction or complete a proposed recapitalization transaction in a timely or efficient manner; the inability to reduce the Company's debt and/or interest payments, proceedings under the CBCA; issuing and allocating new equity including the dilution of the Company's outstanding common shares; the value of existing equity following the completion of a recapitalization; 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; the performance of acquired companies and dependence on certain suppliers. Additional information on these and other factors that could affect Just Energy's operations, financial results or dividend levels 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.justenergygroup.com. All Forward-Looking Statements in this presentation are given as of the date of this presentation and the company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.*

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