## Supporting energy efficient businesses

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

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

## Helping Cirque du Soleil offset GHG emissions

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

# GROWING GLOBALLY

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

## A strong platform in the United Kingdom

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

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

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

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

HISTORICAL REVENUES BY GEOGRAPHY
(C$ MILLIONS)


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

## A warm welcome in Ireland

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

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

## Our entry into Asia

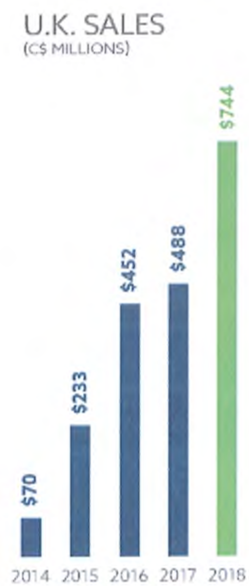
In November 2017, we officially launched operations in Japan, gaining access to the largest deregulated energy market in the world. In keeping with the strategies that have guided our successful entry into other markets, we intend to expand our presence in Japan through our growing product suite and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

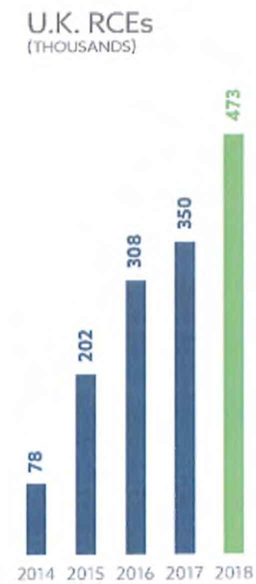
162%

**compound annual growth rate since 2013**

35%

**year over year growth in U.K. RCEs**




**Dublin, Ireland**

# THE VALUE OF GROWTH

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

## Strategy

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

## Building a world-class enterprise

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

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

## Expanding our digital reach

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

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

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

## Growth-focused acquisitions

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

## Investment in the future

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

### TRAILING 12-MONTH AVERAGE REALIZED GROSS MARGIN

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

# GROWING STRONG IN OUR COMMUNITIES

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

## Truly sustainable growth

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

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

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

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

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

## Easing the impact of Hurricane Harvey

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

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

## Action to support communities

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

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

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

# DIRECTORS AND OFFICERS

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

## Board of Directors

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

### Rebecca MacDonald
**Executive Chair**

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

### Patrick McCullough
**Chief Executive Officer of Just Energy**

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

### James Lewis
**Advisor and Director of Just Energy**

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

### Deb Merril
**Advisor and Director of Just Energy**

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

### John A. Brussa
**Partner, Burnet, Duckworth & Palmer LLP**

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

### R. Scott Gahn
**President, Gulf Coast Security Services**

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

### H. Clark Hollands
**Corporate Director**

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

### Brett A. Perlman
**President, Vector Advisors**

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

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

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

### M. Dallas H. Ross
#### General Partner and Founder, Kinetic Capital Partners

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

### William F. Weld
#### Principal, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.

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

## Officers

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

**Rebecca MacDonald**
**Executive Chair**

**Pat McCullough**
**Chief Executive Officer**

**Jim Brown**
**Chief Financial Officer**

**Jonah Davids**
**Executive Vice President, General Counsel and Corporate Secretary**

**Morgan Smith**
**Chief Sales Officer**

**Krishnan Kasiviswanathan**
**Chief Commercial Officer**

**James Pickren**
**Chief Operating Officer**

# MD&A AT-A-GLANCE 2018 HIGHLIGHTS

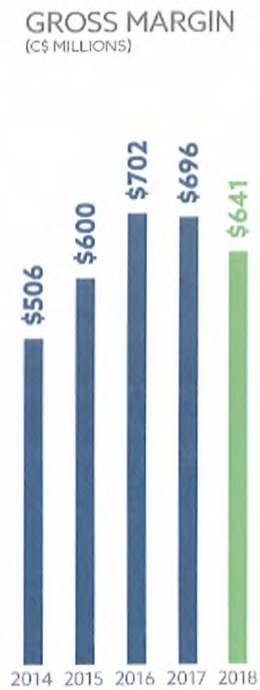
**Gross RCE additions of 1,171,000** represent a 40% increase year over year

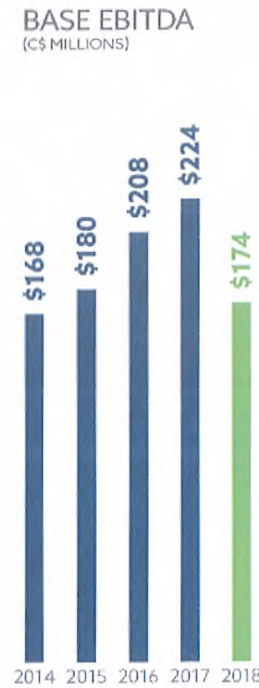
**Total customer count increased 13%** to 1.66 million customers

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

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

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




## Customer aggregation

**RCE SUMMARY**

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

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

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

## Attrition

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

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

## Customer summary (thousands)

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

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

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

## Embedded gross margin

(millions of dollars)

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

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

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

## Outlook

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

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

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

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

The Company remains committed to its current dividend policy.

# FINANCIAL TABLE OF CONTENTS

# Management's discussion and analysis – May 16, 2018

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

## Company overview

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

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

## Forward-looking information

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

## Key terms

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

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

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

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

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

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

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

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

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

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

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

# Non-IFRS financial measures

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

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

### EBITDA

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

### BASE EBITDA

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

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

### FUNDS FROM OPERATIONS

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

### BASE FUNDS FROM OPERATIONS

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

### BASE FUNDS FROM OPERATIONS PAYOUT RATIO

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

### EMBEDDED GROSS MARGIN

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

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

## Financial highlights

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

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

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

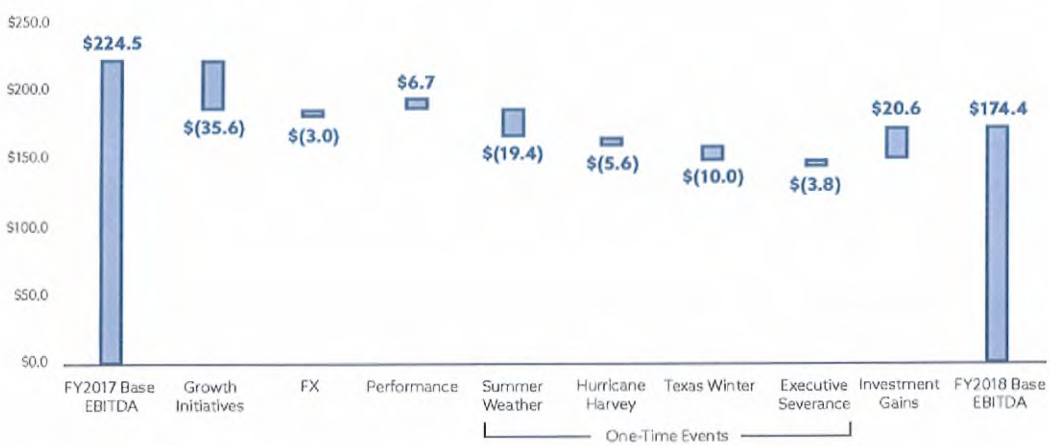
For the year ended March 31, 2018, gross margin was $640.9 million, 8% lower than the prior year, and Base EBITDA amounted to $174.4 million, 22% lower than fiscal 2017. The lower Base EBITDA is largely attributable to the Company's continuing commitment to and investment in its strategic sales growth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

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

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

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

**FY2018 BASE EBITDA**
(MILLIONS)




# Operations overview

### CONSUMER DIVISION

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

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

### COMMERCIAL DIVISION

Customers with annual consumption equivalent to over 15 RCEs are served by the Commercial division. These sales are made through three main channels: brokers; door-to-door commercial independent contractors; and inside commercial sales representatives. Commercial customers make up 56% of Just Energy's RCE base. Products offered to Commercial customers can range from standard fixed-price offerings to "one off" offerings, which are tailored to meet the customer's specific needs. These products can be either fixed or floating rate or a blend of the two, and normally have terms of less than five years. Gross margin per RCE for this division is lower than Consumer margins, but customer aggregation costs and ongoing customer care costs per RCE are lower as well. Commercial customers have significantly lower attrition rates than those of Consumer customers.

## ABOUT THE ENERGY MARKETS

### Natural gas

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

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

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

### Electricity

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

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

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

### JustGreen

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

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

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

**Value added products and services ("VAPS")**

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

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

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

# EBITDA

For the years ended March 31
(thousands of dollars)

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

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

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

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

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

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

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

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

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

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

### EMBEDDED GROSS MARGIN

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

(millions of dollars)

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

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

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

## Funds from Operations

For the years ended March 31
(thousands of dollars)

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

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

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

# Selected consolidated financial data from continuing operations

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

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

**Balance sheet data**

As at March 31

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

### 2018 COMPARED WITH 2017

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

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

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

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

### 2017 COMPARED WITH 2016

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

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

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

Total assets decreased by 5% to $1,238.0 million in fiscal 2017, primarily as a result of the lower impact from foreign exchange on U.K.-based assets. Total long-term liabilities as of March 31, 2017 were $679.6 million, representing a 29% decrease from fiscal 2016. The decrease in total long-term liabilities is primarily a result of the early redemption of the 6.0% convertible debentures with a book value of $311.0 million as at March 31, 2016 and the repayment of the remaining $80 million on the senior unsecured notes, offset by the issuance of the 6.75% convertible debentures with a book value of $145.6 million and a withdrawal of $68.3 million on the credit facility.

## Summary of quarterly results for operations

(thousands of dollars, except per share amounts)

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

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

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

# Fourth quarter financial highlights

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

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

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

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

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

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

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

**FY2018 Q4 BASE EBITDA**
(MILLIONS)


**FOURTH QUARTER GROSS MARGIN PER RCE**

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

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

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

# Analysis of the fourth quarter

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

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

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

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

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

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

## Segmented Base EBITDA[1]

For the years ended March 31
(thousands of dollars)

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

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

1 The segment definitions are provided on page 24.

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

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

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

# Customer aggregation

**RCE SUMMARY**
(in thousands)

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

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

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

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

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

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

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

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

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

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

### CUSTOMER SUMMARY

(in thousands)

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

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

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

### ATTRITION

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

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

### RENEWALS

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

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

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

### ENERGY CONTRACT RENEWALS

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

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

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

## Gross margin

For the years ended March 31
(thousands of dollars)

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

## CONSUMER ENERGY

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

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

### Gas

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

### Electricity

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

## COMMERCIAL ENERGY

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

### Gas

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

### Electricity

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

## GROSS MARGIN ON NEW AND RENEWING CUSTOMERS

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

**Annual gross margin per RCE**

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

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

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

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

# Overall consolidated results

### ADMINISTRATIVE EXPENSES

For the years ended March 31
(thousands of dollars)

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

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

### SELLING AND MARKETING EXPENSES

For the years ended March 31
(thousands of dollars)

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

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

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

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

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

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

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

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

### BAD DEBT EXPENSE

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

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

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

### FINANCE COSTS

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

### FOREIGN EXCHANGE

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

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

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

### PROVISION FOR INCOME TAX

For the years ended March 31
(thousands of dollars)

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

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

# Liquidity and capital resources

### SUMMARY OF CASH FLOWS

For the years ended March 31
(thousands of dollars)

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

### OPERATING ACTIVITIES

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

### INVESTING ACTIVITIES

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

### FINANCING ACTIVITIES

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

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

### DIVIDENDS AND DISTRIBUTIONS

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

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

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

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

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

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

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

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

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

## Debt and financing for operations

(thousands of dollars)

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

The various debt instruments are described as follows:

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

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

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

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