Q2

ENERGY EVOLVED

2018 SECOND QUARTER REPORT TO SHAREHOLDERS

Highlights of operations for the three months ended September 30, 2017 included:

- Sales were $851.9 million and gross margin was $142.7 million, 14% and 22% lower, respectively, than the prior comparable quarter. Base EBITDA of $20.5 million represented a decrease of 64% compared to the second quarter of fiscal 2017. The Company experienced a number of challenges in the quarter, many of which are non-recurring.
- The EBITDA was below our expectation due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The lower EBITDA in the quarter was also attributable to the Company's significant investments in strategic sales growth initiatives.
- The Company continues to control costs with administrative expenses remaining flat; selling and marketing expenses also roughly flat; and finance costs improving 22% during the quarter, offsetting strategic investments.
- Net debt to the trailing 12-month Base EBITDA was 2.6x, roughly in line with the 2.4x reported one year ago.
- Gross RCE additions of 310,000 represented an increase of 58% year over year (Consumer up 47%; Commercial up 74%) and 27% sequentially (Consumer up 26%; Commercial up 27%).
- Net RCE additions of 11,000 improved by 86,000 RCEs year over year, and by 146,000 RCEs sequentially.
- Just Energy's total customer count increased by 7% during fiscal 2018 from 1,474,000 to 1,580,000.
- Continued execution of retail channel expansion strategy with 152 new store launches across 11 different retail partners for a total of 237 stores. Company remains on track to achieve its goal of being present in 500 stores by fiscal year-end.
- Combined attrition improved to a Company record 11%, driven by a four percentage point improvement in Consumer attrition and a three percentage point improvement in Commercial attrition year over year.
- Total renewal rate declined slightly year over year, with Consumer declining by five percentage points and Commercial declining by one percentage point. Consumer renewals in Canada have been negatively impacted by 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.
- The Company officially launched operations in Ireland under the Just Energy brand in mid-September, making it the only energy company in the country to introduce an unlimited tariff.
- The Company revised its fiscal 2018 Base EBITDA guidance to better reflect business challenges in the first half of the year, one-time weather events and year to date financial performance.

Message from the Co-Chief Executive Officers

Dear fellow shareholders,

As Houstonians, we witnessed first-hand the devastation our fair city endured from Hurricane Harvey; however, we also saw our friends and neighbours unite to begin the healing and rebuilding process to help bring Houston back. We have never been more proud to call Houston home.

The second fiscal quarter was one marked by a number of challenges, many of which are non-recurring. While we improved the overall customer attrition rate to an all-time Company record and delivered strong gross and net customer additions, we are not immune from severe weather events witnessed during the quarter and the milder-than-expected summer weather across many of our markets. The hurricanes drove lower consumption in parts of the South due to our consumers' living disruptions and the operating conditions we faced. Additionally, the tropical storms and hurricanes brought cooler air to our North American markets, thereby dramatically reducing consumption.

To offset some of these challenges, we took significant measures to control costs during the quarter while ensuring that we continued to provide best-in-class service to our customers through our growing suite of value-add products and long-term loyalty programs. Our customers see us as a valued partner for their energy needs, and not just another vendor.

As a leader in the retail energy space, Just Energy's strategic initiatives to further our international operations, expand our retail sales channels, and continue to invest in product and geographic growth opportunities are of top priority. The past few months have been marked by continued success as we became the first unlimited tariff energy provider in Ireland, while our retail channel expansion efforts also continued to exceed expectations. With 152 new stores across our 11 retail partners, we are on pace to be in 500 stores by the end of fiscal 2018.

In the first six months of our fiscal year, Just Energy made significant progress against its strategic initiatives to further grow our business. While we remain confident we are setting the stage for prolonged, profitable growth on a global scale, we did revise our Base EBITDA guidance to reflect the actual performance in the first half of the fiscal year, the significant one-time impact of recent weather events and our investment in strategic sales growth initiatives. We now expect Base EBITDA of $175 million to $190 million.

To date, Just Energy has implemented revenue pricing improvement actions and undertaken cost cutting initiatives. Furthermore, the Company is making significant investments to seed international operations, to further invest in product and geographic growth initiatives, and to pay upfront commissions related to customer growth in fiscal 2018. Just Energy will continue to carry out additional cost reduction programs through productivity enhancing and cost efficiency initiatives.

We are capable of delivering more value to customers than ever in our history, and we are squarely on the path to future sustained growth. We want to thank our loyal shareholders for their support of our strategy, and look forward to our bright future ahead.

Yours truly,

/s/ Deb Merril

Deb Merril
Co-Chief Executive Officer

/s/ James Lewis

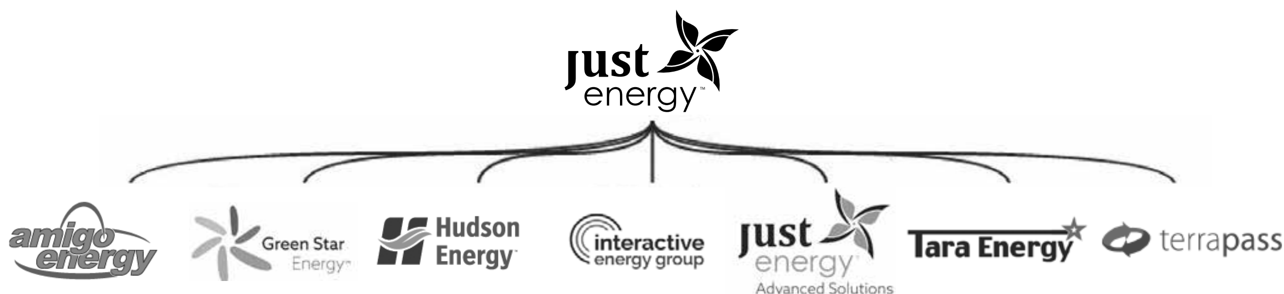
James Lewis
Co-Chief Executive Officer

Management's discussion and analysis – November 8, 2017

The following Management 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 three and six months ended September 30, 2017. This MD&A has been prepared with all information available up to and including November 8, 2017. This MD&A should be read in conjunction with Just Energy's unaudited interim condensed consolidated financial statements for the three and six months ended September 30, 2017 (the "Interim Financial Statements"), as well as its audited consolidated financial statements for the years ended March 31, 2017 and 2016. 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 about Just Energy, including the most recent Annual Report and Annual Information Form dated May 31, 2017, can be found on SEDAR at www.sedar.com or on the U.S. Securities and Exchange Commission's website at www.sec.gov. Information contained within the annual MD&A is not discussed if it remains substantially unchanged.

Company overview

Established under the laws of Canada, Just Energy is a leading retail energy provider 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 and Ireland, 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 and TerraPass.



For a more detailed description of Just Energy's business operations, refer to the "Operations overview" section on page 7 of this MD&A.

Forward-looking information

This MD&A may contain forward-looking statements and information including guidance for EBITDA for the fiscal year ending March 31, 2018. 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, 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 dated May 26, 2017 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 have a maturity date of September 30, 2018. See "Debt and financing for operations" on page 21 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 21 for further details.

"6.75% 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 21 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 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.

Non-IFRS financial measures

Just Energy's Interim 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.

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.

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

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 FFO refers to the 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

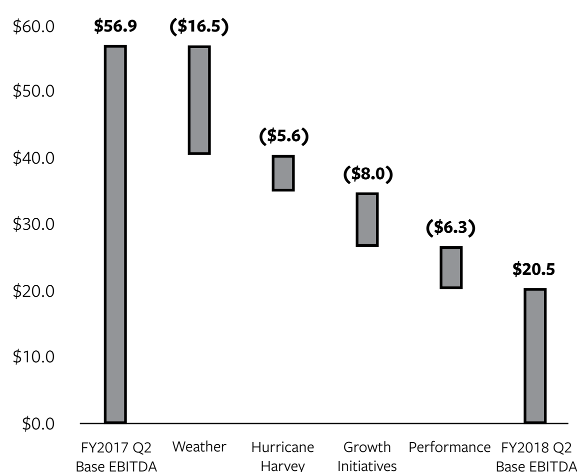
For the three months ended September 30
(thousands of dollars, except where indicated and per share amounts)

	Fiscal 2018	% increase (decrease)	Fiscal 2017
Sales	$ 851,927	(14)%	$ 992,828
Gross margin	142,663	(22)%	183,534
Administrative expenses	46,806	–	46,717
Selling and marketing expenses	58,577	(1)%	59,454
Finance costs (net of non-cash finance charges)	9,936	(22)%	12,705
Loss for the period[1]	(64,923)	NMF[3]	(161,608)
Loss per share available to shareholders – basic and diluted	(0.47)		(1.13)
Dividends/distributions	21,468	14%	18,814
Base EBITDA[2]	20,548	(64)%	56,851
Base FFO[2]	7,683	(85)%	52,561
Payout ratio on Base FFO[2]	279%		36%

1 Loss includes the impact of unrealized gains (losses), which represents the mark to market of future commodity supply acquired to cover future customer demand. The supply has been sold to customers at fixed prices, minimizing any realizable impact of mark to market gains and losses.
2 See "Non-IFRS financial measures" on page 4.
3 Not a meaningful figure.

Just Energy's financial results for the three months ended September 30, 2017 included sales of $851.9 million and gross margin of $142.7 million, 14% and 22% lower, respectively, than the prior comparable quarter. Base EBITDA was $20.5 million, a decrease of 64% compared to the second quarter of fiscal 2017. The Company experienced a number of challenges in the quarter, many of which are non-recurring. The EBITDA was below our expectation due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The lower EBITDA in the quarter was also attributable to the Company's significant investments in strategic sales growth initiatives.

The Company continues to control costs with administrative expenses remaining flat; selling and marketing expenses also roughly flat; and finance costs improving 22% during the quarter, offsetting strategic investments. Just Energy's financial highlights for the three months ended September 30, 2017 are shown in the accompanying graph.



Financial highlights

For the six months ended September 30
(thousands of dollars, except where indicated and per share amounts)

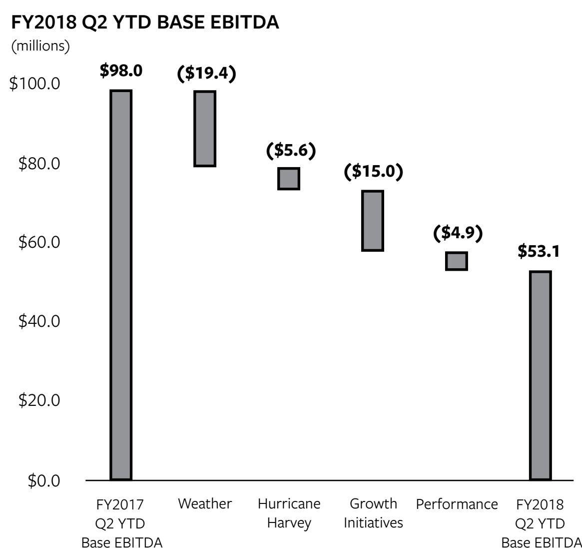
	Fiscal 2018	**% increase (decrease)**	Fiscal 2017
Sales	**$ 1,699,633**	**(10)%**	$ 1,891,237
Gross margin	**300,226**	**(13)%**	346,206
Administrative expenses	**95,437**	**4%**	91,418
Selling and marketing expenses	**116,653**	**(1)%**	117,244
Finance costs (net of non-cash finance charges)	**19,323**	**(28)%**	26,954
Profit for the period[1]	**44,386**	**NMF[3]**	321,063
Profit per share available to shareholders – basic	**0.24**		2.10
Profit per share available to shareholders – diluted	**0.22**		1.71
Dividends/distributions	**43,251**	**15%**	37,607
Base EBITDA[2]	**53,057**	**(46)%**	97,992
Base FFO[2]	**28,191**	**(64)%**	78,230
Payout ratio on Base FFO[2]	**153%**		48%
Embedded gross margin[2]	**1,615,000**	**(15)%**	1,894,600
Total RCEs	**4,087,000**	**(5)%**	4,311,000

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.
2 See "Non-IFRS financial measures" on page 4.
3 Not a meaningful figure.

For the six months ended September 30, 2017, sales were $1.7 billion and gross margin was $300.2 million, 10% and 13% lower, respectively, than the prior comparable period. Base EBITDA amounted to $53.1 million, a decrease of 46% from the first six months of fiscal 2017. The Company experienced a number of challenges in the quarter, many of which are non-recurring. The EBITDA was below our expectation due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The lower EBITDA in the quarter was also attributable to the Company's significant investments in strategic sales growth initiatives.

The administrative expenses increased 4% from the prior comparable period, attributable to investments in the growth initiatives; selling and marketing expenses were roughly flat; and finance costs improved 28% during the period. Just Energy's financial highlights for the six months ended September 30, 2017 are shown in the accompanying graph.

FY2018 Q2 YTD 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 online marketing, door-to-door marketing as well as other newly implemented channels such as retail and affinity. 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 Inc. ("ecobee"), a company in which Just Energy holds a 10% 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 and Germany	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. and Germany 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 trailing 12 months, 30% took JustGreen for some or all of their energy needs. On average, these customers elected to purchase 75% of their consumption as green supply. For comparison, as reported for the trailing 12 months ended September 30, 2016, 30% of Consumer customers who contracted with Just Energy chose to include JustGreen for an average of 91% of their consumption. As of September 30, 2017, JustGreen now makes up 13% of the Consumer gas portfolio, compared with 12% a year ago. JustGreen makes up 14% of the Consumer electricity portfolio, compared to 20% a year ago.

EBITDA

For the three months ended September 30
(thousands of dollars)

	Fiscal 2018	Fiscal 2017
Reconciliation to Interim Financial Statements		
Loss for the period	**$ (64,923)**	$ (161,608)
Add:		
Finance costs	**12,521**	17,882
Provision for (recovery of) income taxes	**(1,833)**	4,881
Depreciation and amortization	**6,085**	5,536
EBITDA	**$ (48,150)**	$ (133,309)
Add (subtract):		
Change in fair value of derivative instruments and other	**70,923**	194,389
Share-based compensation	**1,716**	1,425
Profit attributable to non-controlling interest	**(3,941)**	(5,654)
Base EBITDA	**$ 20,548**	$ 56,851
Gross margin per Interim Financial Statements	**$ 142,663**	$ 183,534
Add (subtract):		
Administrative expenses	**(46,806)**	(46,717)
Selling and marketing expenses	**(58,577)**	(59,454)
Bad debt expense	**(13,763)**	(14,818)
Amortization included in cost of sales	**769**	735
Other income (expenses)	**203**	(775)
Profit attributable to non-controlling interest	**(3,941)**	(5,654)
Base EBITDA	**$ 20,548**	$ 56,851

EBITDA

For the six months ended September 30
(thousands of dollars)

	Fiscal 2018	Fiscal 2017
Reconciliation to Interim Financial Statements		
Profit for the period	**$ 44,386**	$ 321,063
Add:		
Finance costs	**24,511**	35,855
Provision for income taxes	**4,964**	30,178
Depreciation and amortization	**11,319**	10,033
EBITDA	**$ 85,180**	$ 397,129
Add (subtract):		
Change in fair value of derivative instruments and other	**(39,694)**	(290,948)
Share-based compensation	**16,963**	2,902
Profit attributable to non-controlling interest	**(9,392)**	(11,091)
Base EBITDA	**$ 53,057**	$ 97,992
Gross margin per Interim Financial Statements	**$ 300,226**	$ 346,206
Add (subtract):		
Administrative expenses	**(95,437)**	(91,418)
Selling and marketing expenses	**(116,653)**	(117,244)
Bad debt expense	**(29,035)**	(28,388)
Amortization included in cost of sales	**1,546**	1,454
Other income (expenses)	**1,802**	(1,527)
Profit attributable to non-controlling interest	**(9,392)**	(11,091)
Base EBITDA	**$ 53,057**	$ 97,992

For the three months ended September 30, 2017, Base EBITDA amounted to $20.5 million, a decrease of 64% from $56.9 million in the prior comparable quarter. The Company experienced a number of challenges in the quarter, many of which are non-recurring. The EBITDA was below our expectation due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The lower EBITDA in the quarter was also attributable to the Company's significant investments in strategic sales growth initiatives.

Sales decreased by 14% for the second quarter ended September 30, 2017. Gross margin was down 22%. Administrative expenses were in line with the prior comparable quarter at $46.8 million as cost containment efforts offset higher costs required to support customer growth in the U.K., international expansion and new strategic initiatives. Selling and marketing expenses for the three months ended September 30, 2017 were $58.6 million, a 1% decrease from $59.5 million reported in the prior comparable quarter.

Finance costs (net of non-cash finance charges) were $9.9 million, a decrease of 22% from the prior comparable quarter as a result of the redemption of the 6.0% convertible debentures and the senior unsecured notes, offset by the finance costs from the issuance of the 6.75% convertible debentures.

Bad debt expense was $13.8 million for the three months ended September 30, 2017, a decrease of 7% from $14.8 million recorded for the prior comparable quarter. For the six months ended September 30, 2017, the bad debt expense of $29.0 million represents approximately 2.2% of revenue in the jurisdictions where the Company bears the credit risk, an increase from the 1.9% of revenue reported for the six months ended September 30, 2016.

For the six months ended September 30, 2017, Base EBITDA amounted to $53.1 million, a decrease of 46% from $98.0 million in the prior comparable period. The Company experienced a number of challenges in the quarter, many of which are non-recurring. The EBITDA was below our expectation due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The lower EBITDA in the quarter was also attributable to the Company's significant investments in strategic sales growth initiatives.

For the six months ended September 30, 2017, sales decreased by 10% and the gross margin decreased by 13%. For the six months ended September 30, 2017, administrative expenses increased by 4% from $91.4 million to $95.4 million. The increase over the prior comparable period resulted from growth in the U.K., incremental costs associated with international expansion and efforts relating to new strategic initiatives. For the six months ended September 30, 2017, selling and marketing expenses were in line with the prior comparable period at $116.7 million.

For more information on the changes in the results from operations, please refer to "Gross margin" on page 17 and "Administrative expenses" and "Selling and marketing expenses", which are further explained on pages 18 through 19.

EMBEDDED GROSS MARGIN

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

(millions of dollars)

	As at Sept. 30, 2017	As at June 30, 2017	Sept. 30 vs. June 30 variance	As at Sept. 30, 2016	2017 vs. 2016 variance
Energy marketing	**$ 1,615.0**	$ 1,673.7	(4)%	$ 1,894.6	(15)%

Management's estimate of the future embedded gross margin within its customer contracts amounted to $1,615.0 million as of September 30, 2017, a decrease of 4% compared to the embedded gross margin as of June 30, 2017. This decrease is a result of a negative impact of $42.2 million from foreign exchange.

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 three months ended September 30
(thousands of dollars)

	Fiscal 2018	Fiscal 2017
Cash inflow from operating activities	**$ 9,186**	$ 61,091
Add (subtract):		
Changes in non-cash working capital	**5,442**	(2,361)
Profit attributable to non-controlling interest	**(3,941)**	(5,654)
Tax adjustment	**821**	2,678
Funds from Operations	**$ 11,508**	$ 55,754
Less: Maintenance capital expenditures	**(3,825)**	(3,193)
Base Funds from Operations	**$ 7,683**	$ 52,561
Gross margin from Interim Financial Statements	**$ 142,663**	$ 183,534
Add (subtract):		
Adjustment required to reflect net cash receipts from gas sales	**4,881**	14,269
Administrative expenses	**(46,806)**	(46,717)
Selling and marketing expenses	**(58,577)**	(59,454)
Bad debt expense	**(13,763)**	(14,818)
Current income tax provision	**(3,893)**	(2,571)
Amortization included in cost of sales	**769**	735
Other income (expenses)	**203**	(775)
Financing charges, non-cash	**2,585**	5,177
Finance costs	**(12,521)**	(17,882)
Other non-cash adjustments	**(4,033)**	(5,744)
Funds from Operations	**$ 11,508**	$ 55,754
Less: Maintenance capital expenditures	**(3,825)**	(3,193)
Base Funds from Operations	**$ 7,683**	$ 52,561
Base Funds from Operations payout ratio	**279%**	36%
Dividends/distributions		
Dividends on common shares	**$ 18,349**	$ 18,471
Dividends on preferred shares	**2,806**	–
Distributions for share-based awards	**313**	343
Total dividends/distributions	**$ 21,468**	$ 18,814

Funds from Operations

For the six months ended September 30
(thousands of dollars)

	Fiscal 2018	Fiscal 2017
Cash inflow from operating activities	**$ 29,795**	$ 80,138
Add (subtract):		
Changes in non-cash working capital	**4,886**	9,572
Profit attributable to non-controlling interest	**(9,392)**	(11,091)
Tax adjustment	**11,307**	7,138
Funds from Operations	**$ 36,596**	$ 85,757
Less: Maintenance capital expenditures	**(8,405)**	(7,527)
Base Funds from Operations	**$ 28,191**	$ 78,230
Gross margin from Interim Financial Statements	**$ 300,226**	$ 346,206
Add (subtract):		
Adjustment required to reflect net cash receipts from gas sales	**7,530**	19,525
Administrative expenses	**(95,437)**	(91,418)
Selling and marketing expenses	**(116,653)**	(117,244)
Bad debt expense	**(29,035)**	(28,388)
Current income tax provision	**(4,484)**	(4,626)
Amortization included in cost of sales	**1,546**	1,454
Other income (expenses)	**1,802**	(1,527)
Financing charges, non-cash	**5,188**	8,901
Finance costs	**(24,511)**	(35,855)
Other non-cash adjustments	**(9,576)**	(11,271)
Funds from Operations	**$ 36,596**	$ 85,757
Less: Maintenance capital expenditures	**(8,405)**	(7,527)
Base Funds from Operations	**$ 28,191**	$ 78,230
Base Funds from Operations payout ratio	**153%**	48%
Dividends/distributions		
Dividends on common shares	**$ 36,725**	$ 36,871
Dividends on preferred shares	**5,815**	–
Distributions for share-based awards	**711**	736
Total dividends/distributions	**$ 43,251**	$ 37,607

Base FFO for the three months ended September 30, 2017 was $7.7 million, a decrease of 85% compared with Base FFO of $52.6 million for the prior comparable quarter. The Company experienced a number of challenges in the quarter, many of which are non-recurring. The EBITDA was below our expectation due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The lower EBITDA in the quarter was also attributable to the Company's significant investments in strategic sales growth initiatives.

For the six months ended September 30, 2017, Base FFO was $28.2 million, a decrease of 64% from the prior comparable period when Base FFO was $78.2 million, mainly due to weather and market conditions as described above, combined with a 5% decline in customer base from the prior comparable period, and the Company's investments in strategic sales growth initiatives. The decrease in Base EBITDA was partially offset by cost productivity initiatives taken by the Company.

Dividends and distributions for the three months ended September 30, 2017 were $21.5 million, an increase of 14% from the prior comparable quarter in fiscal 2017, resulting from the issuance of preferred shares. For the six months ended September 30, 2017, dividends and distributions were $43.3 million, an increase of 15% compared to $37.6 million reported for the six months ended September 30, 2016. The payout ratio on Base FFO was 279% for the three months ended September 30, 2017, compared to 36% reported in the second quarter of fiscal 2017, primarily resulting from the lower Base FFO described above. For the six months ended September 30, 2017, the payout ratio on Base FFO was 153%, compared with 48% in the prior comparable period. For the trailing 12 months ended September 30, 2017, the payout ratio was 106%, compared with a payout ratio of 50% for the trailing 12 months ended September 30, 2016.

Summary of quarterly results for operations

(thousands of dollars, except per share amounts)

	Q2 Fiscal 2018	Q1 Fiscal 2018	Q4 Fiscal 2017	Q3 Fiscal 2017
Sales	**$ 851,927**	$ 847,706	$ 947,281	$ 918,536
Gross margin	**142,663**	157,563	175,412	174,353
Administrative expenses	**46,806**	48,631	32,448	44,567
Selling and marketing expenses	**58,577**	58,076	53,727	55,337
Finance costs	**12,521**	11,990	16,745	25,477
Profit (loss) for the period	**(64,923)**	109,309	(38,220)	188,041
Profit (loss) for the period per share – basic	**(0.47)**	0.71	(0.30)	1.22
Profit (loss) for the period per share – diluted	**(0.47)**	0.56	(0.30)	0.98
Dividends/distributions paid	**21,467**	21,783	20,344	18,800
Base EBITDA	**20,548**	32,509	75,018	51,489
Base Funds from Operations	**7,683**	20,508	28,588	20,940
Payout ratio on Base Funds from Operations	**279%**	106%	71%	90%

	Q2 Fiscal 2017	Q1 Fiscal 2017	Q4 Fiscal 2016	Q3 Fiscal 2016
Sales	$ 992,828	$ 898,409	$ 1,075,880	$ 1,009,709
Gross margin	183,534	162,672	204,289	179,937
Administrative expenses	46,717	44,701	49,504	42,934
Selling and marketing expenses	59,454	57,790	62,259	67,061
Finance costs	17,882	17,973	20,312	17,731
Profit (loss) for the period	(161,608)	482,671	30,893	10,188
Profit (loss) for the period per share – basic	(1.13)	3.24	0.16	0.04
Profit (loss) for the period per share – diluted	(1.13)	2.51	0.14	0.04
Dividends/distributions paid	18,814	18,793	18,730	18,662
Base EBITDA	56,851	41,141	67,345	55,724
Base Funds from Operations	52,561	25,669	43,822	26,783
Payout ratio on Base Funds from Operations	36%	73%	43%	70%

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 76% and 24%, 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.

Analysis of the second quarter

Sales decreased by 14% to $851.9 million for the three months ended September 30, 2017 from $992.8 million recorded in the second quarter of fiscal 2017. The gross margin was $142.7 million, a decrease of 22% from the prior comparable quarter. The decrease in sales was attributable to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins. The decrease in gross margin was primarily due to the one-time weather event and the resulting reduction in consumption.

Administrative expenses for the three months ended September 30, 2017 remained flat at $46.8 million as cost containment efforts offset higher costs required to support customer growth in the U.K., international expansion as well as efforts relating to new strategic initiatives. Selling and marketing expenses for the three months ended September 30, 2017 were $58.6 million, consistent with the prior comparable quarter.

Total finance costs for the three months ended September 30, 2017 amounted to $12.5 million, a decrease of 30% from $17.9 million reported for the three months ended September 30, 2016. The lower finance costs were a result of the redemption of the 6.0% convertible debentures and the senior unsecured notes in fiscal 2017, offset by the finance costs from the issuance of the 6.75% convertible debentures.

The change in fair value of derivative instruments and other resulted in a non-cash loss of $70.9 million for the three months ended September 30, 2017, compared to a non-cash loss of $194.4 million in the prior comparative quarter, as market prices relative to Just Energy's future electricity supply contracts decreased by an average of $1.45/MWh, while future gas contracts increased by an average of $0.10/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 loss for the three months ended September 30, 2017 was $64.9 million, representing a loss per share of $0.47 on a basic and diluted basis. For the prior comparable quarter, the loss was $161.6 million, representing a loss per share of $1.13 on a basic and diluted basis.

Base EBITDA was $20.5 million for the three months ended September 30, 2017, a decrease of 64% from $56.9 million in the prior comparable quarter as a result of reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins.

Base FFO was $7.7 million for the second quarter of fiscal 2018, down 85% compared to $52.6 million in the prior comparable quarter as a result of lower Base EBITDA in the current quarter, partially offset by the decrease in cash financing costs of $2.8 million due to the Company's debt restructuring efforts over the past year.

Dividends and distributions paid were $21.5 million, an increase of 14% compared to $18.8 million paid in the second quarter of fiscal 2017 as a result of dividends paid to preferred shareholders, which amounted to $2.8 million. The payout ratio on Base FFO for the quarter ended September 30, 2017 was 279%, compared with 36% in the prior comparable quarter. The payout ratio for the trailing 12 months ended September 30, 2017 was 106%, compared with 50% for the trailing 12 months ended September 30, 2016.

Segmented Base EBITDA[1]

For the three months ended September 30
(thousands of dollars)

			Fiscal 2018
	Consumer division	**Commercial division**	**Consolidated**
Sales	**$ 504,705**	**$ 347,222**	**$ 851,927**
Cost of sales	**(397,318)**	**(311,946)**	**(709,264)**
Gross margin	**107,387**	**35,276**	**142,663**
Add (subtract):			
Administrative expenses	**(32,294)**	**(14,512)**	**(46,806)**
Selling and marketing expenses	**(36,648)**	**(21,929)**	**(58,577)**
Bad debt expense	**(16,176)**	**2,413**	**(13,763)**
Amortization included in cost of sales	**769**	**–**	**769**
Other income (expenses)	**(296)**	**499**	**203**
Profit attributable to non-controlling interest	**(3,941)**	**–**	**(3,941)**
Base EBITDA from operations	**$ 18,801**	**$ 1,747**	**$ 20,548**

			Fiscal 2017
	Consumer division	Commercial division	Consolidated
Sales	$ 527,286	$ 465,542	$ 992,828
Cost of sales	(396,655)	(412,639)	(809,294)
Gross margin	130,631	52,903	183,534
Add (subtract):			
Administrative expenses	(32,905)	(13,812)	(46,717)
Selling and marketing expenses	(36,259)	(23,195)	(59,454)
Bad debt expense	(9,232)	(5,586)	(14,818)
Amortization included in cost of sales	735	–	735
Other expenses	(262)	(513)	(775)
Profit attributable to non-controlling interest	(5,654)	–	(5,654)
Base EBITDA from operations	$ 47,054	$ 9,797	$ 56,851

1 The segment definitions are provided on page 7.

Segmented Base EBITDA[1]

For the six months ended September 30
(thousands of dollars)

			Fiscal 2018
	Consumer division	**Commercial division**	**Consolidated**
Sales	**$ 991,471**	**$ 708,162**	**$ 1,699,633**
Cost of sales	**(768,579)**	**(630,828)**	**(1,399,407)**
Gross margin	**222,892**	**77,334**	**300,226**
Add (subtract):			
Administrative expenses	**(69,075)**	**(26,362)**	**(95,437)**
Selling and marketing expenses	**(72,649)**	**(44,005)**	**(116,653)**
Bad debt expense	**(28,525)**	**(510)**	**(29,035)**
Amortization included in cost of sales	**1,546**	**–**	**1,546**
Other income (expenses)	**(451)**	**2,252**	**1,802**
Profit attributable to non-controlling interest	**(9,392)**	**–**	**(9,392)**
Base EBITDA from operations	**$ 44,349**	**$ 8,709**	**$ 53,057**

			Fiscal 2017
	Consumer division	Commercial division	Consolidated
Sales	$ 991,352	$ 899,885	$ 1,891,237
Cost of sales	(735,973)	(809,058)	(1,545,031)
Gross margin	255,379	90,827	346,206
Add (subtract):			
Administrative expenses	(67,054)	(24,364)	(91,418)
Selling and marketing expenses	(71,661)	(45,583)	(117,244)
Bad debt expense	(20,999)	(7,389)	(28,388)
Amortization included in cost of sales/selling and marketing expenses	1,454	–	1,454
Other expenses	(335)	(1,192)	(1,527)
Profit attributable to non-controlling interest	(11,091)	–	(11,091)
Base EBITDA from operations	$ 85,693	$ 12,299	$ 97,992

1 The segment definitions are provided on page 7.

Consumer Energy contributed $18.8 million to Base EBITDA for the three months ended September 30, 2017, a decrease of 60% from $47.1 million in the prior comparative quarter. Commercial Energy contributed $1.7 million to Base EBITDA, a decrease of 82% from the prior comparable quarter, when the segment contributed $9.8 million. The decreases in Base EBITDA for both Consumer Energy and Commercial Energy were attributable to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins.

For the six months ended September 30, 2017, Base EBITDA was $53.1 million, a decrease of 46% from $98.0 million recorded in the prior comparable period. The Consumer division contributed $44.3 million to Base EBITDA for the six months ended September 30, 2017, a decrease of 48% from $85.7 million reported for the six months ended September 30, 2016. The Commercial division contributed $8.7 million to Base EBITDA, a 29% decrease from the prior comparable period, when the segment contributed $12.3 million.

Customer aggregation

RCE SUMMARY

	July 1, 2017	Additions	Attrition	Failed to renew	**Sept. 30, 2017**	% increase (decrease)	Sept. 30, 2016	% increase (decrease)
Consumer Energy								
Gas	628,000	43,000	(27,000)	(17,000)	**627,000**	–	624,000	–
Electricity	1,182,000	126,000	(98,000)	(42,000)	**1,168,000**	(1)%	1,205,000	(3)%
Total Consumer RCEs	1,810,000	169,000	(125,000)	(59,000)	**1,795,000**	(1)%	1,829,000	(2)%
Commercial Energy								
Gas	278,000	66,000	(4,000)	(3,000)	**337,000**	21%	245,000	38%
Electricity	1,988,000	75,000	(23,000)	(85,000)	**1,955,000**	(2)%	2,237,000	(13)%
Total Commercial RCEs	2,266,000	141,000	(27,000)	(88,000)	**2,292,000**	1%	2,482,000	(8)%
Total RCEs	4,076,000	310,000	(152,000)	(147,000)	**4,087,000**	–	4,311,000	(5)%

Just Energy's total RCE base is currently at 4.1 million, a 5% decrease from one year ago. Gross RCE additions for the quarter ended September 30, 2017 were 310,000, an increase of 58% compared to RCEs added in the second quarter of fiscal 2017. Net additions were a positive 11,000 for the second quarter of fiscal 2018, compared with a negative 75,000 net RCE additions in the second quarter of fiscal 2017.

Consumer RCE additions amounted to 169,000 for the three months ended September 30, 2017, a 47% increase from 115,000 gross RCE additions recorded in the prior comparable quarter, resulting from increased RCE additions in the U.S. market. Net RCE additions for the Consumer division increased 61% to negative 15,000 for the three months ended September 30, 2017, compared with negative 38,000 reported in the prior comparable period. As of September 30, 2017, the U.S., Canadian and U.K. segments accounted for 63%, 21% and 16% of the Consumer RCE base, respectively.

Commercial RCE additions were 141,000 for the three months ended September 30, 2017, a 74% increase over the prior comparable quarter as a result of increased additions from large natural gas Commercial and Industrial RCEs. Just Energy remains focused on increasing the gross margin per RCE added for Commercial customers and, as a result, has been more selective in its market strategy. As of September 30, 2017, the U.S., Canadian and U.K. segments accounted for 70%, 23% and 7% of the Commercial RCE base, respectively.

In addition to the RCEs referenced in the above table, the Consumer RCE base also includes 46,000 smart thermostat customers. These smart thermostats are bundled with a commodity contract and are currently offered in Ontario, Alberta and Texas. 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.

For the three months ended September 30, 2017, 33% of the total Consumer and Commercial RCE additions were generated from commercial brokers, 51% through online and other non-door-to-door sales channels and 16% from door-to-door sales. In the prior comparable period, 41% of RCE additions were generated from commercial brokers, 39% from online and other sales channels and 20% 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 23% to 429,000 RCEs during the six months ended September 30, 2017 with strong growth in their Consumer RCE base. As of September 30, 2017, the U.S., Canadian and U.K. segments accounted for 67%, 22% and 11% of the RCE base, respectively. At September 30, 2016, the U.S., Canadian and U.K. segments represented 71%, 22% and 7% of the RCE base, respectively.

The Company's launch of the new retail consumer sales channel continued to meet expectations in the second quarter of fiscal 2018. The retail channel added 19,000 new RCEs during the second quarter. During the quarter ended September 30, 2017, four new retail partnerships were added and two were terminated, bringing the total to 11 retail partnerships. The total number of stores with a Just Energy kiosk increased in the second quarter of fiscal 2018 by 152, bringing the total to 237 retail stores with kiosks.

CUSTOMER SUMMARY

(in thousands)	**As at Sept. 30, 2017**	As at April 1, 2017	% increase (decrease)
Consumer	**1,468**	1,357	8%
Commercial	**112**	117	(4)%
Total customer count	**1,580**	1,474	7%

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 and will eventually replace the RCE reporting.

ATTRITION

	Trailing 12 months ended Sept. 30, 2017	Trailing 12 months ended Sept. 30, 2016
Consumer	**22%**	26%
Commercial	**5%**	8%
Total attrition	**11%**	15%

The combined attrition rate for Just Energy was 11% for the trailing 12 months ended September 30, 2017, a decrease of four percentage points from the 15% reported in the prior comparable period. The Consumer attrition rate decreased four percentage points to 22% from a year ago, and the Commercial attrition rate decreased three percentage points to 5%. The decrease in the attrition rate 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.

The Company carefully monitors the levels of customer complaints from its Consumer and Commercial divisions. The goal is to resolve all complaints registered within five days of receipt. Our corporate target is to have an outstanding complaint rate of less than 0.05% of customers at any time. As of September 30, 2017, the total outstanding rate was 0.01%.

RENEWALS

	Trailing 12 months ended Sept. 30, 2017	Trailing 12 months ended Sept. 30, 2016
Consumer	**73%**	78%
Commercial	**52%**	53%
Total renewals	**61%**	61%

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 61% for the trailing 12 months ended September 30, 2017 and September 30, 2016. The Consumer renewal rate decreased by five percentage points to 73%, while the Commercial renewal rate decreased by one percentage point to 52%. The decline in Consumer renewal rate reflected a very competitive market for Consumer renewals with competitors pricing aggressively and Just Energy's focus on improving retained customers' profitability rather than pursuing low margin growth. In addition, consumer renewals in Canada have been negatively impacted by new consumer protection rules 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
Remainder of 2018	10%	11%	14%	16%
2019	23%	31%	23%	31%
2020	22%	21%	19%	21%
2021	20%	17%	12%	11%
Beyond 2021	25%	20%	32%	21%
Total	100%	100%	100%	100%

Note: All month-to-month customers, which represent 669,000 RCEs, are excluded from the table above.

Gross margin

For the three months ended September 30
(thousands of dollars)

	Fiscal 2018			Fiscal 2017		
	Consumer	**Commercial**	**Total**	Consumer	Commercial	Total
Gas	**$ 20,985**	**$ 2,314**	**$ 23,299**	$ 23,803	$ 2,742	$ 26,545
Electricity	**86,401**	**32,963**	**119,364**	106,828	50,161	156,989
	$ 107,386	**$ 35,277**	**$ 142,663**	$ 130,631	$ 52,903	$ 183,534
Decrease	**(18)%**	**(33)%**	**(22)%**			

For the six months ended September 30
(thousands of dollars)

	Fiscal 2018			Fiscal 2017		
	Consumer	**Commercial**	**Total**	Consumer	Commercial	Total
Gas	**$ 48,640**	**$ 4,850**	**$ 53,490**	$ 56,268	$ 7,499	$ 63,767
Electricity	**174,253**	**72,483**	**246,736**	199,111	83,328	282,439
	$ 222,893	**$ 77,333**	**$ 300,226**	$ 255,379	$ 90,827	$ 346,206
Decrease	**(13)%**	**(15)%**	**(13)%**			

CONSUMER ENERGY

Gross margin for the three months ended September 30, 2017 for the Consumer division was $107.4 million, a decrease of 18% from $130.6 million recorded in the prior comparable quarter. For the six months ended September 30, 2017, gross margin for the Consumer division was $222.9 million, a decrease of 13% from $255.4 million recorded for the six months ended September 30, 2016. Average realized gross margin for the Consumer division for the rolling 12 months ended September 30, 2017 was $253/RCE, representing a 3% decrease from $261/RCE reported in the prior comparable quarter. The decrease is largely due to higher margins on new customers added. 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 $21.0 million for the three months ended September 30, 2017, a decrease from $23.8 million recorded in the prior comparable quarter. For the six months ended September 30, 2017, the gross margin contribution from the gas markets decreased by 14% over the prior comparable period to $48.6 million as a result of lower gross margin per RCE in the current quarter and negative foreign exchange impact as a result of the weakening of the U.S. dollar and the U.K. pound.

Electricity

Gross margin from electricity customers in the Consumer division was $86.4 million for the three months ended September 30, 2017, a 19% decrease from $106.8 million recorded in the prior comparable quarter. For the six months ended September 30, 2017, gross margin from electricity markets decreased 12% to $174.3 million. The decrease in gross margin was due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins.

COMMERCIAL ENERGY

Gross margin for the Commercial division was $35.3 million for the three months ended September 30, 2017, a decrease of 33% from $52.9 million recorded in the prior comparable quarter. For the six months ended September 30, 2017, gross margin for the Commercial division was $77.3 million, a decrease of 15% from $90.8 million recorded for the six months ended September 30, 2016. The decrease in gross margins was due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey. Competitive market conditions also resulted in a one-time reduction in Texas renewal margins.

Average realized gross margin for the rolling 12 months ended September 30, 2017 was $88/RCE, an increase of 11% from the $80/RCE reported in the prior comparable period. The gross margin per RCE value includes an appropriate allowance for bad debt expense in Illinois, Texas, Georgia, Michigan and California.

Gas

Gas gross margin for the Commercial division was $2.3 million for the three months ended September 30, 2017, a decrease of 16% from $2.7 million recorded in the prior comparable quarter. For the six months ended September 30, 2017, the gross margin contribution from the gas markets decreased by 35% from the prior comparable period to $4.9 million. The decrease in gross margin for the three and six months ended September 30, 2017 is as a result of the lower gross margin per RCE and negative foreign exchange impact as a result of the weakening of the U.S. dollar and the U.K. pound.

Electricity

The Commercial division's electricity gross margin for the three months ended September 30, 2017 was $33.0 million, a decrease of 34% from $50.2 million recorded in the prior comparable quarter. Gross margin from the Commercial electricity markets for the six months ended September 30, 2017 was $72.5 million, a decrease of 13% from $83.3 million recorded in the six months ended September 30, 2016. The decrease in gross margins is due to reduced per customer consumption arising from the abnormally mild summer weather in North America and hurricane and tropical storm patterns, including customer disruptions caused by Hurricane Harvey.

GROSS MARGIN ON NEW AND RENEWING CUSTOMERS

The table below depicts the annual margins on contracts for Consumer and Commercial customers signed during the quarter. 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

	Q2 Fiscal 2018	**Number of customers**	Q2 Fiscal 2017	Number of customers
Consumer customers added and renewed	**$ 197**	**285,000**	$ 208	223,000
Consumer customers lost	**201**	**186,000**	199	153,000
Commercial customers added and renewed	**88**	**180,000**	89	170,000
Commercial customers lost	**78**	**112,000**	76	118,000

For the three months ended September 30, 2017, the average gross margin per RCE for the customers added and renewed by the Consumer division was $197/RCE, a decrease from $208/RCE added in the prior comparable period. While these 12-month contracts carry lower gross margins than the Company's longer-term products, the majority of these customers also selected electronic billing and electronic payment which lowers the Company's costs to serve and improves its cash flow. The average gross margin per RCE for the Consumer customers lost during the three months ended September 30, 2017 was $201/RCE, a slight increase from the margin lost on customers in the prior comparable period.

For the Commercial division, the average gross margin per RCE for the customers signed during the three months ended September 30, 2017 was $88/RCE, a decrease from $89/RCE added in the prior comparable period. Customers lost through attrition and failure to renew during the three months ended September 30, 2017 were at an average gross margin of $78/RCE, an increase from $76/RCE reported in the prior comparable period due to the customers being added at higher margins in recent periods. Management will continue its margin optimization efforts by focusing on ensuring customers added meet its profitability targets.

Overall consolidated results

ADMINISTRATIVE EXPENSES

(thousands of dollars)

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	% increase (decrease)	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016	% increase
Consumer Energy	**$ 32,294**	$ 32,905	(2)%	**$ 69,075**	$ 67,054	3%
Commercial Energy	**14,512**	13,812	5%	**26,362**	24,364	8%
Total administrative expenses	**$ 46,806**	$ 46,717	–	**$ 95,437**	$ 91,418	4%

Total administrative expenses for the three months ended September 30, 2017 remained consistent with the prior comparable period. The Consumer division's administrative expenses were $32.3 million for the three months ended September 30, 2017, a decrease of 2% from $32.9 million recorded in the prior comparable quarter. The Commercial division's administrative expenses were $14.5 million for the second quarter of fiscal 2018, a 5% increase from $13.8 million reported for the prior comparable quarter.

Administrative expenses increased by 4% to $95.4 million for the six months ended September 30, 2017 from $91.4 million recorded in the prior comparative period. Consumer and Commercial administrative expenses for the six months ended September 30, 2017 were $69.1 million and $26.4 million, an increase of 3% and an increase of 8% over the prior comparable period, respectively, as a result of the increased administrative costs for the growth in the U.K. operations, as well as costs associated with international expansion and new strategic initiatives.

SELLING AND MARKETING EXPENSES

(thousands of dollars)

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	% increase (decrease)	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016	% increase (decrease)
Consumer Energy	**$ 36,648**	$ 36,259	1%	**$ 72,648**	$ 71,661	1%
Commercial Energy	**21,929**	23,195	(5)%	**44,005**	45,583	(3)%
Total selling and marketing expenses	**$ 58,577**	$ 59,454	(1)%	**$ 116,653**	$ 117,244	(1)%

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 $58.6 million, a decrease of 1% from $59.5 million in the second quarter of fiscal 2017.

The selling and marketing expenses for the Consumer division were $36.6 million for the three months ended September 30, 2017, a 1% increase from $36.3 million recorded in the prior comparable quarter. The selling expenses increased due to significant RCE growth in the U.K.

The selling and marketing expenses for the Commercial division were $21.9 million for the three months ended September 30, 2017, down 5% from $23.2 million recorded in the prior comparable quarter. This decrease is a result of lower commission expenses due to an 8% decrease in Commercial RCEs for the six months ended September 30, 2017.

For the six months ended September 30, 2017, selling and marketing expenses were $116.7 million, a decrease of 1% compared to $117.2 million in the prior comparable period. The Consumer division's selling and marketing expenses were up 1% to $72.6 million compared to $71.7 million for the six months ended September 30, 2016. Selling and marketing expenses for the Commercial division were $44.0 million for the six months ended September 30, 2017, a decrease of 3% compared to $45.6 million in the prior comparable period as a result of residual lower commission expenses in the current period.

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	**$ 180/RCE**	$ 203/RCE
Commercial	**$ 42/RCE**	$ 40/RCE

The average aggregation cost for the Consumer division was $180/RCE for the trailing 12 months ended September 30, 2017, a decrease from $203/RCE reported in the prior comparable period. The decrease in cost in the current 12-month period over the prior year is a result of a shift in the Company's sales channels from door-to-door to online broker and other non-door-to-door channels.

The $42 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 $42 per year for each additional year that the customer flows. Assuming an average life of 2.8 years, this would add approximately $76 (1.8 x $42) to the year's average aggregation cost reported above. As at September 30, 2016, the average aggregation cost for commercial brokers was $40/RCE. The lower cost in the prior comparable quarter is a function of broker commissions being a percentage of lower margins.

PROVISION FOR (RECOVERY OF) INCOME TAXES

(thousands of dollars)

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Current income tax expense	**$ 3,893**	$ 2,571	**$ 4,484**	$ 4,626
Deferred tax provision (recovery)	**(5,726)**	2,310	**480**	25,552
Provision for (recovery of) income taxes	**$ (1,833)**	$ 4,881	**$ 4,964**	$ 30,178

Just Energy recorded a current income tax expense of $3.9 million for the three months ended September 30, 2017, versus $2.6 million in the prior comparable quarter. For the six months ended September 30, 2017, the current income tax expense decreased to $4.5 million from $4.6 million reported for the six months ended September 30, 2016.

During the three months ended September 30, 2017, a deferred tax recovery of $5.7 million was recorded, primarily relating to mark to market losses from financial instruments. In fiscal 2017, a deferred tax provision of $2.3 million was recorded, primarily resulting from the change in fair value of derivative instruments. A deferred tax provision of $0.5 million and $25.6 million was recorded for the six months ended September 30, 2017 and September 30, 2016, respectively.

Under IFRS, Just Energy recognizes income tax assets and liabilities based on the estimated tax consequences attributable to temporary differences between the carrying value of the assets and liabilities on the consolidated financial statements and their respective tax bases, using substantively enacted income tax rates. A deferred tax asset will not be recognized if it is not anticipated that the asset will be realized in the foreseeable future. The effect of a change in the income tax rates used in calculating deferred income tax assets and liabilities is recognized in income during the period in which the change occurs.

Liquidity and capital resources

SUMMARY OF CASH FLOWS

(thousands of dollars)

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Operating activities	**$ 9,186**	$ 61,091	**$ 29,795**	$ 80,138
Investing activities	**(7,799)**	(7,643)	**(18,212)**	(11,994)
Financing activities, excluding dividends	**20,635**	(6,597)	**31,237**	(38,000)
Effect of foreign currency translation	**266**	3,347	**(1,017)**	(1,391)
Increase in cash before dividends	**22,288**	50,198	**41,803**	28,753
Dividends (cash payments)	**(21,458)**	(18,806)	**(43,229)**	(37,590)
Increase (decrease) in cash	**830**	31,392	**(1,426)**	(8,837)
Cash and cash equivalents – beginning of period	**55,120**	87,367	**57,376**	127,596
Cash and cash equivalents – end of period	**$ 55,950**	$ 118,759	**$ 55,950**	$ 118,759

OPERATING ACTIVITIES

Cash flow from operating activities for the three months ended September 30, 2017 was an inflow of $9.2 million, compared to $61.1 million in the prior comparable quarter. The reduction is primarily a result of a reduction in gross margin in the current period. For the six months ended September 30, 2017, cash flow from operating activities was an inflow of $29.8 million, a decrease from $80.1 million reported for the prior comparable period as a result of lower gross margin in the current period.

INVESTING ACTIVITIES

Investing activities for the three months ended September 30, 2017 included purchases of property, plant and equipment and intangible assets totalling $1.8 million and $5.7 million, respectively, compared with $2.0 million and $1.7 million, respectively, in fiscal 2017.

Investing activities for the six months ended September 30, 2017 included purchases of property, plant and equipment and intangible assets totalling $3.0 million and $12.5 million respectively, compared with $3.6 million and $4.8 million, respectively, in fiscal 2017.

FINANCING ACTIVITIES

Financing activities, excluding dividends, relates primarily to the issuance and repayment of long-term debt. During the three months ended September 30, 2017, Just Energy had withdrawn $24.6 million on the credit facility. During the six months ended September 30, 2017, Just Energy issued an additional $5.2 million in preferred shares and withdrew an additional $49.3 million on its credit facility, offset by common share repurchases of $11.9 million.

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 three months ended September 30, 2017, Just Energy paid cash dividends to its common and preferred shareholders and distributions to holders of share-based awards in the amount of $21.5 million, compared to $18.8 million paid in the prior comparable quarter. For the six months ended September 30, 2017, Just Energy paid $43.3 million, compared to $37.6 million paid for the comparable period of fiscal 2017.

Just Energy's annual dividend rate on its common shares is currently set at $0.50 per common share paid quarterly. The 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, subject to Board approval.

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 September 30, 2017 was US$0.53125 per preferred share.

Balance sheet as at September 30, 2017, compared to March 31, 2017

Total cash and short-term investments decreased from $83.6 million as at March 31, 2017 to $81.2 million. The decrease in cash is primarily attributable to the lower gross margin earned in the current period offset by the increase in credit facility withdrawals to support the seasonal cash requirements.

As of September 30, 2017, trade receivables and unbilled revenue amounted to $365.7 million and $217.8 million, respectively, compared to March 31, 2017, when the trade receivables and unbilled revenue amounted to $353.1 million and $218.4 million, respectively. The accounts receivable balances increased as a result of normal seasonal consumption with higher electricity bills in the current quarter. Trade payables, which include gas and electricity commodity payables of $203.1 million, increased from $486.6 million to $527.3 million during the second quarter of the fiscal year.

In Ontario, Manitoba, British Columbia and Michigan, 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 $12.2 million and $17.9 million, respectively, as of September 30, 2017. These amounts increased from $3.2 million and $5.1 million, respectively, as of March 31, 2017. As at March 31, 2017, more gas was consumed by customers than Just Energy had delivered to the LDCs in Ontario, Manitoba and Quebec and as a result, Just Energy recognized an accrued gas receivable and accrued gas payable for $16.4 million and $12.5 million, respectively. These changes represent normal seasonal fluctuations based on consumption during the winter months.

Prepaid expenses, deposits and current assets decreased from $111.3 million at March 31, 2017 to $101.4 million as of September 30, 2017 as green commodity purchases decreased by $11.1 million during the six months ended September 30, 2017.

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 loss and, accordingly, shareholders' equity from year to year due to commodity price volatility.

Total debt has increased from $498.1 million as at March 31, 2017 to $540.4 million as at September 30, 2017. This increase is a result of the withdrawal of an additional $49.3 million on the credit facility. The book value of net debt was 2.6x for the Base EBITDA, higher than 1.8x reported for March 31, 2017 and 2.4x reported for the prior comparable period, respectively.

Debt and financing for operations

(thousands of dollars)

	Maturity	**Sept. 30, 2017**	March 31, 2017	Sept. 30, 2016
Credit facility	September 1, 2018	**$ 117,520**	$ 68,258	$ –
6.75% convertible debentures	December 31, 2021	**146,834**	145,579	–
5.75% convertible debentures	September 30, 2018	**97,292**	96,022	94,804
6.5% convertible bonds	July 29, 2019	**180,251**	190,486	186,107
6.0% convertible debentures	N/A	**–**	–	313,452
Senior unsecured note	N/A	**–**	–	55,000

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 $117.5 million as of September 30, 2017, compared with $68.3 million as of March 31, 2017. In addition, total letters of credit outstanding as at September 30, 2017 amounted to $97.5 million (March 31, 2017 – $109.2 million).

  Just Energy is required to meet a number of financial covenants under the various debt agreements. As at September 30, 2017, all of the covenants have been met except for the distributable free cash flow covenant required under the credit facility. Due to this breach of the covenant clause, the lending syndicate was entitled to request the outstanding amount for immediate repayment. On November 6, 2017, Just Energy obtained a waiver from the lending syndicate that waives the right to demand repayment of the credit facility solely in relation to the distributable free cash flow covenant breach as at September 30, 2017. The covenant breach on the credit facility did not result in any other defaults on the Company's long-term debt.

The Company is actively taking steps to enhance its distributable cash, including consolidating excess cash into entities within the credit facility, and expects these actions will enable it to meet its covenants in the future. Additionally, the Company is conducting cost reduction programs and revenue pricing initiatives and, as always, will consider other activities as necessary to further support this ability.

- A 6.75% 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 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.
- 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 11 of the unaudited interim condensed consolidated financial statements for the three and six months ended September 30, 2017 for further details regarding the nature of each debt agreement.

Acquisition of businesses

ACQUISITION OF INTELL ENERCARE SOLUTIONS INC.

On June 6, 2017, Just Energy completed the acquisition of 100% of the issued and outstanding shares of Intell Enercare Solutions Inc., a complete service provider for supply, design and installation of energy saving technologies, for up to $11.0 million, subject to closing adjustments. Terms of the deal include an initial payment of $2.2 million with the preliminary working capital adjustments still subject to finalization. Also, Just Energy will pay up to $9.0 million to the sellers over three years provided that certain EBITDA targets are satisfied. The fair value of the contingent consideration at acquisition was estimated to be $7.8 million.

For an allocated breakdown of the purchase price to identified assets and liabilities acquired in the acquisition, see Note 9 of the Interim Financial Statements for the three months and six months ended September 30, 2017.

ACQUISITION OF DB SWDIREKT GMBH AND DB SWPRO GMBH

On December 8, 2016, Just Energy completed the acquisition of 95% of the issued and outstanding shares of db swdirekt GmbH ("SWDirekt"), a retail energy company, and 50% of the issued and outstanding shares of db swpro GmbH ("SWPro"), a sales and marketing company, for $6.2 million, subject to closing adjustments. Terms of the deal include a $2.2 million payment upon the achievement of sales targets. In addition, variable compensation is payable to the selling shareholders which will be recorded as remuneration expense in the future subject to the financial performance of the acquired businesses. On October 16, 2017, the managing director of SWDirekt and SWPro resigned and the parties have entered into a consultancy agreement in order to secure the services and support for the future. As a result, the variable compensation that would have been payable to the selling shareholders will not be paid.

On October 16, 2017, Just Energy acquired the remaining 5% of the issued and outstanding shares of SWDirekt and the remaining 50% of the issued and outstanding shares of SWPro for cash consideration of $1.9 million.

The acquisition of SWDirekt and SWPro was accounted for using the purchase method of accounting. The purchase price allocation is still considered preliminary, and as a result may be adjusted. For an allocated breakdown of the purchase price to identified assets and liabilities acquired in the acquisition, see Note 9 of the Interim Financial Statements for the six months ended September 30, 2017.

Contractual obligations

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

On August 1, 2017, Just Energy announced that it reached an agreement with its joint venture partner, Red Ventures LLC, to end the exclusive relationship for online sales of the Just Energy brand in North America. To facilitate the transaction, Just Energy acquired the outstanding 50% interest of each of Just Ventures LLC in the United States and Just Ventures L.P. in Canada. Under the terms of the agreement, the purchase price is a function of go forward earnings based on the current client base and is payable in quarterly installments over five years estimated at $102.3 million, of which $37.8 million has been presented as current liabilities and $64.5 million as long-term liabilities.

PAYMENTS DUE BY PERIOD

(thousands of dollars)

	Less than 1 year	1–3 years	4–5 years	After 5 years	Total
Trade and other payables	$ 527,289	$ –	$ –	$ –	$ 527,289
Long-term debt	217,520	187,200	160,000	–	564,720
Interest payments	28,718	33,768	16,200	–	78,686
Premises and equipment leasing	2,561	9,576	8,017	11,303	31,457
Gas, electricity and non-commodity contracts	1,064,880	1,567,294	279,685	52,058	2,963,917
	$ 1,840,968	$ 1,797,838	$ 463,902	$ 63,361	$ 4,166,069

On August 1, 2017, Just Energy announced that it reached an agreement with its joint venture partner, Red Ventures LLC, to end the exclusive relationship for online sales of the Just Energy brand in North America. To facilitate the transaction, Just Energy acquired the outstanding 50% interest of each of Just Ventures LLC in the United States and Just Ventures L.P. in Canada. Under the terms of the agreement, the purchase price is a function of go forward earnings based on the current client base and is payable in quarterly installments over five years estimated at $102.3 million, of which $37.8 million has been presented as current liabilities and $64.5 million as long-term liabilities.

OTHER OBLIGATIONS

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

Transactions with related parties

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

Off balance sheet items

The Company has issued letters of credit in accordance with its credit facility totalling $97.5 million to various counterparties, primarily utilities in the markets where it operates, as well as suppliers.

Just Energy has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at September 30, 2017 were $49.3 million (March 31, 2017 – $55.9 million).

Critical accounting estimates

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

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

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

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

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

DEFERRED TAXES

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

The tax effects of these differences are reflected in the consolidated statements of financial position as deferred income tax assets and liabilities. An assessment must be made to determine the likelihood that our future taxable income will be sufficient to permit the recovery of deferred income tax assets. To the extent that such recovery is not probable, deferred income tax assets must be reduced. The reduction of the deferred income tax

asset can be reversed if the estimated future taxable income improves. No assurances can be given as to whether any reversal will occur or as to the amount or timing of any such reversal. Management must exercise judgment in its assessment of continually changing tax interpretations, regulations and legislation to ensure deferred income tax assets and liabilities are complete and fairly presented. Assessments and applications differing from our estimates could materially impact the amount recognized for deferred income tax assets and liabilities.

Deferred income tax assets of $24.4 million and $23.0 million have been recorded on the interim condensed and consolidated statements of financial position as at September 30, 2017 and March 31, 2017, respectively. These assets primarily relate to mark to market losses on our derivative financial instruments. Management believes there will be sufficient taxable income that will permit the use of these future tax assets in the tax jurisdictions where they exist. When evaluating the future tax position, Just Energy assesses its ability to use deferred tax assets based on expected taxable income in future periods.

As at September 30, 2017, no deferred tax assets were recognized in the U.S. However, a benefit of $2.1 million relating to losses and deductible temporary differences was generated in the three months ended September 30, 2017.

Deferred income tax liabilities of $6.0 million and $1.7 million have been recorded on the interim condensed and consolidated statements of financial position as at September 30, 2017 and March 31, 2017, respectively. These liabilities are primarily due to mark to market losses on the derivative financial instruments and unrealized foreign exchange losses which, when realized, will be recognized for tax purposes.

SUBSIDIARIES

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

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

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

Depreciation and amortization expense from operations for the three and six months ended September 30, 2017 recorded in the interim condensed consolidated statements of cash flows was $6.1 million and $11.3 million, respectively, compared with $5.5 million and $10.0 million, respectively, for the three and six months ended September 30, 2016.

FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

The main cause of changes in the fair value of derivative instruments is changes in the forward curve prices used for the fair value calculations. For a sensitivity analysis of these forward curves, see Note 8 of the interim condensed consolidated financial statements for the quarter ended September 30, 2017. Other inputs, including volatility and correlations, are driven off historical settlements.

Just Energy common and preferred shares

As at November 8, 2017, there were 146,852,541 common shares and 4,189,950 preferred shares of Just Energy outstanding.

In February 2017, Just Energy closed its underwritten public offering of 4,040,000 of its 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares at a price of US$25.00 per preferred share, for gross proceeds of US$101 million.

In May 2017, Just Energy announced it has entered into an at-the-market issuance ("ATM offering") sales agreement pursuant to which Just Energy may, at its discretion and from time to time, offer and sell in the United States preferred shares having an aggregate offering price of up to US$150 million. As at November 8, 2017, Just Energy has issued an additional 149,950 preferred shares for aggregate total gross proceeds of $5.2 million under the ATM offering.

Normal course issuer bid

Just Energy has the ability to make a normal course issuer bid ("NCIB") to purchase for cancellation a portion of the outstanding 5.75% convertible debentures as well as the Just Energy common shares up to March 16, 2018. Under each NCIB, Just Energy may purchase debentures and common shares representing 10% of the outstanding public float at close of business February 28, 2017 up to daily and total limits. For the six months ended September 30, 2017, Just Energy had purchased $11.9 million of common shares through the NCIB program, compared to $nil purchased in the prior comparable period.

Just Energy believes that the debentures and common shares may trade in a range that may not fully reflect their value. As a result, Just Energy believes that the purchase of the debentures and common shares from time to time can be undertaken at prices that make the acquisition of such securities an appropriate use of Just Energy's available funds. In addition, purchases under each of the NCIBs may increase the liquidity of the debentures and common shares and will enable Just Energy to deleverage its balance sheet. Just Energy intends to continue to buy back debentures and common shares when the circumstances present themselves in a way that maximizes value for Just Energy. The Company's current priority is the repurchase of debentures at attractive prices.

Legal proceedings

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

In March 2012, Davina Hurt and Dominic Hill filed a lawsuit against Commerce Energy Inc., Just Energy Marketing Corp. and the Company (collectively referred to as "Just Energy") in the Ohio Federal Court claiming entitlement to payment of minimum wage and overtime under Ohio wage claim laws and the federal Fair Labor Standards Act ("FLSA") on their own behalf and similarly situated door-to-door sales representatives who sold for Commerce in certain regions of the United States. The Court granted the plaintiffs' request to certify the lawsuit as a class action. Approximately 1,800 plaintiffs opted into the federal minimum wage and overtime claims, and approximately 8,000 plaintiffs were certified as part of the Ohio state overtime claims. A jury trial on the liability phase was completed on October 6, 2014. The jury refused to find a wilful violation by Just Energy but reached a verdict that supports the plaintiffs' class and collective action that certain individuals were not properly classified as outside salespeople in order to qualify for an exemption under the minimum wage and overtime requirements pursuant to the FLSA and Ohio wage and hour laws. Just Energy disagrees with the result of the October 2014 trial and is of the opinion that it is not supported by existing law and precedent. On January 9, 2015, the Court struck the plaintiffs' damage expert report. Potential amounts owing have yet to be determined and will be subject to a separate damage phase proceeding. Just Energy's appeal opportunities remain open after conclusion of the damages phase, which still remains unscheduled by the Court. Further status conferences will be held by the Court through the end of 2017. Just Energy strongly believes it complied with the law and continues to vigorously defend against the claims.

In August 2013, Levonna Wilkins, a former door-to-door independent contractor for Just Energy Marketing Corp. ("JEMC"), filed a lawsuit against Just Energy Illinois Corp., Commerce Energy Inc., JEMC and the Company (collectively referred to as "Just Energy") in the Illinois Federal District Court claiming entitlement to payment of minimum wage and overtime under Illinois wage claim laws and the FLSA on her own behalf and similarly situated door-to-door sales representatives who sold in Illinois. On March 13, 2015, the Court granted Wilkins' request to certify the lawsuit as a class action to include a class made up of Illinois sales representatives who sold for Just Energy Illinois and Commerce. On March 22, 2016, Just Energy's summary judgment motion to dismiss Wilkins' claims was denied. On June 16, 2016, the Court granted Just Energy's motion for reconsideration which objected to Wilkins' class definition and revised the definition to exclude sales representatives who sold for Commerce. No trial date has been scheduled. The discovery phase remains ongoing and should conclude by the end of 2017. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

In March 2015, Kevin Flood, a former door-to-door independent contractor for Just Energy Marketing Corp., filed a lawsuit against JEMC, Just Energy New York Corp. and the Company (collectively referred to as "Just Energy") in New York Federal District Court (Southern District) claiming entitlement to payment of minimum wage and overtime under New York wage claim laws and the FLSA on his own behalf and similarly situated door-to-door sales representatives who sold in New York. On January 25, 2016, the Court granted Flood's request to certify the lawsuit as a class action for the FLSA claims to include a class made up of New York sales representatives who sold for Just Energy New York. 167 individuals opted in to the FLSA class. Flood also filed a request to certify the lawsuit as a class action for alleged violations of the New York wage claim laws. On January 20, 2017, the Court granted Just Energy's motion for summary judgment dismissing Flood's claims and denied the motion to certify

the class action. On February 16, 2017, Flood and opt-in plaintiffs filed an appeal of the dismissal of the Federal District Court's order to the Court of Appeals for the Second Circuit. The appeal remains pending. Just Energy strongly believes it complied with the law and will vigorously contest the appeal of the dismissal.

In May 2015, Kia Kordestani, a former door-to-door independent contractor ("IC") sales representative for Just Energy Corp., filed a lawsuit against Just Energy Corp., Just Energy Ontario L.P. and the Company (collectively referred to as "Just Energy") in the Superior Court of Justice, Ontario, claiming status as an employee and seeking benefits and protections of the Employment Standards Act such as minimum wage, overtime pay, and vacation and public holiday pay on his own behalf and similarly situated door-to-door sales representatives who sold in Ontario. On Just Energy's request, Mr. Kordestani was removed as a plaintiff but replaced with Haidar Omarali, also a former door-to-door sales representative. In August 2015, Omarali filed a motion to certify a proposed class action of door-to-door sales representatives, and the Court set a hearing for June 21, 2016. The Court issued its certification decision on July 27, 2016, which granted Omarali's request for certification with certain changes. Importantly, the Court refused to certify Omarali's request for damages on an aggregate basis, finding that any alleged class member damages "cannot be determined without proof by individual class members", and the Court left any further resolution on this issue to the common issues trial judge. The Court also refused to certify Omarali's request for the option of punitive damages against Just Energy and found that there was no evidence that Just Energy's conduct justified a punitive damages question, largely because the evidence presented showed that over the years Just Energy was "reassured that their sales agents were indeed ICs, not employees" by "various administrative agencies including the Canada Revenue Agency, the Workplace Safety and Insurance Board, and at least on one occasion before an employment officer of the Employment Standards Act". No trial date has been scheduled. Just Energy strongly believes it complied with the law and continues to vigorously contest this matter.

Controls and procedures

INTERNAL CONTROLS FOR DISCLOSURE AND FINANCIAL REPORTING

As of September 30, 2017, the Co-Chief Executive Officers ("Co-CEOs") and Chief Financial Officer ("CFO") of the Company, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Just Energy is made known to the Co-CEOs and CFO, and have designed internal controls over financial reporting based on the criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with IFRS.

During the three and six months ended September 30, 2017, there were no changes in Just Energy's internal controls over financial reporting that occurred that have significantly affected, or are reasonably likely to significantly affect, the Company's internal controls over financial reporting.

Corporate governance

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

Outlook

Just Energy continues to deploy its strategy to become a world-class consumer enterprise delivering superior value to its customers through a range of energy management solutions and a multi-channel approach. The Company has recently completed a phase of internal transformation centred on repairing its balance sheet and overall debt structure, as well as improving the profitability profile of its customer base. Just Energy's growth plans centre on customer growth, geographic expansion, channel growth and enhancements, strategic acquisitions, and new products and structures.

Management believes that the Company will deliver fiscal 2018 Base EBITDA in the range of $175 million to $190 million, compared to previously issued guidance of $210 million to $220 million. These expectations reflect the impact of the significant one-time weather events in the second fiscal quarter, combined with the low commodity pricing environment and the Company's ongoing actions to improve profitability in the second half of the fiscal year. To date, Just Energy has implemented revenue pricing improvement actions and undertaken cost cutting initiatives. Furthermore, the Company is making significant investments to seed international operations, to further invest in product and geographic growth initiatives, and to pay upfront commissions related to customer growth in fiscal 2018. Just Energy will continue to carry out additional cost reduction programs through productivity enhancing and cost efficiency initiatives.

Interim condensed consolidated statements of financial position

(in thousands of Canadian dollars)

	Notes	**As at Sept. 30, 2017 (Unaudited)**	As at March 31, 2017 (Audited)	As at Sept. 30, 2016 (Unaudited)
ASSETS				
Current assets				
Cash and cash equivalents		**$ 55,950**	$ 57,376	$ 118,759
Short-term investments	5	**25,252**	26,255	–
Restricted cash		**3,399**	3,620	6,033
Trade and other receivables	6	**365,661**	353,139	399,526
Unbilled revenues		**217,745**	218,413	204,694
Accrued gas receivables		**436**	16,352	502
Gas delivered in excess of consumption		**12,163**	3,232	18,645
Gas in storage		**33,765**	12,350	31,324
Prepaid expenses, deposits and other current assets	7	**101,436**	111,323	103,246
Fair value of derivative financial assets	8	**21,554**	11,656	23,845
Corporate tax recoverable		**3,154**	2,986	7,766
		840,515	816,702	914,340
Non-current assets				
Investments		**12,184**	15,561	11,432
Property, plant and equipment		**20,562**	21,682	25,240
Intangible assets		**366,976**	357,987	347,996
Prepaid expenses		**9,518**	–	–
Fair value of derivative financial assets	8	**2,673**	3,010	3,189
Deferred tax asset		**24,381**	23,013	19,245
		436,294	421,253	407,102
TOTAL ASSETS		**$ 1,276,809**	$ 1,237,955	$ 1,321,442
LIABILITIES				
Current liabilities				
Trade and other payables		**$ 527,289**	$ 486,632	$ 542,614
Accrued gas payable		**257**	12,537	501
Deferred revenue		**70,311**	17,546	46,146
Income taxes payable		**5,796**	13,913	3,205
Fair value of derivative financial liabilities	8	**197,553**	168,793	232,071
Provisions		**8,135**	8,215	13,441
Current portion of long-term debt	11	**214,812**	–	365,465
		1,024,153	707,636	1,203,443
Non-current liabilities				
Long-term debt	11	**325,625**	498,088	278,548
Deferred lease inducements		**931**	1,088	1,246
Fair value of derivative financial liabilities	8	**123,972**	178,724	209,744
Other	10	**64,481**	–	–
Deferred tax liability		**6,001**	1,745	5,253
		521,010	679,645	494,791
TOTAL LIABILITIES		**1,545,163**	1,387,281	1,698,234
SHAREHOLDERS' DEFICIENCY				
Shareholders' capital	13	**1,201,717**	1,198,439	1,075,818
Equity component of convertible debentures		**13,508**	13,508	25,795
Contributed surplus (deficit)		**(43,222)**	58,266	37,971
Deficit		**(1,498,157)**	(1,489,900)	(1,566,318)
Accumulated other comprehensive income		**57,800**	70,361	49,942
TOTAL SHAREHOLDERS' DEFICIENCY		**(268,354)**	(149,326)	(376,792)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		**$ 1,276,809**	$ 1,237,955	$ 1,321,442

Commitments and Guarantees (Note 18)

See accompanying notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of income

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

	Notes	**Three months ended Sept. 30, 2017**	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
OPERATIONS					
Sales	14	**$ 851,927**	$ 992,828	**$ 1,699,633**	$ 1,891,237
Cost of sales		**709,264**	809,294	**1,399,407**	1,545,031
GROSS MARGIN		**142,663**	183,534	**300,226**	346,206
EXPENSES					
Administrative		**46,806**	46,717	**95,437**	91,418
Selling and marketing		**58,577**	59,454	**116,653**	117,244
Other operating	15(a)	**20,795**	21,044	**55,771**	39,869
		126,178	127,215	**267,861**	248,531
Operating profit before the following		**16,485**	56,319	**32,365**	97,675
Finance costs	11	**(12,521)**	(17,882)	**(24,511)**	(35,855)
Change in fair value of derivative instruments and other	8	**(70,923)**	(194,389)	**39,694**	290,948
Other income (loss)		**203**	(775)	**1,802**	(1,527)
Profit (loss) before income taxes		**(66,756)**	(156,727)	**49,350**	351,241
Provision for (recovery of) income taxes	12	**(1,833)**	4,881	**4,964**	30,178
PROFIT (LOSS) FOR THE PERIOD		**$ (64,923)**	$ (161,608)	**$ 44,386**	$ 321,063
Attributable to:					
Shareholders of Just Energy		**$ (68,864)**	$ (167,262)	**$ 34,994**	$ 309,972
Non-controlling interest		**3,941**	5,654	**9,392**	11,091
PROFIT (LOSS) FOR THE PERIOD		**$ (64,923)**	$ (161,608)	**$ 44,386**	$ 321,063
Earnings (loss) per share available to shareholders	16				
Basic		**$ (0.47)**	$ (1.13)	**$ 0.24**	$ 2.10
Diluted		**$ (0.47)**	$ (1.13)	**$ 0.22**	$ 1.71

See accompanying notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of comprehensive income

(unaudited in thousands of Canadian dollars)

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
PROFIT (LOSS) FOR THE PERIOD	**$ (64,923)**	$ (161,608)	**$ 44,386**	$ 321,063
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:				
Unrealized income (loss) on translation of foreign operations	**(7,793)**	(342)	**(12,561)**	1,034
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**$ (72,716)**	$ (161,950)	**$ 31,825**	$ 322,097
Total comprehensive income (loss) attributable to:				
Shareholders of Just Energy	**$ (76,657)**	$ (167,604)	**$ 22,433**	$ 311,006
Non-controlling interest	**3,941**	5,654	**9,392**	11,091
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	**$ (72,716)**	$ (161,950)	**$ 31,825**	$ 322,097

See accompanying notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of changes in shareholders' deficiency

For the six months ended September 30
(unaudited in thousands of Canadian dollars)

	Notes	2017	2016
ATTRIBUTABLE TO THE SHAREHOLDERS			
Accumulated earnings (losses)			
Accumulated earnings (losses), beginning of period		**$ 259,571**	$ (165,963)
Profit for the period, attributable to shareholders		**34,994**	309,972
Accumulated earnings, end of period		**294,565**	144,009
DIVIDENDS			
Dividends, beginning of period		**(1,749,471)**	(1,672,720)
Dividends declared and paid	17	**(43,251)**	(37,607)
Dividends, end of period		**(1,792,722)**	(1,710,327)
DEFICIT		**$ (1,498,157)**	$ (1,566,318)
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Accumulated other comprehensive income, beginning of period		**$ 70,361**	$ 48,908
Other comprehensive income (loss)		**(12,561)**	1,034
Accumulated other comprehensive income, end of period		**$ 57,800**	$ 49,942
SHAREHOLDERS' CAPITAL	13		
Common shares			
Common shares, beginning of period		**$ 1,070,076**	$ 1,069,434
Share-based units exercised		**10,674**	6,384
Repurchase and cancellation of shares		**(11,941)**	–
Common shares, end of period		**1,068,809**	1,075,818
Preferred shares			
Preferred shares, beginning of period		**$ 128,363**	$ –
Shares issued		**5,195**	–
Shares issuance costs		**(650)**	–
Preferred shares, end of period		**132,908**	–
SHAREHOLDERS' CAPITAL		**$ 1,201,717**	$ 1,075,818
EQUITY COMPONENT OF CONVERTIBLE DEBENTURES			
Balance, beginning of period		**$ 13,508**	$ 25,795
Balance, end of period		**$ 13,508**	$ 25,795
CONTRIBUTED SURPLUS (DEFICIT)			
Balance, beginning of period		**$ 58,266**	$ 43,459
Add: Share-based compensation expense	15(a)	**16,963**	2,902
Non-cash deferred share grant distributions		**22**	18
Less: Purchase of non-controlling interest	10	**(102,298)**	–
Share-based units exercised		**(10,674)**	(6,384)
Share-based compensation adjustment		**(5,501)**	(2,024)
Balance, end of period		**$ (43,222)**	$ 37,971
NON-CONTROLLING INTEREST			
Distributions to non-controlling shareholders		**$ (9,392)**	$ (11,091)
Profit attributable to non-controlling interest		**9,392**	11,091
Balance, end of period		**$ –**	$ –
TOTAL SHAREHOLDERS' DEFICIENCY		**$ (268,354)**	$ (376,792)

See accompanying notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of cash flows

(unaudited in thousands of Canadian dollars)

	Notes	**Three months ended Sept. 30, 2017**	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Net inflow (outflow) of cash related to the following activities					
OPERATING					
Profit (loss) before income taxes		**$ (66,756)**	$ (156,727)	**$ 49,350**	$ 351,241
Items not affecting cash					
Amortization of intangible assets and related supply contracts	15(a)	**4,331**	3,802	**7,791**	6,720
Depreciation of property, plant and equipment	15(a)	**985**	999	**1,982**	1,859
Amortization included in cost of sales		**769**	735	**1,546**	1,454
Share-based compensation	15(a)	**1,716**	1,425	**16,963**	2,902
Financing charges, non-cash portion		**2,585**	5,177	**5,188**	8,901
Other		**(92)**	(90)	**(184)**	(180)
Change in fair value of derivative instruments		**70,923**	194,389	**(39,694)**	(290,948)
Adjustment required to reflect net cash receipts from gas sales		**4,881**	14,269	**7,530**	19,525
Net change in non-cash working capital balances		**(5,442)**	2,361	**(4,886)**	(9,572)
Income taxes paid		**(4,714)**	(5,249)	**(15,791)**	(11,764)
Cash inflow from operating activities		**9,186**	61,091	**29,795**	80,138
INVESTING					
Purchase of property, plant and equipment		**(1,768)**	(1,934)	**(2,959)**	(3,656)
Purchase of intangible assets		**(5,717)**	(1,686)	**(12,522)**	(4,828)
Acquisition of businesses		**–**	–	**(2,546)**	–
Short-term investments		**(314)**	(4,972)	**(185)**	(4,972)
Decrease in restricted cash		**–**	949	**–**	1,462
Cash outflow from investing activities		**(7,799)**	(7,643)	**(18,212)**	(11,994)
FINANCING					
Dividends paid		**(21,458)**	(18,806)	**(43,229)**	(37,590)
Repayment of long-term debt		**–**	(943)	**–**	(26,909)
Credit facilities withdrawal		**24,612**	–	**49,262**	–
Issuance of preferred shares		**834**	–	**5,195**	–
Preferred shares issuance costs		**(215)**	–	**(1,676)**	–
Shares repurchase		**(498)**	–	**(11,941)**	–
Distributions to non-controlling interest		**(4,098)**	(5,654)	**(9,603)**	(11,091)
Cash outflow from financing activities		**(823)**	(25,403)	**(11,992)**	(75,590)
Effect of foreign currency translation on cash balances		**266**	3,347	**(1,017)**	(1,391)
Net cash inflow (outflow)		**830**	31,392	**(1,426)**	(8,837)
Cash and cash equivalents, beginning of period		**55,120**	87,367	**57,376**	127,596
Cash and cash equivalents, end of period		**$ 55,950**	$ 118,759	**$ 55,950**	$ 118,759
Supplemental cash flow information:					
Interest paid		**$ 11,575**	$ 11,253	**$ 18,896**	$ 26,276

See accompanying notes to the interim condensed consolidated financial statements

Notes to the interim condensed consolidated financial statements

For the six months ended September 30, 2017
(unaudited in thousands of Canadian dollars, except where indicated and per share amounts)

1 ORGANIZATION

Just Energy Group Inc. ("Just Energy") is a corporation established under the laws of Canada to hold securities and to distribute the income of its directly or indirectly owned operating subsidiaries and affiliates. The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The unaudited interim condensed consolidated financial statements ("Interim Financial Statements") consist of Just Energy and its subsidiaries and affiliates. The Interim Financial Statements were approved by the Board of Directors on November 8, 2017.

2 OPERATIONS

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

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

In addition, Just Energy markets smart thermostats, offering the thermostats as a stand-alone unit or bundled with certain commodity products. The smart thermostats are manufactured and distributed by ecobee Inc. ("ecobee"), a company in which Just Energy holds a 10% fully diluted equity interest. Just Energy also offers green products through its JustGreen program. The JustGreen electricity product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, solar, hydropower or biomass. The JustGreen gas product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses. Additional green products allow customers to offset their carbon footprint without buying energy commodity products and can be offered in all states and provinces without being dependent on energy deregulation.

Just Energy markets its product offerings through a number of sales channels including door-to-door marketing, broker, retail and affinity relationships, and online marketing. Prior to August 1, 2017, the online marketing of gas and electricity contracts was primarily conducted through Just Ventures LLC and Just Ventures L.P. (collectively, "Just Ventures"), a joint venture in which Just Energy holds a 50% equity interest. This exclusive relationship ended on July 31, 2017. See Note 10 for further information.

3 FINANCIAL STATEMENT PREPARATION

(a) Statement of compliance with IFRS

These Interim Financial Statements of Just Energy and its subsidiaries have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), utilizing the accounting policies Just Energy outlined in its March 31, 2017 annual audited consolidated financial statements. Accordingly, certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

(b) Basis of presentation and interim reporting

These Interim Financial Statements should be read in conjunction with and follow the same accounting policies and methods of application as those used in the annual audited consolidated financial statements for the years ended March 31, 2017 and 2016.

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

The interim operating results are not necessarily indicative of the results that may be expected for the full year ending March 31, 2018, due to seasonal variations resulting in fluctuations in quarterly results. Gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September. Electricity consumption is lowest in October through December and April through June. For the 12 months ended September 30, 2017, Just Energy reported gross margin of $649,991 (2016 – $730,432) and profit of $194,207 (2016 – $362,144).

(c) Principles of consolidation

The Interim Financial Statements include the accounts of Just Energy and its directly or indirectly owned subsidiaries and affiliates as at September 30, 2017. Subsidiaries and affiliates are consolidated from the date of acquisition of control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries and affiliates are prepared for the same reporting period as Just Energy, using consistent accounting policies. All intercompany balances, sales, expenses and unrealized gains and losses resulting from intercompany transactions are eliminated on consolidation.

4 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

As at September 30, 2017, there have been no additional accounting pronouncements by the IASB beyond those described in Just Energy's 2017 Annual Report that would impact Just Energy's Interim Financial Statements. The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Interim Financial Statements are disclosed below. Just Energy intends to adopt these standards, if applicable, when they become effective.

IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB on July 24, 2014, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is only applied to financial liabilities. IFRS 9 uses a new expected loss impairment model and also uses a new model for hedge accounting aligning the accounting treatment with risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management is currently evaluating the impact of IFRS 9 on the consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers ("IFRS 15"), was jointly issued by the IASB and the Financial Accounting Standards Board, effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 outlined a single comprehensive model to account for revenue arising from contracts with customers and will replace the majority of existing IFRS requirements on revenue recognition including IAS 18, Revenue. The core principle of IFRS 15 is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a single, principles-based five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or industry. The standard will also provide guidance on the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The standard also specifies that direct incremental costs of obtaining and fulfilling a contract that are expected to be recovered should be capitalized and amortized over the useful life of customers. Disclosure requirements will increase, which include disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates made. Just Energy will not be early adopting IFRS 15. Just Energy will be implementing IFRS 15 using the full retrospective approach where IFRS 15 will be applied to both fiscal 2018 and 2019 results beginning April 1, 2018. This will include all the necessary disclosures under the new standard.

Management has appointed an IFRS 15 transition team to assess the financial statement impact of IFRS 15. The transition team will implement the accounting system, process and internal control changes that result from the new standard. The transition team has undertaken IFRS 15 planning sessions and developed a preliminary adoption plan. Just Energy is currently in the scoping phase of implementation. The transition team has determined that the requirements of IFRS 15 to capitalize direct incremental costs will impact the accounting for sales commissions in certain markets. Further analysis is required on certain types of customer contracts, including flat-bill, non-commodity and bundled product contracts. Next steps will involve accumulating, identifying and inventorying detailed information on customer contracts that may be impacted by the changes at the transition date, completing the overall analysis, assessing any potential impacts to accounting systems and internal controls, and reviewing the additional disclosures required by the standard. Management continues to evaluate the impact of IFRS 15 on the consolidated financial statements.

Amendments to IFRS 2, Share-based Payment ("IFRS 2"), clarifies how to account for certain types of share-based payment transactions. IFRS 2 stipulates new conditions on the accounting for three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting of a modification to the terms and conditions of a share-based payment that changes the transaction from cash-settled to equity-settled. IFRS 2 is applied prospectively; retroactive application is only permitted if the application can be performed without using hindsight. Requirements to apply IFRS 2 are effective for annual periods beginning on or after January 1, 2018. Just Energy has not yet assessed the impact of the application of these amendments from this standard.

IFRS 16, Leases ("IFRS 16"), was issued by the IASB in January 2016. This guidance brings most leases onto the balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Furthermore, per the standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognize lease assets and lease liabilities for leases with a lease term of 12 months or less, and on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value. IFRS 16 supersedes IAS 17, Leases and Related Interpretations, and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Just Energy has not yet assessed the impact of this standard.

5 SHORT-TERM INVESTMENTS

	As at Sept. 30, 2017	As at March 31, 2017	As at Sept. 30, 2016
Fixed income	**$ 23,149**	$ 23,872	$ –
Equities	**2,103**	2,383	–
	$ 25,252	$ 26,255	$ –

6 TRADE AND OTHER RECEIVABLES

	As at Sept. 30, 2017	As at March 31, 2017	As at Sept. 30, 2016
Trade account receivables, net	**$ 279,164**	$ 288,254	$ 323,146
Other	**86,497**	64,885	76,380
	$ 365,661	$ 353,139	$ 399,526

7 PREPAID EXPENSES, DEPOSITS AND OTHER CURRENT ASSETS

	As at Sept. 30, 2017	As at March 31, 2017	As at Sept. 30, 2016
Prepaid expenses and deposits	**$ 63,273**	$ 62,087	$ 60,267
Green certificates	**38,163**	49,236	42,979
	$ 101,436	$ 111,323	$ 103,246

8 FINANCIAL INSTRUMENTS

(a) Fair value of derivative financial instruments

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

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

Change in fair value of derivative instruments and other

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Physical forward contracts and options (i)	**$ (71,671)**	$ (179,132)	**$ 16,347**	$ 175,380
Financial swap contracts and options (ii)	**12,330**	(9,952)	**16,024**	99,333
Foreign exchange forward contracts	**(9,004)**	45	**(2,065)**	(1,769)
Share swap	**300**	(2,720)	**(1,807)**	(2,310)
Unrealized foreign exchange on 6.5% convertible bond	**7,313**	–	**12,097**	–
6.5% convertible bond conversion feature	**(728)**	5,411	**4,900**	18,119
Other derivative options	**(9,463)**	(8,041)	**(5,802)**	2,195
Change in fair value of derivative instruments and other	**$ (70,923)**	$ (194,389)	**$ 39,694**	$ 290,948

The following table summarizes certain aspects of the fair value of derivative financial assets and liabilities recorded in the interim condensed consolidated statements of financial position as at September 30, 2017:

	Financial assets (current)	**Financial assets (non-current)**	**Financial liabilities (current)**	**Financial liabilities (non-current)**
Physical forward contracts and options (i)	**$ 19,995**	**$ 2,105**	**$ 118,868**	**$ 92,132**
Financial swap contracts and options (ii)	**726**	**532**	**62,931**	**26,497**
Foreign exchange forward contracts	**438**	**–**	**–**	**2,233**
Share swap	**–**	**–**	**15,723**	**–**
6.5% convertible bond conversion feature	**–**	**–**	**–**	**3,110**
Other derivative options	**395**	**36**	**31**	**–**
As at September 30, 2017	**$ 21,554**	**$ 2,673**	**$ 197,553**	**$ 123,972**

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

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

The following table summarizes certain aspects of the fair value of derivative financial assets and liabilities recorded in the interim condensed consolidated statements of financial position as at September 30, 2016:

	Financial assets (current)	Financial assets (non-current)	Financial liabilities (current)	Financial liabilities (non-current)
Physical forward contracts and options (i)	$ 20,846	$ 2,533	$ 145,483	$ 124,833
Financial swap contracts and options (ii)	–	448	86,418	64,392
Foreign exchange forward contracts	497	–	–	240
Share swap	–	–	–	16,128
6.5% convertible bond conversion feature	–	–	–	4,151
Other derivative options	2,502	208	170	–
As at September 30, 2016	$ 23,845	$ 3,189	$ 232,071	$ 209,744

Below is a summary of the financial instruments classified through profit and loss as at September 30, 2017, to which Just Energy has committed:

(i) Physical forward contracts and options consist of:

- Electricity contracts with a total remaining volume of 30,342,702 MWh, a weighted average price of $43.59/MWh and expiry dates up to December 31, 2027.
- Natural gas contracts with a total remaining volume of 92,016,331 GJs, a weighted average price of $3.77/GJ and expiry dates up to October 31, 2022.
- Renewable energy certificates ("REC") and emission-reduction credit contracts with a total remaining volume of 5,562,905 MWh and 799,732 tonnes, respectively, a weighted average price of $22.42/REC and $2.44/tonne, respectively, and expiry dates up to December 31, 2028 and January 31, 2021.
- Electricity generation capacity contracts with a total remaining volume of 4,318 MWCap, a weighted average price of $10,426.56/MWCap and expiry dates up to December 31, 2021.
- Heat rate contracts with a total remaining volume of 70,400 MWh, a weighted average price of $42.39/MWh and expiry dates up to October 31, 2017.
- Ancillary contracts with a total remaining volume of 531,386 MWh, a weighted average price of $18.41/MWh and expiry dates up to December 31, 2019.

(ii) Financial swap contracts and options consist of:

- Electricity contracts with a total remaining volume of 15,651,074 MWh, an average price of $38.99/MWh and expiry dates up to January 31, 2023.
- Natural gas contracts with a total remaining volume of 130,300,066 GJs, an average price of $3.69/GJ and expiry dates up to December 31, 2022.
- Electricity generation capacity contracts with a total remaining volume of 418 MWCap, a weighted average price of $4,043.01/MWCap and expiry dates up to October 31, 2020.
- Ancillary contracts with a total remaining volume of 1,259,440 MWh, a weighted average price of $13.05/MWh and expiry dates up to December 31, 2019.

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

Share swap agreement

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

Fair value ("FV") hierarchy derivatives

Level 1

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

Level 2

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

Level 3

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

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

Just Energy's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There was no transfer into or out of Level 1, Level 2 or Level 3 during the six months ended September 30, 2017 or the year ended March 31, 2017.

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

The following table illustrates the classification of derivative financial assets (liabilities) in the FV hierarchy as at September 30, 2017:

	Level 1	**Level 2**	**Level 3**	**Total**
Derivative financial assets	**$ –**	**$ –**	**$ 24,228**	**$ 24,228**
Derivative financial liabilities	**–**	**(20,821)**	**(300,705)**	**(321,526)**
Total net derivative liabilities	**$ –**	**$ (20,821)**	**$ (276,477)**	**$ (297,298)**

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

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

The following table illustrates the classification of derivative financial assets (liabilities) in the FV hierarchy as at September 30, 2016:

	Level 1	Level 2	Level 3	Total
Derivative financial assets	$ –	$ –	$ 27,034	$ 27,034
Derivative financial liabilities	–	(32,805)	(409,010)	(441,815)
Total net derivative liabilities	$ –	$ (32,805)	$ (381,976)	$ (414,781)

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of:

(i) up to 5% price extrapolation to calculate monthly prices that extend beyond the market observable 12- to 15-month forward curve,

(ii) discount for counterparty non-performance risk up to 5%, and

(iii) discount rate in the range of 6% to 8%.

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

	Six months ended Sept. 30, 2017	Year ended March 31, 2017	Six months ended Sept. 30, 2016
Balance, beginning of period	**$ (315,110)**	$ (638,231)	$ (638,231)
Total gains (losses)	**(28,141)**	(42,084)	33,542
Purchases	**14,427**	(30,265)	(14,139)
Sales	**(21,734)**	2,084	2,648
Settlements	**74,081**	393,386	234,204
Balance, end of period	**$ (276,477)**	$ (315,110)	$ (381,976)

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

As at September 30, 2017 and March 31, 2017, the carrying value of cash and cash equivalents, short-term investments, restricted cash, current trade and other receivables, unbilled revenues and trade and other payables approximates their fair value due to their short-term nature.

Long-term debt recorded at amortized cost has a fair value as at September 30, 2017 of $574 million (March 31, 2017 – $542 million) and the interest payable on outstanding amounts is at rates that vary with bankers' acceptances, LIBOR, Canadian bank prime rate or U.S. prime rate, with the following exceptions:

(i) the $100 million, $160 million and US$150 million convertible debentures, which are fair valued based on market value; and

(ii) the fair value of the senior unsecured note is based on discounting future cash flows using a discount rate consistent with the above convertible debentures.

The $100 million, $160 million and US$150 million convertible debentures are classified as Level 1 and the senior unsecured note is classified as Level 2 in the FV hierarchy.

(c) Management of risks arising from financial instruments

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

(i) Market risk

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

Foreign currency risk

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

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

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

With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the six months ended September 30, 2017, assuming that all the other variables had remained constant, profit for the period would have been $8.1 million lower/higher and other comprehensive income would have been $23.1 million lower/higher.

Interest rate risk

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

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) of approximately $300 in profit before income taxes for the six months ended September 30, 2017 (2016 – $23).

Commodity price risk

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

Commodity price sensitivity – all derivative financial instruments
If all the energy prices associated with derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit before income taxes for the six months ended September 30, 2017 would have increased (decreased) by $102,249 ($101,265), primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

Commodity price sensitivity – Level 3 derivative financial instruments
If the energy prices associated with only Level 3 derivative financial instruments including natural gas, electricity, verified emission-reduction credits and renewable energy certificates had risen (fallen) by 10%, assuming that all of the other variables had remained constant, profit before income taxes for the six months ended September 30, 2017 would have increased (decreased) by $106,413 ($105,437), primarily as a result of the change in fair value of Just Energy's derivative financial instruments.

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

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

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

	Sept. 30, 2017	March 31, 2017	Sept. 30, 2016
Current	**$ 106,374**	$ 96,510	$ 132,018
1–30 days	**33,750**	30,672	38,168
31–60 days	**15,910**	12,806	15,047
61–90 days	**8,315**	8,358	9,062
Over 90 days	**53,860**	47,059	32,715
	$ 218,209	$ 195,405	$ 227,010

Changes in the allowance for doubtful accounts were as follows:

	Sept. 30, 2017	March 31, 2017	Sept. 30, 2016
Balance, beginning of period	**$ 49,431**	$ 58,789	$ 58,789
Provision for doubtful accounts	**29,035**	56,041	28,388
Bad debts written off	**(18,505)**	(64,262)	(43,280)
Other	**(4,018)**	(1,137)	(210)
Balance, end of period	**$ 55,943**	$ 49,431	$ 43,687

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

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

As at September 30, 2017, the estimated counterparty credit risk exposure amounted to $24,228 (2016 – $27,034), representing the risk relating to Just Energy's exposure to derivatives that are in an asset position.

(iii) Liquidity risk

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

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

As at September 30, 2017:

	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**1–3 years**	**4–5 years**	**More than 5 years**
Trade and other payables	**$ 527,289**	**$ 527,289**	**$ 527,289**	**$ –**	**$ –**	**$ –**
Long-term debt[1]	**540,437**	**564,720**	**217,520**	**187,200**	**160,000**	**–**
Gas, electricity and non-commodity contracts	**321,525**	**2,963,917**	**1,064,880**	**1,567,294**	**279,685**	**52,058**
	$ 1,389,251	**$ 4,055,926**	**$ 1,809,689**	**$ 1,754,494**	**$ 439,685**	**$ 52,058**

As at March 31, 2017:

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	$ 486,632	$ 486,632	$ 486,632	$ –	$ –	$ –
Long-term debt	498,088	527,743	–	367,743	160,000	–
Gas, electricity and non-commodity contracts	347,517	3,397,692	1,982,896	1,189,745	188,282	36,769
	$ 1,332,237	$ 4,412,067	$ 2,469,528	$ 1,557,488	$ 348,282	$ 36,769

As at September 30, 2016:

	Carrying amount	Contractual cash flows	Less than 1 year	1–3 years	4–5 years	More than 5 years
Trade and other payables	$ 542,614	$ 542,614	$ 542,614	$ –	$ –	$ –
Long-term debt	644,013	671,407	374,652	100,000	196,755	–
Gas, electricity and non-commodity contracts	441,815	3,667,345	1,185,836	2,092,389	344,388	44,732
	$ 1,628,442	$ 4,881,366	$ 2,103,102	$ 2,192,389	$ 541,143	$ 44,732

1 Included in long-term debt are the $100,000 and $160,000 relating to convertible debentures and US$150,000 relating to convertible bonds, which may be settled through the issuance of shares at the option of the holder or Just Energy upon maturity.

In addition to the amounts noted above, as at September 30, 2017, the contractual net interest payments over the term of the long-term debt with scheduled repayment terms are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years
Interest payments	$ 28,718	$ 33,768	$ 16,200	$ –

(iv) Supplier risk

Just Energy purchases the majority of the gas and electricity delivered to its customers through long-term contracts entered into with various suppliers. Just Energy has an exposure to supplier risk as the ability to continue to deliver gas and electricity to its customers is reliant upon the ongoing operations of these suppliers and their ability to fulfill their contractual obligations. As at September 30, 2017, Just Energy has applied a discount factor to determine the fair value of its financial assets in the amount of $5,562 (2016 – $5,625) to accommodate for its counterparties' risk of default.

9 ACQUISITION OF BUSINESSES

(a) Acquisition of Intell Enercare Solutions Inc.

On June 6, 2017, Just Energy completed the acquisition of 100% of the issued and outstanding shares of Intell Enercare Solutions Inc., a complete service provider for supply, design and installation of energy saving technologies, for up to $11.0 million, subject to closing adjustments. Terms of the deal include an initial payment of $2.2 million with the preliminary working capital adjustments still subject to finalization. Also, Just Energy will pay up to $9.0 million to the sellers over three years provided that certain EBITDA targets are satisfied. The fair value of the contingent consideration at acquisition was estimated to be $7.8 million.

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

Net assets acquired	
Intangible assets	$ 1,753
Goodwill	9,222
Working capital	(523)
Deferred tax	(465)
Total consideration	$ 9,987
Cash paid, net of estimated working capital adjustment	$ 2,199
Contingent consideration	7,788
Total consideration	$ 9,987

The purchase price allocation is considered preliminary, and as a result may be adjusted. The transaction costs related to the acquisition have been expensed and are included in other operating expenses in the interim condensed consolidated statements of income.

(b) Acquisition of db swdirekt GmbH and db swpro GmbH

On December 8, 2016, Just Energy completed the acquisition of 95% of the issued and outstanding shares of SWDirekt, a retail energy company, and 50% of the issued and outstanding shares of SWPro, a sales and marketing company, for $6.2 million, subject to closing adjustments. Terms of the deal include a $2.2 million payment upon the achievement of sales targets. In addition, variable compensation is payable to the selling shareholders, which will be recorded as remuneration expense in the future, subject to the financial performance of the acquired businesses. On October 16, 2017, the managing director of SWDirekt and SWPro resigned and the parties have entered into a consultancy agreement in order to secure the services and support for the future. As a result, the variable compensation that would have been payable to the selling shareholders will not be paid.

The acquisition of SWDirekt and SWPro was accounted for using the purchase method of accounting. The purchase price allocation is still considered preliminary, and as a result may be adjusted. Just Energy allocated the purchase price to the identified assets and liabilities acquired based on their fair values at the time of acquisition as follows:

Net assets acquired	
Working capital (including cash of $77)	$ 361
Property, plant and equipment	56
Intangible assets	6,003
Non-controlling interest	(41)
Other liabilities	(221)
Total consideration	$ 6,158
Cash paid, net of estimated working capital adjustment	$ 3,994
Contingent consideration	2,164
Total consideration	$ 6,158

10 NON-CONTROLLING INTEREST

On August 1, 2017, Just Energy announced that it reached an agreement with its joint venture partner, Red Ventures LLC, to end the exclusive relationship for online sales of the Just Energy brand in North America. To facilitate the transaction, Just Energy acquired the outstanding 50% interest of each of Just Ventures LLC in the United States and Just Ventures L.P. in Canada. Under the terms of the agreement, the purchase price is a function of go forward earnings based on the current client base and is payable in quarterly installments over five years estimated at $102.3 million, of which $37.8 million has been presented as current liabilities and $64.5 million as long-term liabilities.

11 LONG-TERM DEBT AND FINANCING

	Maturity	**Sept. 30, 2017**	March 31, 2017	Sept. 30, 2016
Credit facility (a)	September 1, 2018	**$ 117,520**	$ 68,258	$ –
Less: Debt issue costs (a)		**(1,460)**	(2,257)	(2,363)
6.75% convertible debentures (b)	December 31, 2021	**146,834**	145,579	–
6.5% convertible bonds (c)	July 29, 2019	**180,251**	190,486	186,107
5.75% convertible debentures (d)	September 30, 2018	**97,292**	96,022	94,804
6.0% convertible debentures	N/A	**–**	–	313,452
Senior unsecured note	N/A	**–**	–	55,000
Less: Debt issue costs		**–**	–	(2,987)
		540,437	498,088	644,013
Less: Current portion		**(214,812)**	–	(365,465)
		$ 325,625	$ 498,088	$ 278,548

Future annual minimum repayments are as follows:

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Credit facility (a)	$ 117,520	$ –	$ –	$ –	$ 117,520
6.75% convertible debentures (b)	–	–	160,000	–	160,000
6.5% convertible bonds (c)	–	187,200	–	–	187,200
5.75% convertible debentures (d)	100,000	–	–	–	100,000
	$ 217,520	$ 187,200	$ 160,000	$ –	$ 564,720

Interest is expensed based on the effective interest rate. The following table details the finance costs for the indicated periods:

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Credit facility (a)	**$ 2,932**	$ 2,229	**$ 5,570**	$ 4,220
6.75% convertible debentures (b)	**3,342**	–	**6,062**	–
6.5% convertible bonds (c)	**3,687**	4,144	**7,741**	8,113
5.75% convertible debentures (d)	**2,072**	2,438	**4,145**	4,042
6.0% convertible debentures	**–**	6,950	**–**	13,846
Senior unsecured note	**–**	1,808	**–**	5,227
Unwinding of discount and other	**488**	313	**993**	407
	$ 12,521	$ 17,882	**$ 24,511**	$ 35,855

(a) As at September 30, 2017, Just Energy has a $342.5 million credit facility to meet working capital requirements, which includes an increase to the capacity by $50 million for a letter of credit facility (the "LC facility"), effective December 30, 2016. The principal amount outstanding under the LC facility is guaranteed by Export Development Canada under its Account Performance Security Guarantee Program. The syndicate of lenders includes Shell Energy North America (Canada) Inc./Shell Energy North America (U.S.), L.P., Canadian Imperial Bank of Commerce ("CIBC"), National Bank of Canada, HSBC Bank Canada, Alberta Treasury Branches, JP Morgan Chase Bank, N.A. and Canadian Western Bank.

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

As at September 30, 2017, the Canadian prime rate was 3.20% and the U.S. prime rate was 4.25%. Just Energy has drawn $117.5 million against the facility and the total letters of credit outstanding as of the current period amounted to $97.5 million (March 31, 2017 – $109.2 million). As at September 30, 2017, Just Energy has $122.5 million of the facility remaining as well as a $5.0 million swing line with CIBC for future working capital and/or security requirements. Just Energy's obligations under the credit facility are supported by guarantees of certain subsidiaries and affiliates and secured by a general security agreement and a pledge of the assets and securities of Just Energy and the majority of its operating subsidiaries and affiliates excluding, primarily, the international operations. The credit facility is presented as a current portion of long-term debt as at September 30, 2017 as it matures on September 1, 2018.

Just Energy is required to meet a number of financial covenants under the various debt agreements. As at September 30, 2017, all of the covenants have been met except for the distributable free cash flow covenant required under the credit facility. Due to this breach of the covenant clause, the lending syndicate was entitled to request the outstanding amount for immediate repayment. On November 6, 2017, Just Energy obtained a waiver from the lending syndicate that waives the right to demand repayment of the credit facility solely in relation to the distributable free cash flow covenant breach as at September 30, 2017. The covenant breach on the credit facility did not result in any other defaults on the Company's long-term debt.

The Company is actively taking steps to enhance its distributable cash, including consolidating excess cash into entities within the credit facility, and expects these actions will enable it to meet its covenants in the future. Additionally, the Company is conducting cost reduction programs and revenue pricing initiatives and, as always, will consider other activities as necessary to further support this ability.

(b) On October 5, 2016, Just Energy issued $160 million of convertible unsecured senior subordinated debentures (the "6.75% convertible debentures"). The 6.75% convertible debentures bear interest at an annual rate of 6.75%, payable semi-annually in arrears on June 30 and December 31 in each year, and have a maturity date of December 31, 2021.

(c) On January 29, 2014, Just Energy issued US$150 million of European-focused senior convertible unsecured convertible bonds (the "6.5% convertible bonds"). The 6.5% convertible bonds bear interest at an annual rate of 6.5%, payable semi-annually in arrears in equal installments on January 29 and July 29 in each year, and have a maturity date of July 29, 2019. Just Energy incurred transaction costs of $5,215 and has shown these costs net of the 6.5% convertible bonds.

(d) In September 2011, Just Energy issued $100 million of convertible unsecured subordinated debentures (the "5.75% convertible debentures"), which was used to fund an acquisition. The 5.75% convertible debentures bear interest at an annual rate of 5.75%, payable semi-annually on March 31 and September 30 in each year, and have a maturity date of September 30, 2018.

12 INCOME TAXES

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Current income tax expense	**$ 3,893**	$ 2,571	**$ 4,484**	$ 4,626
Deferred tax expense (recovery)	**(5,726)**	2,310	**480**	25,552
Provision for (recovery of) income taxes	**$ (1,833)**	$ 4,881	**$ 4,964**	$ 30,178

13 SHAREHOLDERS' CAPITAL

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

On February 7, 2017, Just Energy closed its underwritten public offering of 4,000,000 of its 8.50% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares (the "preferred shares") at a public offering price of US$25.00 per preferred share, for gross proceeds of US$100 million. In addition, concurrently with the closing of the public offering of preferred shares, Just Energy closed a non-brokered private placement of 40,000 preferred shares at a price of US$25.00 per preferred share, for gross proceeds of US$1 million.

Just Energy has the ability to make a normal course issuer bid ("NCIB") to purchase for cancellation a portion of the outstanding 5.75% convertible debentures as well as the Just Energy common shares up to March 16, 2018. Under each NCIB, Just Energy may purchase debentures and common shares representing 10% of the outstanding public float at close of business February 28, 2017 up to daily and total limits. For the six months ended September 30, 2017, Just Energy had purchased $11.9 million of common shares through the NCIB program, compared to $nil purchased in the prior comparable period.

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

	Six months ended Sept. 30, 2017		Year ended March 31, 2017		Six months ended Sept. 30, 2016	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Common shares:						
Issued and outstanding						
Balance, beginning of period	**147,013,538**	**$ 1,070,076**	147,183,778	$ 1,069,434	147,183,778	$ 1,069,434
Share-based awards exercised	**1,516,830**	**10,674**	679,760	7,191	609,183	6,384
Repurchase and cancellation of shares	**(1,677,827)**	**(11,941)**	(850,000)	(6,549)	–	–
Balance, end of period	**146,852,541**	**$ 1,068,809**	147,013,538	$ 1,070,076	147,792,961	$ 1,075,818
Preferred shares:						
Issued and outstanding						
Balance, beginning of period	**4,040,000**	**$ 128,363**	–	$ –	–	$ –
Shares issued for cash	**149,950**	**5,195**	4,040,000	132,973	–	–
Preferred shares issuance cost	**–**	**(650)**	–	(4,610)	–	–
Balance, end of period	**4,189,950**	**$ 132,908**	4,040,000	$ 128,363	–	$ –
Shareholders' capital	**151,042,491**	**$ 1,201,717**	151,053,538	$ 1,198,439	147,792,961	$ 1,075,818

14 REPORTABLE BUSINESS SEGMENTS

Just Energy's reportable segments include the following: Consumer Energy and Commercial Energy.

Transactions between operating segments are in the normal course of operations and are recorded at the exchange amount. Allocations made between segments for shared assets or allocated expenses are based on the number of customers in the respective segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Interim Financial Statements. Just Energy is not considered to have any key customers.

For the three months ended September 30, 2017:

	Consumer division	**Commercial division**	**Consolidated**
Sales	**$ 504,705**	**$ 347,222**	**$ 851,927**
Gross margin	**107,386**	**35,277**	**142,663**
Depreciation of property, plant and equipment	**909**	**76**	**985**
Amortization of intangible assets	**3,852**	**479**	**4,331**
Administrative expenses	**32,294**	**14,512**	**46,806**
Selling and marketing expenses	**36,648**	**21,929**	**58,577**
Other operating expenses	**20,407**	**(4,928)**	**15,479**
Operating profit for the period	**$ 13,276**	**$ 3,209**	**$ 16,485**
Finance costs			**(12,521)**
Change in fair value of derivative instruments and other			**(70,923)**
Other loss			**203**
Provision for income taxes			**1,833**
Loss for the period			**$ (64,923)**
Capital expenditures	**$ 5,015**	**$ 2,470**	**$ 7,485**

For the three months ended September 30, 2016:

	Consumer division	Commercial division	Consolidated
Sales	$ 527,286	$ 465,542	$ 992,828
Gross margin	130,631	52,903	183,534
Depreciation of property, plant and equipment	919	80	999
Amortization of intangible assets	3,409	393	3,802
Administrative expenses	32,905	13,812	46,717
Selling and marketing expenses	36,259	23,195	59,454
Other operating expenses	12,418	3,825	16,243
Operating profit for the period	$ 44,721	$ 11,598	$ 56,319
Finance costs			(17,882)
Change in fair value of derivative instruments and other			(194,389)
Other loss			(775)
Provision for income taxes			(4,881)
Loss for the period			$ (161,608)
Capital expenditures	$ 1,289	$ 645	$ 1,934

For the six months ended September 30, 2017:

	Consumer division	**Commercial division**	**Consolidated**
Sales	**$ 991,471**	**$ 708,162**	**$ 1,699,633**
Gross margin	**222,892**	**77,334**	**300,226**
Depreciation of property, plant and equipment	**1,823**	**159**	**1,982**
Amortization of intangible assets	**6,808**	**983**	**7,791**
Administrative expenses	**69,075**	**26,362**	**95,437**
Selling and marketing expenses	**72,648**	**44,005**	**116,653**
Other operating expenses	**44,868**	**1,130**	**45,998**
Operating profit for the period	**$ 27,670**	**$ 4,695**	**$ 32,365**
Finance costs			**(24,511)**
Change in fair value of derivative instruments and other			**39,694**
Other loss			**1,802**
Provision for income taxes			**(4,964)**
Profit for the period			**$ 44,386**
Capital expenditures	**$ 10,372**	**$ 5,109**	**$ 15,481**
As at September 30, 2017			
Total goodwill	**$ 143,184**	**$ 148,441**	**$ 291,625**
Total assets	**$ 848,423**	**$ 428,386**	**$ 1,276,809**
Total liabilities	**$ 1,336,073**	**$ 209,090**	**$ 1,545,163**

For the six months ended September 30, 2016:

	Consumer division	Commercial division	Consolidated
Sales	$ 991,352	$ 899,885	$ 1,891,237
Gross margin	255,379	90,827	346,206
Depreciation of property, plant and equipment	1,716	143	1,859
Amortization of intangible assets	5,817	903	6,720
Administrative expenses	67,054	24,364	91,418
Selling and marketing expenses	71,661	45,583	117,244
Other operating expenses	23,670	7,620	31,290
Operating profit for the period	$ 85,461	$ 12,214	$ 97,675
Finance costs			(35,855)
Change in fair value of derivative instruments and other			290,948
Other loss			(1,527)
Provision for income taxes			(30,178)
Profit for the period			$ 321,063
Capital expenditures	$ 2,437	$ 1,219	$ 3,656

As at September 30, 2016			
Total goodwill	$ 143,629	$ 137,996	$ 281,625
Total assets	$ 961,404	$ 360,038	$ 1,321,442
Total liabilities	$ 1,537,597	$ 160,637	$ 1,698,234

Sales from external customers

The revenue is based on the location of the customer.

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Canada	**$ 77,312**	$ 97,584	**$ 160,691**	$ 198,307
United States	**637,793**	793,291	**1,272,305**	1,471,849
United Kingdom	**136,822**	101,953	**266,637**	221,081
Total	**$ 851,927**	$ 992,828	**$ 1,699,633**	$ 1,891,237

Non-current assets

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

	As at Sept. 30, 2017	As at March 31, 2017	As at Sept. 30, 2016
Canada	**$ 201,868**	$ 189,911	$ 195,357
United States	**177,000**	182,840	176,914
International	**8,670**	6,918	965
Total	**$ 387,538**	$ 379,669	$ 373,236

15 OTHER EXPENSES

(a) Other operating expenses

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Amortization of other intangible assets	**$ 4,331**	$ 3,802	**$ 7,791**	$ 6,720
Depreciation of property, plant and equipment	**985**	999	**1,982**	1,859
Bad debt expense	**13,763**	14,818	**29,035**	28,388
Share-based compensation[1]	**1,716**	1,425	**16,963**	2,902
	$ 20,795	$ 21,044	**$ 55,771**	$ 39,869

1 During the period ended June 30, 2017, Just Energy awarded 1,670,435 numbers of restricted stock grants and performance bonus grants that vested immediately with a grant date fair value of $7.08 per share.

(b) Employee benefits expense

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
Wages, salaries and commissions	**$ 56,447**	$ 54,773	**$ 112,618**	$ 108,528
Benefits	**6,193**	8,238	**12,503**	16,291
	$ 62,640	$ 63,011	**$ 125,121**	$ 124,819

16 EARNINGS (LOSS) PER SHARE

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	**Six months ended Sept. 30, 2017**	Six months ended Sept. 30, 2016
BASIC EARNINGS (LOSS) PER SHARE				
Earnings (loss) available to shareholders	**$ (68,864)**	$ (167,262)	**$ 34,994**	$ 309,972
Basic weighted average shares outstanding	**146,821,112**	147,765,764	**146,941,860**	147,524,632
Basic earnings (loss) per share available to shareholders	**$ (0.47)**	$ (1.13)	**$ 0.24**	$ 2.10
DILUTED EARNINGS (LOSS) PER SHARE				
Earnings (loss) available to shareholders	**$ (68,864)**	$ (167,262)	**$ 34,994**	$ 309,972
Adjustment for dilutive impact of convertible debentures	**–**	–	**2,088**	15,499
Adjusted earnings (loss) available to shareholders	**$ (68,864)**	$ (167,262)	**$ 37,082**	$ 325,471
Basic weighted average shares outstanding	**146,821,112**	147,765,764	**146,941,860**	147,524,632
Dilutive effect of:				
Restricted share grants	**2,884,809[1]**	2,910,112[1]	**2,866,591**	3,016,332
Deferred share grants	**101,294[1]**	84,946[1]	**97,465**	73,613
Convertible debentures	**38,804,494[1]**	39,933,526[1]	**38,804,494**	39,933,526
Shares outstanding on a diluted basis	**188,611,709**	190,694,348	**188,710,410**	190,548,103
Diluted earnings (loss) per share available to shareholders	**$ (0.47)**	$ (1.13)	**$ 0.22**	$ 1.71

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

17 DIVIDENDS PAID

For the three months ended September 30, 2017, a dividend of $0.125 (2016 – $0.125) per common share was declared by Just Energy. This dividend amounted to $18,652 (2016 – $18,814), which was approved by the Board of Directors and paid out during the period. For the six months ended September 30, 2017, dividends of $0.25 (2016 – $0.25) per common share were declared and paid by Just Energy. This amounted to $37,413 (2016 – $37,607), which was approved by the Board of Directors and paid out during the period.

For the three months ended September 30, 2017, a dividend of US$0.53125 (2016 – $nil) per preferred share was declared by Just Energy. This dividend amounted to $2,806 (2016 – $nil), which was approved by the Board of Directors and paid out during the period. For the six months ended September 30, 2017, dividends of US$1.0625 (2016 – $nil) per preferred share were declared and paid by Just Energy. This amounted to $5,815 (2016 – $nil), which was approved by the Board of Directors and paid out during the period.

18 COMMITMENTS AND GUARANTEES

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

As at September 30, 2017

	Less than 1 year	1–3 years	4–5 years	More than 5 years	Total
Premises and equipment leasing	$ 2,561	$ 9,576	$ 8,017	$ 11,303	$ 31,457
Gas, electricity and non-commodity contracts	1,064,880	1,567,294	279,685	52,058	2,963,917
	$ 1,067,441	$ 1,576,870	$ 287,702	$ 63,361	$ 2,995,374

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and eight years. No purchase options are included in any major leasing contracts. Just Energy is also committed under long-term contracts with customers to supply gas and electricity. These contracts have various expiry dates and renewal options.

Guarantees

Pursuant to separate arrangements with Westchester Fire Insurance Company, Travelers Casualty and Surety Company of America, Berkley Insurance Company and Charter Brokerage LLC, Just Energy has issued surety bonds to various counterparties including states, regulatory bodies, utilities and various other surety bond holders in return for a fee and/or meeting certain collateral posting requirements. Such surety bond postings are required in order to operate in certain states or markets. Total surety bonds issued as at September 30, 2017 amounted to $49.3 million.

As at September 30, 2017, Just Energy had total letters of credit outstanding in the amount of $97.5 million (Note 11(a)).

19 SUBSEQUENT EVENTS

On October 16, 2017, Just Energy acquired the remaining 5% of the issued and outstanding shares of SWDirekt and the remaining 50% of the issued and outstanding shares of SWPro for cash consideration of $1.9 million.

20 COMPARATIVE INTERIM FINANCIAL STATEMENTS

Certain figures in the comparative Interim Financial Statements have been reclassified from statements previously presented to conform to the presentation of the current period’s Interim Financial Statements.

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