These interim condensed consolidated financial statements contain defined terms that can be found in the Glossary of Key Terms in the Management Discussion and Analysis filed concurrently with these interim condensed consolidated financial statements on the date hereof on our profile on SEDAR at www.sedar.com. Defined terms used herein but otherwise not defined have the meaning ascribed to them in the Glossary of Key Terms in the Management Discussion and Analysis.

Interim condensed consolidated balance sheets

As at June 30
(in thousands of U.S. dollars)

	Notes	As at June 30, 2022 (Unaudited)	As at March 31, 2022 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents		**$ 220,962**	$ 125,755
Restricted cash		**2,630**	2,736
Trade and other receivables, net	4(a)	**356,059**	308,941
Securitization proceeds receivable from ERCOT		**–**	147,500
Gas in storage		**23,333**	3,313
Derivative instruments	6	**727,447**	538,700
Income taxes recoverable		**10,724**	11,774
Other current assets	5(a)	**175,581**	131,570
Total current assets		**1,516,736**	1,270,289
Non-current assets			
Property and equipment, net		**5,846**	6,505
Intangible assets, net		**44,434**	43,815
Goodwill		**127,522**	130,945
Derivative instruments	6	**171,835**	133,014
Deferred income taxes		**148**	198
Other non-current assets	5(b)	**44,850**	39,048
Total non-current assets		**394,635**	353,525
TOTAL ASSETS		**$ 1,911,371**	$ 1,623,814
LIABILITIES			
Current liabilities			
Trade and other payables	7	**$ 385,391**	$ 349,923
Deferred revenue		**1,528**	695
Income taxes payable		**2,169**	2,370
Derivative instruments	6	**11,953**	13,170
Current portion of long-term debt	9	**125,854**	126,289
Total current liabilities		**526,895**	492,447
Liabilities subject to compromise	7, 8, 9	**847,239**	845,890
Non-current liabilities			
Long-term debt	9	**39**	130
Derivative instruments	6	**22,627**	12,916
Deferred income taxes		**140,422**	75,792
Other non-current liabilities		**16,742**	2,438
Total non-current liabilities		**179,830**	91,276
TOTAL LIABILITIES		**$ 1,553,964**	$ 1,429,613
Commitments and contingencies	15		
SHAREHOLDERS' EQUITY			
Common shares, no par value; unlimited shares authorized at June 30, 2022 and March 31, 2022; 48,078,637 shares issued and outstanding at June 30, 2022; 48,078,637 shares issued and outstanding at March 31, 2022	12	**$ 1,168,162**	$ 1,168,162
Contributed deficit		**(11,908)**	(12,073)
Accumulated deficit		**(927,493)**	(1,088,119)
Accumulated other comprehensive income		**128,925**	126,527
Non-controlling interest		**(279)**	(296)
TOTAL SHAREHOLDERS' EQUITY		**357,407**	194,201
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 1,911,371**	$ 1,623,814

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim condensed consolidated statements of operations

For the three months ended June 30
(in thousands of U.S. dollars, except per share amounts)

	Notes	Three months ended June 30, 2022	2021
Revenue	10	**$ 570,586**	$ 496,361
Cost of goods sold		**663,212**	431,011
GROSS MARGIN		**(92,626)**	65,350
INCOMES (EXPENSES)			
Administrative		**(27,487)**	(24,643)
Selling and marketing		**(32,472)**	(32,336)
Provision for expected credit loss		**(10,450)**	(6,073)
Depreciation and amortization		**(2,917)**	(3,645)
Interest expense	9	**(8,488)**	(8,831)
Reorganization costs	13	**(19,131)**	(16,486)
Unrealized gain on derivative instruments	6	**222,439**	236,055
Realized gain on derivative instruments		**197,078**	14,017
Other income (expenses), net		**232**	(367)
Income from operations before income taxes		**226,178**	223,041
Income tax expense (benefit)	11	**65,564**	(793)
NET INCOME		**$ 160,614**	$ 223,834
Less: Net loss attributable to non-controlling interest		**(12)**	(52)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS		**$ 160,626**	$ 223,886
Earnings per share	14		
Basic		**$ 3.34**	$ 4.66
Diluted		**$ 3.28**	$ 4.58
Weighted average shares outstanding			
Basic		**48,078,637**	48,078,637
Diluted		**48,919,620**	48,919,620

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim condensed consolidated statements of comprehensive income

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

	Three months ended June 30,	
	2022	2021
NET INCOME	**$ 160,614**	$ 223,834
Other comprehensive income, net of income tax:		
Unrealized gain on translation of foreign operations, net of income tax	**2,398**	341
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**$ 163,012**	$ 224,175
Total comprehensive loss attributable to:		
Less: Net loss attributable to non-controlling interest	**(12)**	(52)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS, NET OF INCOME TAX	**$ 163,024**	$ 224,227

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim condensed consolidated statements of shareholders' equity

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

	Notes	For the three months ended June 30, 2022		2021	
ATTRIBUTABLE TO THE SHAREHOLDERS					
Accumulated earnings (loss)					
Accumulated earnings (loss), beginning of period		**$**	**447,319**	$	(231,208)
Net income for the period as reported, attributable to shareholders			**160,626**		223,886
Accumulated earnings (loss), end of period		**$**	**607,945**	$	(7,322)
DIVIDENDS AND DISTRIBUTIONS					
Dividends and distributions, end of period		**$**	**(1,535,438)**	$	(1,535,438)
ACCUMULATED DEFICIT		**$**	**(927,493)**	$	(1,542,760)
ACCUMULATED OTHER COMPREHENSIVE INCOME					
Accumulated other comprehensive income, beginning of period		**$**	**126,527**	$	132,797
Other comprehensive income			**2,398**		341
Accumulated other comprehensive income, end of period		**$**	**128,925**	$	133,138
SHAREHOLDERS' CAPITAL					
Common shares, end of period	12(a)	**$**	**1,168,162**	$	1,168,162
CONTRIBUTED DEFICIT					
Balance, beginning of period		**$**	**(12,073)**	$	(13,558)
Add: Share-based compensation expense			**165**		492
Balance, end of period		**$**	**(11,908)**	$	(13,066)
NON-CONTROLLING INTEREST					
Balance, beginning of period		**$**	**(296)**	$	(312)
Foreign exchange impact on non-controlling interest			**29**		49
Loss attributable to non-controlling interest			**(12)**		(52)
Balance, end of period		**$**	**(279)**	$	(315)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)		**$**	**357,407**	$	(254,841)

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Interim condensed consolidated statements of cash flows

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

	Notes	For the three months ended June 30, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**$ 160,614**	$ 223,834
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization		**3,040**	3,678
Share-based compensation expense		**165**	492
Interest expense, non-cash portion		**1,360**	–
Reorganization items (non-cash)		**4,016**	4,032
Unrealized gain on derivative instruments	6	**(222,439)**	(236,055)
Operating leased asset payments		**(506)**	(562)
Net change in working capital balances		**(61,203)**	19,477
Securitization proceeds receivable from ERCOT		**147,500**	–
Liabilities subject to compromise		**3,996**	(10,459)
Income and deferred income taxes		**65,529**	(1,834)
Net cash provided by operating activities		**102,072**	2,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(86)**	(57)
Purchase of intangible assets		**(3,376)**	(1,403)
Net cash used in investing activities		**(3,462)**	(1,460)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from DIP Facility	9	**–**	25,000
Debt issuance costs		**–**	(1,293)
Repayment of long-term debt	9	**(487)**	(648)
Finance leased asset payments		**(3)**	(24)
Credit Facility payments		**(1,167)**	(45,718)
Net cash used in financing activities		**(1,657)**	(22,683)
Effect of foreign currency translation on cash balances		**(1,852)**	221
Net increase (decrease) in cash and cash equivalents and restricted cash		**95,101**	(21,319)
Cash and cash equivalents and restricted cash, beginning of period		**128,491**	172,666
Cash and cash equivalents and restricted cash, end of period		**$ 223,592**	$ 151,347
Supplemental cash flow information:			
Interest paid		**$ 7,128**	$ 8,831
Income taxes paid		**562**	1,051

See accompanying notes to the Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements

For the three months ended June 30, 2022
(in thousands of U.S. dollars, except where indicated and per share amounts)

1. ORGANIZATION

Just Energy is a corporation established under the laws of Canada to hold securities of its directly or indirectly owned operating subsidiaries. The registered office of Just Energy is First Canadian Place, 100 King Street West, Toronto, Ontario, Canada. The Interim Condensed Consolidated Financial Statements consist of Just Energy and its subsidiaries. The Interim Condensed Consolidated Financial Statements were approved by the Board of Directors on August 29, 2022.

Companies' creditors arrangement and Chapter 15 proceedings

In February 2021, the State of Texas experienced the Weather Event. The Weather Event led to increased electricity demand and sustained high prices from February 13, 2021 through February 20, 2021. As a result of the losses sustained and without sufficient liquidity to pay the corresponding invoices from the ERCOT when due, and accordingly, on March 9, 2021, Just Energy applied for and received Court Orders under the CCAA from the Ontario Court and under Chapter 15 in the U.S. from the Houston Court. Protection under the Court Orders allows Just Energy to operate while it restructures its capital structure.

As part of the CCAA filing, the Company entered into a $125.0 million DIP Facility financing with certain affiliates of PIMCO (refer to Part I, Item 1, "Interim Condensed Consolidated Financial Statements And Notes", Note 9(a) Long-Term Debt and Financing). The Company also entered into qualifying support agreements with its largest commodity supplier and ISO services provider. The filings and associated DIP Facility arranged by the Company, enabled Just Energy to continue all operations without interruption throughout the U.S. and Canada and to continue making payments required by ERCOT and satisfy other regulatory obligations.

On September 15, 2021, the Ontario Court approved the Company's request to establish a claims process to identify and determine claims against the Company and its subsidiaries that are subject to the ongoing Claims Procedure Order. As part of the CCAA proceedings and in accordance with the Claims Procedure Order, Just Energy continues to review and determine which claims will be allowed, modified or disallowed, which may result in additional liabilities subject to compromise that are not currently reflected in the Interim Condensed Consolidated Financial Statements (refer to Part I, Item 1, "Interim Condensed Consolidated Financial Statements And Notes" Note 15(b) Commitments and Contingencies). On August 18, 2022 the Ontario Court suspended the Claims Procedure Order with (i) the barring of claims pursuant to the applicable provisions of such order remaining in effect and (ii) the Company's ability, with the consent of the Monitor, to refer claims for adjudication for the purposes of determining entitlement to proceeds to be distributed in accordance with a transaction completed pursuant to the SISP.

Plan Support Agreement

As previously disclosed, in connection with the CCAA filing, on May 12, 2022, the Company, the Stalking Horse Purchaser and certain other parties thereto, entered into a plan support agreement (the "Plan Support Agreement"). Upon the execution of the SISP Support Agreement (as described below), the Plan Support Agreement and the transactions contemplated thereunder were automatically terminated pursuant to its terms.

The Plan Support Agreement contemplated the implementation of a recapitalization and financial restructuring of the Just Energy Entities through: (i) a reorganization of the Just Energy Entities, (ii) a rights offering for the issuance of approximately $192.5 million of new common equity which would be backstopped by the Stalking Horse Purchaser pursuant to the Backstop Commitment Letter, (iii) the issuance of new preferred equity, which would be owned entirely by the Stalking Horse Purchaser, and new common equity, (iv) the cancellation for no consideration of all outstanding shares of the Company and (v) the entry into the new credit agreement and the new intercreditor agreement.

The Plan Support Agreement contained certain covenants on the part of the parties thereto, as well as certain conditions to the obligations of such parties and for termination upon the occurrence of certain events, including, without limitation, the failure to achieve certain milestones and certain breaches by the parties under the Plan Support Agreement.

Backstop Commitment Letter

Also, as previously disclosed, in connection with the Plan Support Agreement, on May 12, 2022, the Stalking Horse Purchaser entered into a Backstop Commitment Letter (the "Backstop Commitment Letter") with Just Energy (U.S.) Corp., pursuant to which the Stalking Horse Purchaser (the "Backstop Parties") agreed to backstop the approximately $192.5 million rights offering contemplated by the Plan Support Agreement. Upon the execution of the SISP Support Agreement (as described below), the Backstop Commitment Letter and the transactions contemplated thereunder were automatically terminated pursuant to its terms without payment of the termination fee described below.

Under the Backstop Commitment Letter, the Backstop Parties agreed, subject to the terms and conditions of the Backstop Commitment Letter, to (i) purchase new common equity of the new parent company of the Just Energy Entities, (ii) subscribe for and receive its pro rata share of any unsubscribed new common equity in the rights offering and (iii) subscribe for and receive its pro rata share of new common equity in the rights offering upon the failure by another participant to fulfill its subscription obligations by the participation deadline. The issuance of the new common equity under the rights offering represented in the aggregate 80% of the new common equity of the new parent company of the Just Energy Entities.

Under the Backstop Commitment Letter, Just Energy (U.S.) Corp. agreed to issue and deliver 10% of the outstanding new common shares on the effective date, which would have constituted backstop commitment fee shares. In addition, Just Energy (U.S.) Corp. agreed to pay a termination fee of $15 million to the Backstop Parties if the Plan Support Agreement was terminated under certain circumstances. Pursuant to the Backstop Commitment Letter, the term loan lenders of the Just Energy Entities were entitled to participate in the rights offering as backstop parties for their pro rata shares of new common equity. The Backstop Parties' commitments to backstop the rights offering and the other transactions contemplated by the Backstop Commitment Letter were conditioned upon the satisfaction of all applicable conditions set forth in the Backstop Commitment Letter.

Sale and Solicitation Process and Stalking Horse Transaction

On August 4, 2022, the Company entered into the Stalking Horse Transaction Agreement with the Stalking Horse Purchaser and the SISP Support Agreement in connection with the SISP that is intended to facilitate its exit from the Company's ongoing insolvency proceedings as a going concern.

Under the SISP, interested parties are invited to participate in accordance with the approved SISP procedures. If one or more qualified bids (other than the transaction contemplated by the Stalking Horse Transaction) are received by September 29, 2022, then Just Energy intends to proceed with an auction to determine the successful bid(s), subject to the terms of the approved SISP procedures. If the Stalking Horse Purchaser is determined to be the successful bidder at the conclusion of the SISP and is subsequently approved by the Ontario Court and recognized by the Houston Court, the Stalking Horse Purchaser will become the sole shareholder of Just Energy (U.S.) Corp., which will be the new parent company of all of the Just Energy Entities, including the Company, and the Just Energy Entities will continue their business and operations as a going concern.

The Stalking Horse Transaction pursuant to the Stalking Horse Transaction Agreement, under which, among other things, (A) the Stalking Horse Purchaser agreed to act as a "stalking horse" bidder with respect to the SISP, (B) the existing common shares and all other equity interests of the Company would be cancelled or redeemed for no consideration, (C) the issuance of new common equity and new preferred equity of Just Energy (U.S.) Corp, the new parent company of the Just Energy Entities, which will be owned entirely by the Stalking Horse Purchaser, and (v) the entry into a new credit agreement and a new intercreditor agreement on the terms set forth in the term sheets appended to the SISP Support Agreement.

The SISP Support Agreement contains certain covenants on the part of the parties thereto, as well as certain termination rights upon the occurrence of certain events, including, without limitation, (i) the failure to achieve certain milestones and certain breaches by the parties under the SISP Support Agreement and (ii) the Stalking Horse Purchaser not being the successful bidder under the SISP procedures. Additionally, upon the execution of the SISP Support Agreement, each of the Plan Support Agreement, the Backstop Commitment Letter and the transactions contemplated thereunder were automatically terminated.

Key terms of the Stalking Horse Transaction include:

- The Stalking Horse Purchaser will become the sole shareholder of Just Energy (U.S.) Corp., which will be the new parent company of all of the Just Energy Entities, including the Company, and the Just Energy Entities will continue their business and operations as a going concern.
- The purchase price payable pursuant to the Stalking Horse Transaction is (i) $184.9 million in cash; plus (ii) a credit bid of approximately $230 million plus accrued interest of secured claims assigned to the Stalking Horse Purchaser; plus (iii) the assumption of Assumed Liabilities (as defined below), including up to CAD$10 million owing under the Credit Facility (the "**Credit Facility Remaining Debt**") to remain outstanding under an amended and restated credit agreement.
- Post-filing claims, the Credit Facility Remaining Debt, claims by energy regulators, and certain other liabilities enumerated in the Stalking Horse Transaction Agreement ("**Assumed Liabilities**") will continue to be liabilities of the Just Energy Entities following consummation of the Stalking Horse Transaction. Excluded liabilities and assets of the Just Energy Entities will be discharged from the Just Energy Entities pursuant to a Vesting Order to be sought subject to the Stalking Horse Transaction being the successful bid in the SISP.
- No amounts will be available for distribution to the Just Energy Entities' general unsecured creditors, including the Term Loan lenders.
- All currently outstanding shares, options and other equity of Just Energy will be cancelled or redeemed for no consideration and without any vote of the existing shareholders.
- A break-up fee of $14.7 million to be paid to the Stalking Horse Purchaser upon the consummation of an Alternative Restructuring Proposal (as defined in the Transaction Agreement) in the event of termination of the Stalking Horse Transaction Agreement in certain specified circumstances.

The parties' obligations under the Stalking Horse Transaction Agreement are conditioned upon the satisfaction or waiver of all applicable conditions set forth in the Stalking Horse Transaction Agreement, including, among others, the entry by the Ontario

Court and recognition by the Houston Court of the SISP Order and the Vesting Order, the completion of the implementation steps by the Just Energy Entities, the receipt of all required transaction regulatory approvals (as defined in the Stalking Horse Transaction Agreement).

On August 18, 2022, the Ontario Court extended the stay until October 31, 2022. The stay extension allows the Company to continue to operate in the ordinary course of business while pursuing its proposed restructuring.

Common shares transfer to NEX

On May 19, 2022, the common shares of the Company were transferred from the TSX Venture Exchange to the NEX and are trading under the symbol "JE.H.". The Company's common shares continue to trade on the OTC Pink Market under the symbol "JENGQ".

Weather-event related uplift securitization proceeds

On June 16, 2021, HB 4492 became law in Texas. HB 4492 provides a mechanism for recovery of certain Weather Event Costs, incurred by various parties, including the Company, during the Weather Event, through certain securitization structures.

On October 13, 2021, the PUCT approved the Final Order authorizing the securitization of certain Weather Event Costs by ERCOT. On December 7, 2021, ERCOT filed its calculation with the PUCT in accordance with the PUCT Final Order implementing HB 4492. The Company received $147.5 million in June 2022.

2. OPERATIONS

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

Just Energy's current commodity product offerings include fixed, variable, index and flat rate options. By fixing the price of electricity or natural gas under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Variable rate products allow customers to maintain flexibility while retaining the ability to lock into a fixed price at their discretion. Flat-bill products allow customers to pay a flat rate each month regardless of usage. Just Energy derives its gross margin from the difference between the price at which it is able to sell the commodities to its customers and the related price at which it purchases the associated volumes from its suppliers.

Just Energy has two business segments: the mass markets segment and the commercial segment. The mass markets segment includes customers acquired and served under the Just Energy, Tara Energy, Amigo Energy and Terrapass brands. Marketing of the energy products of this segment is primarily done through digital and retail sales channels. The commercial segment includes customers acquired and served under Hudson Energy, as well as brokerage services managed by Interactive Energy Group. Hudson Energy sales are made through three main channels: brokers, door-to-door commercial independent contractors and inside commercial sales representatives.

Just Energy offers green products through Terrapass and its JustGreen program. Green products offered through Terrapass allow customers to offset their carbon footprint without buying energy commodity products and can be offered in all states and provinces without being dependent on energy deregulation. The JustGreen electricity product offers customers the option of having all or a portion of their electricity sourced from renewable green sources such as wind, solar, hydropower or biomass, via power purchase agreements and renewable energy certificates. The JustGreen gas product offers carbon offset credits that allow customers to reduce or eliminate the carbon footprint of their homes or businesses.

Through Filter Group, Just Energy provides subscription-based home water filtration systems to residential customers, including under-counter and whole-home water filtration solutions.

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

3. BASIS OF PRESENTATION

(a) Compliance with U.S. GAAP

These Interim Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, ASC 270, *Interim Reporting*, as issued by the FASB. In the opinion of management, the unaudited Interim Condensed Consolidated Financial Statements include all adjustments that are of a recurring nature and necessary for a fair presentation of the results of interim operations.

(b) Basis of presentation and interim reporting

These Interim Condensed Consolidated Financial Statements should be read in conjunction with and follow the same accounting policies and methods of application as those used in the most recent March 31, 2022 annual audited Consolidated Financial Statements under U.S. GAAP.

The interim operating results are not necessarily indicative of the results that may be expected for the full fiscal year ending March 31, 2023, due to seasonal variations resulting in fluctuations in quarterly results. Gas consumption by customers is typically highest in October through March and lowest in April through September. Electricity consumption is typically highest in January through March and July through September and lowest in October through December and April through June.

Going concern

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

(c) Significant accounting judgments, estimates, and assumptions

The preparation of the Interim Condensed Consolidated Financial Statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amount of assets, liabilities, income and expenses. The estimates and related assumptions based on previous experience and other factors are considered reasonable under the circumstances, the results of which form the basis for making the assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. There have been no material changes from the disclosures from the most recent March 31, 2022 annual audited Consolidated Financial Statements and notes to the March 31, 2022 annual audited Consolidated Financial Statements with respect to significant accounting judgments, estimates and assumptions.

4. TRADE AND OTHER RECEIVABLES, NET

(a) Trade and other receivables, net

	As at June 30, 2022	As at March 31, 2022
Trade accounts receivable, net	**$ 147,709**	$ 147,063
Unbilled revenue, net	**109,939**	82,946
Accrued gas receivable	**767**	1,414
Commodity receivables	**97,644**	77,518
Total trade and other receivables, net	**$ 356,059**	$ 308,941

(b) Aging of accounts receivable

Customer credit risk

The lifetime ECL reflects Just Energy's best estimate of losses on the accounts receivable and unbilled revenue balances. Just Energy determines the lifetime ECL by using historical loss rates and forward-looking factors, if applicable. The Company accrues an allowance for current ECL based on (i) estimates of uncollectable revenues by analyzing accounts receivable aging and current and reasonable forecasts of expected economic factors including weather-related events; and (ii) historical collections and delinquencies.

Just Energy is exposed to customer credit risk on its continuing operations in Alberta, Texas, Illinois (gas), California and Ohio (electricity). Credit review processes have been implemented to perform credit evaluations of customers and manage customer default. If a significant number of customers were to default on their payments, it could have a material adverse effect on the operations and cash flows of Just Energy.

In the remaining markets, the LDCs provide collection services and assume the risk of any bad debts owing from Just Energy's customers for a fee that is recorded in cost of goods sold. Although there is no assurance that the LDCs providing these services will continue to do so in the future, management believes that the risk of the LDCs failing to deliver payment to Just Energy is minimal.

The aging of the trade accounts receivable, excluding the provision for expected credit losses, from the markets where the Company bears customer credit risk was as follows:

	As at June 30, 2022	As at March 31, 2022
Current	$ 73,188	$ 57,766
1-30 days	12,276	16,061
31-60 days	2,305	4,470
61-90 days	2,841	1,220
Over 90 days	2,754	5,106
Total trade receivables	$ 93,364	$ 84,623

(c) Provision for expected credit losses

Changes in the provision for expected credit losses related to the balances in the table above were as follows:

	As at June 30, 2022	As at March 31, 2022
Balance, beginning of period	$ 14,037	$ 18,578
Provision for expected credit losses	10,450	24,242
Bad debts written off	(8,260)	(34,504)
Recoveries	936	5,148
Foreign exchange	(437)	573
Balance, end of period	$ 16,726	$ 14,037

The unbilled revenue subject to customer credit risk is $102.2 million as at June 30, 2022 (March 31, 2022 – $71.2 million).

(d) Securitization proceeds receivable from ERCOT

The Company expected to receive the proceeds of $147.5 million from ERCOT the first half of calendar year 2022 and concluded that the threshold for recognizing a receivable was met in December 2021 as the amounts to be received were determinable and ERCOT was directed by its governing body, the PUCT, to take all actions required to effectuate the funding approved in the Final Order. The associated Weather Event Cost Recovery is reflected in cost of goods sold within the Interim Condensed Consolidated Statements of Operations as that is where the initial costs, which are being compensated for, were recorded. The Company received the proceeds of $147.5 million from ERCOT in June 2022.

5. OTHER CURRENT AND NON-CURRENT ASSETS

(a) Other current assets

	As at June 30, 2022	As at March 31, 2022
Prepaid expenses and deposits	$ 92,980	$ 40,347
Customer acquisition costs	38,441	35,680
Green certificates assets	41,088	53,824
Gas delivered in excess of consumption	2,142	793
Inventory	930	926
Total other current assets	$ 175,581	$ 131,570

(b) Other non-current assets

	As at June 30, 2022	As at March 31, 2022
Customer acquisition costs	$ 33,296	$ 30,273
Other long-term assets	11,554	8,775
Total other non-current assets	$ 44,850	$ 39,048

6. DERIVATIVE INSTRUMENTS

(a) Fair value of derivative instruments

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

The following table illustrates unrealized gains (losses) related to Just Energy's derivative instruments classified as fair value through the Interim Condensed Consolidated Statements of Operations and recorded on the Interim Condensed Consolidated Balance Sheets as derivative instrument assets and derivative instruments liabilities, with their offsetting values recorded in unrealized gain (loss) of derivative instruments on the Interim Condensed Consolidated Statements of Operations

	For the three months ended June 30,	
	2022	2021
Physical forward contracts and options (i)	**$ 184,550**	$ 183,590
Financial swap contracts and options (ii)	**36,237**	54,101
Foreign exchange forward contracts	**1,652**	900
Other derivative options	**–**	(2,536)
Unrealized gain on derivative instruments	**$ 222,439**	$ 236,055

The following table summarizes certain aspects of the derivative instrument assets and liabilities recorded in the Interim Condensed Consolidated Balance Sheet as at June 30, 2022:

	Derivative instrument assets (current)	**Derivative instrument assets (non-current)**	**Derivative instrument liabilities (current)**	**Derivative instrument liabilities (non-current)**
Physical forward contracts and options (i)	**$ 552,912**	**$ 103,006**	**$ 11,953**	**$ 20,536**
Financial swap contracts and options (ii)	**172,012**	**67,635**	**–**	**2,074**
Foreign exchange forward contracts	**476**	**163**	**–**	**–**
Other derivative options	**2,047**	**1,031**	**–**	**17**
As at June 30, 2022	**$ 727,447**	**$ 171,835**	**$ 11,953**	**$ 22,627**

The following tables summarize certain aspects of the derivative instrument assets and liabilities recorded in the Interim Condensed Consolidated Balance Sheet as at March 31, 2022:

	Derivative instrument assets (current)	Derivative instrument assets (non-current)	Derivative instrument liabilities (current)	Derivative instrument liabilities (non-current)
Physical forward contracts and options (i)	$ 373,268	$ 81,392	$ 10,195	$ 5,865
Financial swap contracts and options (ii)	161,838	51,161	2,134	6,856
Foreign exchange forward contracts	–	–	841	195
Other derivative options	3,594	461	–	–
As at March 31, 2022	$ 538,700	$ 133,014	$ 13,170	$ 12,916

Individual derivative asset and liability transactions are offset and the net amount reported in the Interim Condensed Consolidated Balance Sheets if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Individual derivative transactions are typically offset at the legal entity and counterparty level. The impact of netting derivative assets and liabilities is presented in the table below.

	Gross basis amount	Netting impact	Net basis amount
Derivative instrument assets	**$ 1,386,800**	**$ (487,518)**	**$ 899,282**
Derivative instrument liabilities	**(521,038)**	**486,458**	**(34,580)**
As at June 30, 2022	**$ 865,762**	**$ (1,060)**	**$ 864,702**

	Gross basis amount	Netting impact	Net basis amount
Derivative instrument assets	$ 910,174	$ (238,460)	$ 671,714
Derivative instrument liabilities	(265,011)	238,925	(26,086)
As at March 31, 2022	$ 645,163	$ 465	$ 645,628

Below is a summary of the derivative instruments classified through the Interim Condensed Consolidated Statement of Operations as at June 30, 2022, to which Just Energy has committed:

	Total remaining volume	Weighted average price	Expiry date
(i) Physical forward contracts and options			
Electricity contracts	30,091,003 MWh	$ 46.02 /MWh	December 31, 2029
Natural gas contracts	91,734,956 MMBtu	$ 4.83 /MMBtu	March 31, 2027
RECs	4,373,759 MWh	$ 13.53 /REC	December 31, 2029
Green Gas Certificates	408,000 tonnes	$ 7.08 /tonnes	June 1, 2023
Electricity generation capacity contracts	1,570 MWCap	$3,992.64 /MWCap	May 31, 2026
Ancillary contracts	1,055,000 MWh	$ 20.08 /MWh	December 31, 2025
(ii) Financial swap contracts and options			
Electricity contracts	22,819,077 MWh	$ 66.34 /MWh	December 31, 2026
Natural gas contracts	110,579,100 MMBtu	$ 3.63 /MMBtu	March 31, 2027
Ancillary contracts	2,046,082 MWh	$ 20.65 /MWh	December 31, 2025

These derivative 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 derivative instrument asset balance recognized in the Interim Condensed Consolidated Financial Statements.

Fair value hierarchy of derivatives

Level 1

The fair value measurements are classified as Level 1 in the fair value hierarchy if the fair value is determined using quoted unadjusted market prices. Currently, there are no derivatives carried in this level.

Level 2

Fair value measurements that require observable inputs other than quoted prices in Level 1, either directly or indirectly, are classified as Level 2 in the fair value hierarchy. This could include the use of statistical techniques to derive the fair value 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 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 fair value hierarchy. For the electricity supply contracts, Just Energy uses quoted market prices as per available market forward data and applies a price-shaping profile to calculate the monthly prices from annual strips and hourly prices from block strips for the purposes of mark-to-market calculations. The profile is based on historical settlements with counterparties or with the system operator and is considered an unobservable input for the purposes of establishing the level in the fair value 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.

The unobservable inputs could range from $5/MWh or $0.50/MMBtu for power and natural gas respectively. Additional disclosure regarding Level 3 derivative instruments is available below under the heading "Commodity price sensitivity – Level 3 derivative instruments".

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.

The following table illustrates the classification of derivative instrument assets (liabilities) in the fair value hierarchy as at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Physical forward contracts	$ –	$ –	$ 623,429	$ 623,429
Financial swap contracts	–	125,144	112,429	237,573
Foreign exchange forward contracts	–	–	639	639
Other derivative options	–	–	3,061	3,061
Total net derivative instrument assets	$ –	$ 125,144	$ 739,558	$ 864,702

The following table illustrates the classification of derivative instrument assets (liabilities) in the fair value hierarchy as at March 31, 2022:

	Level 1	Level 2	Level 3	Total
Physical forward contracts and options	$ –	$ –	$ 438,600	$ 438,600
Financial swap contracts and options	–	124,188	79,821	204,009
Foreign exchange forward contracts	–	–	(1,036)	(1,036)
Other derivative options	–	–	4,055	4,055
Total net derivative instrument assets	$ –	$ 124,188	$ 521,440	$ 645,628

Commodity price sensitivity – Level 3 derivative instruments

If the energy prices associated with only Level 3 derivative instruments including natural gas, electricity, and RECs had risen by 10%, assuming that all of the other variables had remained constant, income from continuing operations before income taxes for the three months ended June 30, 2022 would have increased by $401.7 million.

On the contrary, if the energy prices associated with only Level 3 derivative instruments including natural gas, electricity, and RECs had fallen by 10%, assuming that all of the other variables had remained constant, income from continuing operations before income taxes for the three months ended June 30, 2022 would have decreased by $401.7 million, primarily as a result of the change in fair value of derivative instruments.

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

	As at June 30, 2022	As at March 31, 2022
Balance, beginning of period	$ 521,440	$ (33,489)
Total gains	364,255	349,541
Purchases	(91,848)	283,394
Sales	37,085	(71,514)
Settlements	(91,374)	(6,492)
Balance, end of period	$ 739,558	$ 521,440

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

As at June 30, 2022 and March 31, 2022, the carrying value of cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables approximates their fair value due to their short-term nature.

The risks associated with Just Energy's derivative 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 derivative instruments due to changes in foreign exchange rates and exposure as a result of investments in Canadian operations.

The performance of the U.S. dollar relative to the Canadian dollar could positively or negatively affect Just Energy's Interim Condensed Consolidated Statements of Operations, as a significant portion of Just Energy's income or loss is generated in Canadian dollars and is subject to currency fluctuations upon translation to U.S. dollars. Just Energy has a policy to economically hedge between 50% and 100% of forecasted cross-border cash flows that are expected to occur within the next 12 months and between 0% and 50% of certain forecasted cross-border cash flows that are expected to occur within the following 13 to 24 months. The level of economic hedging is dependent on the source of the cash flows and the time remaining until the cash repatriation occurs.

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

Interest rate risk

Just Energy is only exposed to interest rate fluctuations associated with its floating rate Credit Facility.

A 1% increase (decrease) in interest rates would have resulted in a decrease (increase) of approximately $0.3 million in income from continuing operations before income taxes in the Interim Condensed Consolidated Statement of Operations for the three months ended June 30, 2022.

Commodity price risk

Just Energy is exposed to market risks associated with commodity prices and market volatility where estimated customer requirements do not match actual customer requirements. Management actively monitors these positions on a daily basis in accordance with its risk management policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the gas and electricity portfolios, which also feed a value at risk limit. Should any of the limits be exceeded, they are closed expeditiously or express approval to continue to hold is obtained. Just Energy's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. Just Energy enters into derivative instruments in order to manage exposures to changes in commodity prices. The derivative instruments that are used are designed to fix the price of supply for estimated customer commodity demand and thereby fix margins. Derivative instruments are generally transacted over the counter. The inability or failure of Just Energy to manage and monitor commodity price risk 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 instruments

If all the energy prices associated with derivative instruments including natural gas, electricity and RECs had risen by 10%, assuming that all of the other variables had remained constant, income from continuing operations before income taxes for the three months ended June 30, 2022 would have increased by $454.2 million.

On the contrary, a fall of 10% in the energy prices associated with derivative instruments including natural gas, electricity and RECs, assuming that all of the other variables had remained constant, income from continuing operations before income taxes for the three months ended June 30, 2022 would have decreased by $454.4 million, primarily as a result of the change in fair value of Just Energy's derivative instruments.

(ii) Physical supplier risk

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

(iii) Counterparty credit risk

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

As at June 30, 2022, Just Energy has applied an adjustment factor to determine the fair value of its derivative instruments in the amount of $2.0 million (March 31, 2022 — $2.3 million) to accommodate for its counterparties' risk of default.

As at June 30, 2022, the estimated net counterparty credit risk exposure amounted to $771.5 million (March 31, 2022 — $580.5 million) representing the risk relating to Just Energy's exposure to derivatives that are in an asset position, of which the Company held collateral (cash and letters of credit) against those positions of $231.4 million (March 31, 2022 — $103.2 million), resulting in a net exposure of $540.0 million (March 31, 2022 — 477.3 million).

As at June 30, 2022, the Company recorded $54.8 million (March 31, 2022 – $20.3 million) of cash collateral posted on its Interim Condensed Consolidated Balance Sheets in other current assets.

7. TRADE AND OTHER PAYABLES

	As at June 30, 2022	As at March 31, 2022
Commodity suppliers' accruals and payables	**$ 266,481**	$ 209,703
Green provisions	**42,545**	52,478
Sales tax payable	**12,705**	15,656
Non-commodity trade accruals and accounts payable	**56,825**	53,872
Accrued gas payable	**1,077**	818
Other payables	**5,758**	17,396
Total trade and other payables	**$ 385,391**	$ 349,923

8. LIABILITIES SUBJECT TO COMPROMISE

	As at June 30, 2022	As at March 31, 2022
Commodity suppliers' accruals and payables	**$ 443,447**	$ 438,068
Non-commodity trade accruals and accounts payable	**40,531**	41,914
Debts and financings	**363,261**	365,908
Total liabilities subject to compromise	**$ 847,239**	$ 845,890

9. LONG-TERM DEBT AND FINANCING

	As at June 30, 2022	As at March 31, 2022
DIP Facility (a)	**$ 125,000**	$ 125,000
Filter Group financing (b)	**893**	1,419
Total debt	**125,893**	126,419
Less: Current portion	**(125,854)**	(126,289)
Total long-term debt	**$ 39**	$ 130

Future annual minimum principal repayments are as follows:

	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
DIP Facility (a)	$ 125,000	$ –	$ –	$ –	$ 125,000
Filter Group financing (b)	854	39	–	–	893
Total principal repayment	$ 125,854	$ 39	$ –	$ –	$ 125,893

The following table details interest expense. Interest is expensed based on the effective interest rate.

	Three months ended June 30,	
	2022	2021
DIP Facility (a)	**$ 4,051**	$ 3,998
Filter Group financing (b)	**28**	79
Credit Facility (c)	**4,127**	4,706
Term Loan (d)	**–**	(54)
Note Indenture (e)	**–**	(1)
Supplier finance and others	**282**	103
Total interest expense	**$ 8,488**	$ 8,831

(a) As discussed in Note 1, Just Energy filed and received the Court Order under the CCAA on March 9, 2021. In conjunction with the CCAA filing, the Company entered into the DIP Facility for $125.0 million. Just Energy Ontario L.P., Just Energy Group Inc. and Just Energy (U.S.) Corp. are the borrowers under the DIP Facility and are supported by guarantees of certain subsidiaries and secured by a super-priority charge against and attaching to the property that secures the obligations arising under the Credit Facility, created by the Court Order. The DIP Facility has an interest rate of 13.0%, paid quarterly in arrears. On November 11, 2021, the Company amended the DIP Facility to extend the maturity of the DIP Facility to September 30, 2022. For consideration for making the DIP Facility available, Just Energy paid a 1.0% origination fee, a 1.0% commitment fee on March 9, 2021 and a 1.0% amendment fee on November 16, 2021.

(b) Filter Group has a $0.9 million outstanding loan payable to HTC. The loan is a result of factoring receivables to finance the cost of rental equipment that matures no later than October 2023 with HTC, and bears interest at 8.99% per annum. Principal and interest are payable monthly. Filter Group did not file under the CCAA and, accordingly, the stay does not apply to Filter Group and any amounts outstanding under the loan payable to HTC.

(c) On March 18, 2021, Just Energy Ontario L.P, Just Energy (U.S.) Corp. and Just Energy Group Inc. entered into the Lender Support Agreement with the lenders under the Credit Facility. Under the Lender Support Agreement, the lenders agreed to allow issuance or renewals of Letters of Credit under the Credit Facility during the pendency of the CCAA proceedings within certain restrictions. In return, the Company has agreed to continue paying interest and fees at the non-default rate on the outstanding advances and Letters of Credit under the Credit Facility. The amount of Letters of Credit that may be issued is limited to the lesser of CAD $46.1 million (excluding the Letters of Credit guaranteed by Export Development Canada under its Account Performance Security Guarantee Program), plus any amount the Company has repaid and CAD $125 million. As at June 30, 2022, the Company had repaid CAD $79.6 million and had a total of CAD $123.7 million of Letters of Credit outstanding.

Certain amounts outstanding under the LC Facility are guaranteed by Export Development Canada under its Account Performance Security Guarantee Program. As at June 30, 2022, the Company had $44.2 million of Letters of Credit outstanding and Letter of Credit capacity of $1.2 million available under the LC Facility. Just Energy's obligations under the Credit Facility are supported by guarantees of certain subsidiaries 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, excluding primarily Filter Group. Just Energy has also entered into an inter-creditor agreement in which certain commodity and hedge providers are also secured by the same collateral. As a result of the CCAA filing, the borrowers are in default under the Credit Facility. However, any potential actions by the lenders have been stayed pursuant to the Court Order.

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

As at June 30, 2022, the Canadian prime rate was 3.7% and the U.S. prime rate was 4.75%.

As a result of the CCAA filing, the Credit Facility is reflected as a liability subject to compromise.

(d) As part of the September 2020 Recapitalization, Just Energy issued the Term Loan maturing on March 31, 2024. The Term Loan bears interest at 10.25%. The balance at June 30, 2022 includes an accrual of $12.6 million for interest payable on the Term Loan through March 9, 2021. As a result of the CCAA filing, the Company is in default under the Term Loan. However, any potential actions by the lenders under the Term Loan have been stayed pursuant to the Court Order, and the Company is not issuing additional notes equal to the capitalized interest. The Term Loan is shown as liability subject to compromise.

(e) As part of the September 2020 Recapitalization, Just Energy issued the Note Indenture. The principal amount was reduced through a tender offer for no consideration on October 19, 2020 to CAD $13.2 million. The Note Indenture bears an annual interest rate of 7.0% payable in kind. The balance at June 30, 2022 includes an accrual of $0.4 million for interest payable on the Note Indenture through March 9, 2021. As a result of the CCAA filing, the Company is in default under the Note Indenture's Trust Indenture agreement. However, any potential actions by the lenders under the Note Indenture have been stayed pursuant to the Court Order and the Company is not issuing additional notes equal to the capitalized interest. The Note Indenture is shown as a liability subject to compromise.

10. REPORTABLE BUSINESS SEGMENTS

Just Energy has two business segments: the mass market segment and the commercial segment. The mass markets segment includes customers acquired and served under the Just Energy, Tara Energy, Amigo Energy and Terrapass brands. Marketing of the energy products of this segment is primarily done through digital and retail sales channels. The commercial segment includes customers acquired and served under Hudson Energy, as well as brokerage services managed by Interactive Energy Group. Hudson Energy sales are made through three main channels: brokers, in-person commercial independent contractors and inside commercial sales representatives.

The chief operating decision-maker monitors the operational results of the mass market and commercial segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on certain non-U.S. GAAP measures such as base EBITDA, base gross margin and embedded gross margin.

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

Corporate and shared services report the costs related to management oversight of the business units, public reporting and filings, corporate governance and other shared services functions such as Human Resources, Finance and Information Technology.

The chief operating decision maker does not review the assets and liabilities for the reporting units for decision making purposes.

For the three months ended June 30, 2022:

	Mass markets	Commercial	Corporate and shared services	Consolidated
Revenues	$ 340,577	$ 230,009	$ –	$ 570,586
Cost of goods sold	409,203	254,009	–	663,212
Gross margin	(68,626)	(24,000)	–	(92,626)
Administrative expenses	7,770	2,719	16,998	27,487
Selling and marketing expenses	21,589	10,883	–	32,472
Provision for expected credit loss	10,324	126	–	10,450
Depreciation and amortization	2,418	499	–	2,917
Segment loss	$ (110,727)	$ (38,227)	$ (16,998)	$ (165,952)
Interest expense				(8,488)
Reorganization costs				(19,131)
Unrealized gain on derivative instruments				222,439
Realized gain on derivative instruments				197,078
Other expense, net				232
Income tax expense				(65,564)
Net income				160,614
As at June 30, 2022				
Total goodwill	$ 127,522	$ –	$ –	$ 127,522

For the three months ended June 30, 2021:

	Mass markets	Commercial	Corporate and shared services	Consolidated
Revenues	$ 256,866	$ 239,495	$ –	$ 496,361
Cost of goods sold	208,422	222,589	–	431,011
Gross margin	48,444	16,906	–	65,350
Administrative expenses	7,425	2,709	14,509	24,643
Selling and marketing expenses	20,485	11,851	–	32,336
Provision for expected credit loss	5,158	915	–	6,073
Depreciation and amortization	2,984	661	–	3,645
Segment income (loss)	$ 12,392	$ 770	$ (14,509)	$ (1,347)
Interest expense				(8,831)
Reorganization costs				(16,486)
Unrealized gain on derivative instruments				236,055
Realized gain on derivative instruments				14,017
Other expense, net				(367)
Income tax benefit				793
Net income				$ 223,834
As at June 30, 2021				
Total goodwill	$ 131,876	$ –	$ –	$ 131,876

Revenue from external customers

The revenue is based on the location of the customer.

	Three months ended June 30,	
	2022	2021
Canada	$ 108,023	$ 114,472
United States	462,563	381,889
Total	$ 570,586	$ 496,361

11. INCOME TAXES

	Three months ended June 30,	
	2022	2021
Current tax expense (benefit)	**$ 889**	$ (912)
Deferred tax expense	**64,675**	119
Total tax expense (benefit)	**$ 65,564**	$ (793)

For the three months ended June 30, 2022, the effective tax rate was higher than the statutory tax rate of 26.5% primarily due to non-deductible expenses, differences in foreign tax rates and valuation allowance. The Company continues to maintain an overall valuation allowance in Canada. In the US, the deferred tax liability exceeded deferred tax assets available for offset due to the significant unrealized gain on derivative instruments. For the three months ended June 30, 2021, the effective tax rate was lower than the statutory tax rate of 26.5% due to the Company maintaining an overall valuation allowance position with the exception of limited deferred tax assets that were benefitted.

12. SHAREHOLDERS' CAPITAL

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

Details of issued and outstanding shareholders' capital:

	Three months ended June 30, 2022		Year ended March 31, 2022	
	Shares	**Amount**	Shares	Amount
Common shares:				
Issued and outstanding				
Balance, beginning of period	**48,078,637**	**$ 1,168,162**	48,078,637	$ 1,168,162
Share-based awards exercised	**–**	**–**	–	–
Shareholders' capital	**48,078,637**	**$ 1,168,162**	48,078,637	$ 1,168,162

13. REORGANIZATION COSTS

Reorganization costs represent the amounts incurred related to the filings under the CCAA Proceedings and consist of:

	For the three months ended June 30,	
	2022	2021
Professional and advisory costs	**$ 13,603**	$ 10,274
KERP	**1,513**	2,077
Prepetition claims and other costs[1]	**4,015**	4,135
Total reorganization costs	**$ 19,131**	$ 16,486

1 These represent charges associated with early termination of certain agreement allowed by the CCAA filing, settlement of claims and the acceleration of deferred financing costs and other fees for the long-term debt subject to compromise and certain other related costs.

14. EARNINGS PER SHARE

	Three months ended June 30, 2022	2021
BASIC EARNINGS PER SHARE		
Income for the period available to shareholders	**$ 160,614**	$ 223,834
Basic weighted average shares outstanding	**48,078,637**	48,078,637
Basic earnings per share from continuing operations available to shareholders	**$ 3.34**	$ 4.66
Basic earnings per share available to shareholders	**$ 3.34**	$ 4.66
DILUTED EARNINGS PER SHARE		
Income for the period available to shareholders	**$ 160,614**	$ 223,834
Basic weighted average shares outstanding	**48,078,637**	48,078,637
Dilutive effect of:		
Deferred share units	**190,983**	190,983
Options	**650,000**	650,000
Shares outstanding on a diluted basis	**48,919,620**	48,919,620
Diluted earnings from continuing operations per share available to shareholders	**$ 3.28**	$ 4.58
Diluted earnings per share available to shareholders	**$ 3.28**	$ 4.58

15. COMMITMENTS AND CONTINGENCIES

Commitments as at June 30, 2022, for each of the next five years and thereafter are as follows:

	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
Trade and other payables	$ 385,391	$ –	$ –	$ –	$ 385,391
Commodity suppliers' accruals and payables subject to compromise	443,447	–	–	–	443,447
Non-commodity trade accruals and accounts payable subject to compromise	40,531	–	–	–	40,531
Long-term debt	125,854	39	–	–	125,893
Debt and financing subject to compromise	363,261	–	–	–	363,261
Gas, electricity and non-commodity contracts	1,784,374	1,695,634	349,018	45,432	3,874,458
Total	$ 3,142,858	$ 1,695,673	$ 349,018	$ 45,432	$ 5,232,981

Under the terms of the Court Orders, any actions against Just Energy to enforce or otherwise effect payment from Just Energy of pre-petition obligations were stayed during the CCAA proceedings.

Just Energy has entered into leasing contracts for office buildings and administrative equipment. These leases have a leasing period of between one and six 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.

(a) Surety bonds and letters of credit

	As at June 30, 2022				
	Under 1 year	1-3 Years	3-5 Years	Over 5 Years	Total
Surety bonds (i)	$ 39,400	$ –	$ –	$ –	$ 39,400
Letters of credit (CAD) (ii)	123,700	–	–	–	123,700

(i) Pursuant to separate arrangements with Surety Bond Providers, Just Energy has had surety bonds issued 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. As at June 30, 2022, Just Energy has provided cash collateral or letters of credit for all outstanding surety bonds.

(ii) The Company has issued letters of credit in accordance with its credit facility to various counterparties, primarily utilities, state regulatory bodies in the markets it operates in, as well as suppliers.

(b) Legal proceedings

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

On March 9, 2021, Just Energy filed for and received creditor protection pursuant to the Court Order under the CCAA and similar protection under Chapter 15 of the Bankruptcy Code in the United States in connection with the Weather Event. On September 15, 2021, the Ontario Court approved the Company's request to establish a claims process to identify and determine claims against the Company and its subsidiaries that are subject to the ongoing Claims Procedure Order. As part of the CCAA proceedings and in accordance with the Claims Procedure Order, Just Energy continues to review and determine which claims will be allowed, modified or disallowed, which may result in additional liabilities subject to compromise that are not currently reflected in the Interim Condensed Consolidated Financial Statements. Currently, the total claims filed against Just Energy and its subsidiaries pursuant to the Claims Procedure Order are in excess of $14 billion, including approximately $1 billion in secured claims, which include letters of credit. The previously disclosed class action against Just Energy, Just Energy Corp. and Just Energy Ontario L.P. with Haidar Omarali as plaintiff, and certain other class action claims, are subject to the Claims Procedure Order. Just Energy expects that the final amount of accepted unsecured claims will be much lower than the face amount of the filed claims. However, on August 4, 2022 Just Energy entered into the Stalking Horse Transaction Agreement with the Stalking Horse Purchaser and the SISP Support Agreement in connection with the SISP that is intended to facilitate its exit from the Company's ongoing insolvency proceedings as a going concern. The Stalking Horse Transaction provides that certain secured creditors will receive cash payments and/or equity in exchange for their debt, and existing equityholders' interests will be cancelled or redeemed for no consideration. In addition, no amounts will be available for distribution to the Just Energy Entities' general unsecured creditors, including the previously disclosed class action against Just Energy, Just Energy Corp. and Just Energy Ontario L.P. with Haidar Omarali as plaintiff, and certain other class action claims. On August 18, 2022 the Ontario Court suspended the Claims Procedure Order with (i) the barring of claims pursuant to the applicable provisions of such order remaining in effect and (ii) the Company's ability, with the consent of the Monitor, to refer claims for adjudication for the purposes of determining entitlement to proceeds to be distributed in accordance with a transaction completed pursuant to the SISP.

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

On November 12, 2021, Just Energy, along with the Just Energy Parties, initiated the ERCOT Lawsuit against ERCOT and the PUCT in the Houston Court. The ERCOT Lawsuit seeks to recover payments that were made by the Just Energy Parties to ERCOT for certain invoices relating to the Weather Event. On February 2, 2022, the Houston Court dismissed the Lawsuit against the PUCT.

16. SUBSEQUENT EVENTS

On August 18, 2022 the Court granted the SISP Order. Please refer to note 1 for further details.