

Jewett-Cameron Announces 1st Quarter Financial Results

NORTH PLAINS, Ore., Jan. 17, 2023 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the first quarter of fiscal 2023 ended November 30, 2022.

Sales for the first quarter of fiscal 2023 totaled \$12.58 million compared to sales of \$12.92 million for the first quarter of fiscal 2022. Net loss for the current quarter was (\$73,760), or (\$0.02) per share, compared to a net loss of (\$391,141), or (\$0.11) per share, in the year-ago quarter.

“We are working through the challenges stemming from the global supply issues that occurred in calendar 2022 as reflected in our improved gross margins during the quarter” said CEO Chad Summers. “Although our current inventory position is higher than usual, it has us well positioned to meet our customer’s needs in the second and into the third quarter while avoiding any potential shipping delays during Chinese New Year and any unexpected disruptions from rising COVID rates within China.”

The Company has also entered into two important new sales agreements. In fencing, we have signed a consignment sales agreement with a major retailer for stores in several states that positions Jewett-Cameron as their primary supplier. This arrangement reduces our storage costs while improving our ability to meet market demand. We have also inked a new distribution agreement with SECOS Group of Australia to be the exclusive distributor of their MyEcoWorld® sustainable bag products in the US and Canada. SECOS is the supplier of our existing Lucky Dog Poop Bags, and this new agreement expands our line of sustainable products, including bin liners and other pet products and provide consumers with more environmentally friendly alternatives to hydrocarbon derived plastics. These agreements are examples of our continuing efforts to expand our product offerings that complement our traditional strengths.

As of November 30, 2022, the Company’s cash position was approximately \$1.7 million, and there was \$7.6 million borrowed against its \$10.0 million line of credit. Based on the timing of accounts receivable and the unused portion of the line of credit, the Company believes it has sufficient working capital available for the remainder of fiscal 2023.

Jewett-Cameron Trading Company is a holding company that, through its subsidiaries, operates out of facilities located in North Plains, Oregon. Jewett-Cameron Company’s business consists of the manufacturing and distribution of patented and patent pending specialty metal products, wholesale distribution of wood products, and seed processing and sales. The Company’s brands include Lucky Dog®, for pet products; Adjust-A-Gate™, Fit-Right®, Perimeter Patrol®, Infinity Euro Fence, and Lifetime Post™ for gates and fencing; and Early Start, Spring Gardner™, Greenline®, and Weatherguard for greenhouses.

Additional information about the Company and its products can be found the Company's website at www.jewettcameron.com.

Forward-looking Statements

The information in this release contains certain forward-looking statements that anticipate future trends and events. These statements are based on certain assumptions that may prove to be erroneous and are subject to certain risks, including but not limited to, the uncertainties of the Company's new product introductions, the risks of increased competition and technological change in the Company's industry, and other factors detailed in the Company's SEC filings. Accordingly, actual results may differ, possibly materially, from predictions contained herein.

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	November 30, 2022	August 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,742,482	\$ 484,463
Accounts receivable, net of allowance of \$0 (August 31, 2022 - \$0)	5,237,397	7,191,646
Inventory, net of allowance of \$456,021 (August 31, 2022 - \$800,000)	22,002,459	20,632,313
Prepaid expenses	624,114	1,112,575
Prepaid income taxes	208,551	208,963
Total current assets	29,815,003	29,629,960
Property, plant and equipment, net	4,753,375	4,828,420
Intangible assets, net	33,090	33,358
Deferred tax assets	45,000	24,998
Total assets	\$ 34,646,468	\$ 34,516,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,381,077	\$ 1,566,047
Bank indebtedness	7,600,000	7,000,000
Accrued liabilities	1,621,198	1,856,039
Total current liabilities	10,602,275	10,422,086
Total liabilities	10,602,275	10,422,086
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, no par value		
10,000,000 preferred shares, no par value		
Issued		
3,498,899 common shares (August 31, 2022 -3,495,342)	825,468	824,629
Additional paid-in capital	765,055	742,591
Retained earnings	22,453,670	22,527,430
Total stockholders' equity	24,044,193	24,094,650
Total liabilities and stockholders' equity	\$ 34,646,468	\$ 34,516,736

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Months Ended November 30, 2022	Three Months Ended November 30, 2021
SALES	\$ 12,577,500	\$ 12,917,724
COST OF SALES	9,717,800	10,452,861
GROSS PROFIT	2,859,700	2,464,863
OPERATING EXPENSES		
Selling, general and administrative expenses	826,807	988,288
Depreciation and amortization	111,536	69,638
Wages and employee benefits	1,928,155	1,874,118
	2,866,498	2,932,044
Loss from operations	(6,798)	(467,181)
OTHER ITEMS		
Other income	-	3,000
Interest expense	(86,552)	(20,276)
Total other items	(86,552)	(17,276)
Loss before income taxes	(93,350)	(484,457)
Income tax recovery	19,590	93,316
Net loss	\$ (73,760)	\$ (391,141)
Basic loss per common share	\$ (0.02)	\$ (0.11)
Diluted loss per common share	\$ (0.02)	\$ (0.11)
Weighted average number of common shares outstanding:		
Basic	3,496,202	3,491,103
Diluted	3,496,202	3,491,103

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Months Ended November 30, 2022	Three Months Ended November 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (73,760)	\$ (391,141)
Items not involving an outlay of cash:		
Depreciation and amortization	111,536	69,638
Stock-based compensation expense	23,303	39,386
Deferred income taxes	(20,002)	8,889
Changes in non-cash working capital items:		
Decrease in accounts receivable	1,954,249	1,279,516
(Increase) in inventory	(1,370,146)	(2,832,562)
Decrease in prepaid expenses	488,461	38,479
(Decrease) increase in accounts payable and accrued liabilities	(419,811)	531,507
Decrease (increase) in prepaid income taxes	412	(102,205)
Net cash provided by (used by) operating activities	694,242	(1,358,493)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(36,223)	(590,375)

Net cash used in investing activities	(36,223)	(590,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank indebtedness	600,000	2,000,000
Net cash provided by financing activities	600,000	2,000,000
Net increase in cash	1,258,019	51,132
Cash, beginning of period	484,463	1,184,313
Cash, end of period	\$ 1,742,482	\$ 1,235,445

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