

Jewett-Cameron Announces 1st Quarter Financial Results

NORTH PLAINS, Ore., Jan. 14, 2020 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the first quarter of fiscal 2020 ended November 30, 2019.

Sales for the first quarter of fiscal 2020 totaled \$7.1 million compared to sales of \$9.1 million for the first quarter of fiscal 2019. Net loss for the current quarter was (\$6,621), or (\$0.00) per share, compared to net income of \$349,694, or \$0.08 per share, in the year-ago quarter.

“Several of our major accounts postponed their expected purchases during the quarter,” said CEO Charlie Hopewell. “The delay may be related to the timing of reduced tariffs on some of our products, as we received notice during the quarter that a number of our metal products imported from China have been reclassified and are no longer subject to the 25% tariff. During the quarter, we also continued to invest in our infrastructure while rationalizing our product offerings by deciding to discontinue our involvement in Industrial Tools through the closure of our MSI-Pro Division. Although all these changes come with initial costs, we believe they will help to better position the Company for the future.”

As of November 30, 2019, the Company’s cash position was approximately \$8.97 million, and there was no borrowing against its \$3.0 million line of credit. The Company has also continued to use its excess cash to repurchase and cancel common shares. Subsequent to the end of the fiscal period, the Company privately repurchased for cancellation a total of 490,120 common shares from two large shareholders. The shares were repurchased by the Company at a price of \$7.89 per share, calculated as the Volume Weighted Average Price (VWAP) of all the shares traded on NASDAQ during the first quarter of fiscal 2020. The total cost of the share repurchases was \$3,867,047. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value, and the Board of Directors will consider implementing new share repurchase plans in the future.

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, Animal House and AKC licensed products in the expanding pet market; fencing products under the Adjust-A-Gates, Fit-Right, Perimeter Patrol, and LIFETIME POST™ systems brands; Early Start, Spring Gardner, and Weatherguard for greenhouses; and TrueShade for patio umbrellas, furniture covers and canopies. 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, 2019	August 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,969,249	\$ 9,652,310
Accounts receivable, net of allowance of \$Nil (August 31, 2019 - \$Nil)	2,164,026	2,835,952
Inventory, net of allowance of \$165,000 (August 31, 2019 - \$119,357)	7,280,126	6,377,805
Note receivable	997	1,197
Prepaid expenses	568,815	393,539
Prepaid income taxes	201,956	223,420
Total current assets	19,185,169	19,484,223
Property, plant and equipment, net	2,708,144	2,727,406
Intangible assets, net	2,912	3,048
Total assets	\$ 21,896,225	\$ 22,214,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 238,133	\$ 410,027
Accrued liabilities	1,186,744	1,312,580
Total current liabilities	1,424,877	1,722,607
Deferred tax liability	47,103	61,204
Total liabilities	1,471,980	1,783,811
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
3,971,282 common shares (August 31, 2019 - 3,971,282)	936,903	936,903

Additional paid-in capital	618,707	618,707
Retained earnings	18,868,635	18,875,256
Total stockholders' equity	20,424,245	20,430,866
Total liabilities and stockholders' equity	\$ 21,896,225	\$ 22,214,677

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
SALES	\$ 7,055,178	\$ 9,066,100
COST OF SALES	5,006,835	6,757,014
GROSS PROFIT	2,048,343	2,309,086
OPERATING EXPENSES		
Selling, general and administrative expenses	649,010	556,148
Depreciation and amortization	48,148	50,870
Wages and employee benefits	1,362,059	1,223,059
	2,059,217	1,830,077
Income from continuing operations	(10,874)	479,009
OTHER ITEMS		
Interest and other income	11,615	17,151
Income before income taxes	741	496,160
Income tax expense	(7,362)	(146,466)
Net (loss) income	\$ (6,621)	\$ 349,694
Basic earnings per common share	\$ (0.00)	\$ 0.08
Diluted earnings per common share	\$ (0.00)	\$ 0.08
Weighted average number of common shares outstanding:		
Basic	3,971,282	4,256,361
Diluted	3,971,282	4,256,361

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (6,621)	\$ 349,694
Items not involving an outlay of cash:		
Depreciation and amortization	48,148	50,870
Deferred income taxes	(14,101)	4,826
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	671,926	417,942
(Increase) in inventory	(902,321)	(1,121,813)
Decrease in note receivable	200	1,903

(Increase) in prepaid expenses	(175,276)	(157,361)
Increase (decrease) in accounts payable and accrued liabilities	(297,730)	536,032
Decrease in prepaid income taxes	21,464	114,310
Increase in income taxes payable	-	27,330
Net cash provided by (used by) operating activities	(654,311)	223,733
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(28,750)	-
Net cash used in investing activities	(28,750)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	-	(893,376)
Net cash used in financing activities	-	(893,376)
Net decrease in cash	(683,061)	(669,643)
Cash, beginning of period	9,652,310	6,097,463
Cash, end of period	\$ 8,969,249	\$ 5,427,820

Contact: Charlie Hopewell, President & CEO, (503) 647-0110

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