

Jewett-Cameron Announces 2nd Quarter Financial Results

NORTH PLAINS, Ore., April 13, 2023 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the second quarter and six month periods of fiscal 2023 ended February 28, 2023.

Sales for the second quarter of fiscal 2023 were \$8.14 million compared to sales of \$14.06 million for the second quarter of fiscal 2022. Loss from operations was (\$1,210,085) compared to income from operations of \$696,740 for the quarter ended February 28, 2022. Net loss was (\$972,038), or (\$0.28) per share, compared to net income of \$269,820, or \$0.08 per share, in the year-ago quarter.

For the six months ended February 28, 2023, sales totaled \$20.7 million compared to sales of \$27.0 million for the six months ended February 28, 2022. Loss from operations was (\$1,216,883) compared to income from operations of \$229,559 for the six months ending in February 28, 2022. Net loss was (\$1,045,798), or (\$0.30) per share, compared to a net loss of (\$121,322), or (\$0.03) per share, for the first six months of fiscal 2022.

“We have had a slow start to our Spring and Summer selling seasons as the extended winter weather across the US has pushed back these seasonal product orders from many of our customers. The current results were also affected by a change in how we record some revenue from a major fencing customer, as many of those sales are expected to be booked in this year’s third and fourth quarters instead,” said CEO Chad Summers. “Our new MyEcoWorld® sustainable bag products are officially launching in the 3rd quarter. We are optimistic about this new product line which is less seasonal and, based on our success with our sustainable poop bag product, has the potential to grow into a significant segment of our business over time.”

In February 2023, our arbitration case against a former distributor for breach of the distribution agreement was decided in the Company’s favor. We are seeking damages and our costs. The monetary award is pending, and the amount of any recovery is currently uncertain.

As of February 28, 2023, the Company’s cash position was approximately \$268 thousand, and there was \$8.5 million borrowed against its \$10.0 million line of credit. Subsequent to the end of the period, the Company has drawn an additional \$1 million against the line. The Company is currently in discussions with its lender U.S. Bank regarding the possibility of either increasing its existing line of credit or restructuring the existing line into an asset-based lending agreement. No agreement has been reached, and there is no guarantee that there will be any change to the Company’s borrowing arrangements. Based on the indications of availability of credit, the timing of accounts receivable, and the seasonality of our sales, the Company believes it will have 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)

	February 28, 2023	August 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 268,389	\$ 484,463
Accounts receivable, net of allowance of \$0 (August 31, 2022 - \$0)	4,261,256	7,191,646
Inventory, net of allowance of \$449,707 (August 31, 2022 - \$800,000)	23,079,647	20,632,313
Prepaid expenses	794,566	1,112,575
Prepaid income taxes	208,138	208,963
Total current assets	28,611,996	29,629,960
Property, plant and equipment, net	4,931,022	4,828,420
Intangible assets, net	32,822	33,358
Deferred tax assets	397,990	24,998
Total assets	\$ 33,973,830	\$ 34,516,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 710,174	\$ 1,566,047
Bank indebtedness	8,500,000	7,000,000
Accrued liabilities	1,691,501	1,856,039

Total liabilities	10,901,675	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	21,481,632	22,527,430
Total stockholders' equity	23,072,155	24,094,650
Total liabilities and stockholders' equity	\$ 33,973,830	\$ 34,516,736

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Month Periods to the end of February		Six Month Periods to the end of February	
	2023	2022	2023	2022
SALES	\$ 8,143,421	\$ 14,060,751	\$ 20,720,921	\$ 26,978,475
COST OF SALES	6,222,879	10,636,524	15,940,679	21,089,386
GROSS PROFIT	1,920,542	3,424,227	4,780,242	5,889,089
OPERATING EXPENSES				
Selling, general and administrative expenses	1,096,090	684,116	1,922,897	1,672,403
Depreciation and amortization	88,079	84,071	199,615	153,709
Wages and employee benefits	1,946,458	1,959,300	3,874,613	3,833,418
	3,130,627	2,727,487	5,997,125	5,659,530
(Loss) income from operations	(1,210,085)	696,740	(1,216,883)	229,559
OTHER ITEMS				
Other income	-	2,000	-	5,000
Interest expense	(114,530)	(30,620)	(201,082)	(50,896)
Accrual for legal claim	-	(300,000)	-	(300,000)
	(114,530)	(328,620)	(201,082)	(345,896)
(Loss) income before income taxes	(1,324,615)	368,120	(1,417,965)	(116,337)
Income tax recovery (expense)	352,577	(98,300)	372,167	(4,985)
Net (loss) income	\$ (972,038)	\$ 269,820	\$ (1,045,798)	\$ (121,322)
Basic (loss) earnings per common share	\$ (0.28)	\$ 0.08	\$ (0.30)	\$ (0.03)
Diluted (loss) earnings per common share	\$ (0.28)	\$ 0.08	\$ (0.30)	\$ (0.03)
Weighted average number of common shares outstanding:				
Basic	3,498,899	3,492,842	3,497,543	3,491,969
Diluted	3,498,899	3,492,842	3,497,543	3,491,969

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Six Month Period at the end of February, 2023	Six Month Period at the end of February, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (1,045,798)	\$ (121,322)
Items not involving an outlay of cash:		
Depreciation and amortization	199,615	153,709

Stock-based compensation expense	23,303	39,386
Deferred income taxes	(372,992)	8,889
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	2,930,390	(2,050,751)
Increase in inventory	(2,447,334)	(4,238,783)
Decrease (increase) in prepaid expenses	318,009	(254,073)
Increase (decrease) in accounts payable and accrued liabilities	(1,020,411)	591,335
Decrease (increase) in prepaid income taxes	825	(5,247)
Net cash used in operating activities	(1,414,393)	(5,876,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(301,681)	(908,401)
Net cash used in investing activities	(301,681)	(908,401)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank indebtedness	1,500,000	6,500,000
Net cash provided by financing activities	1,500,000	6,500,000
Net decrease in cash	(216,074)	(285,258)
Cash, beginning of period	484,463	1,184,313
Cash, end of period	\$ 268,389	\$ 899,055

Contact: Chad Summers, President & CEO, (503) 647-0110

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