

Jewett-Cameron Announces 2nd Quarter Financial Results

NORTH PLAINS, Ore., April 14, 2020 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the second quarter and six month periods of fiscal 2020 ended February 29, 2020.

Sales for the second quarter of fiscal 2020 totaled \$7.62 million compared to sales of \$7.86 million for the second quarter of fiscal 2019. Loss from operations was (\$163,020) compared to income from operations of \$57,625 for the quarter ended February 28, 2019. Net loss was (\$174,262), or (\$0.05) per share, compared to net income of \$119,629, or \$0.03 per share, in the year-ago quarter.

For the six months ended February 29, 2020, sales totaled \$14.7 million compared to sales of \$16.9 million for the six months ended February 28, 2019. Loss from operations was (\$173,894) compared to income from operations of \$536,634. Net loss was (\$180,884), or (\$0.05) per share, compared to net income of \$469,323, or \$0.11 per share, in the first six months of fiscal 2019.

“Although COVID-19 began to affect our operations in January,” said CEO Charlie Hopewell, “We have adjusted our work processes to comply with the State of Oregon’s directives. Many of our employees are working from home, while others are on split shifts. We continue operations with our full staff with no lay-offs or reduced hours. Even though the outlook for the rest of fiscal 2020 is uncertain due to the COVID-19 situation, demand for our pet and fencing products so far in the 3rd fiscal quarter has been consistent with historic levels.”

As of February 29, 2020, the Company’s cash position was approximately \$3.875 million, and there was no borrowing against its \$3.0 million line of credit. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value. During the period ended February 29, 2020, the Company privately repurchased for cancellation a total of 490,120 common shares from two large shareholders, including a current officer and director of Jewett-Cameron. The shares were repurchased 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 \$3,867,046.

Jewett-Cameron Trading Company is a holding company that, through its subsidiaries (Jewett-Cameron Companies), operate out of facilities located in North Plains, Oregon. Those businesses consist of the manufacturing and distribution of patented and patent pending specialty metal products, wholesale distribution of wood products, seed processing and sales, and sales of industrial tools and clamps. 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 INFINITY Euro fence 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.

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

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

| | February 29, 2020 | August 31, 2019 |
|---|------------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 3,875,531 | \$ 9,652,310 |
| Accounts receivable, net of allowance of \$Nil (August 31, 2019 - \$Nil) | 2,700,664 | 2,835,952 |
| Inventory, net of allowance of \$32,538 (August 31, 2019 - \$119,357) | 7,248,548 | 6,377,805 |
| Note receivable | 897 | 1,197 |
| Prepaid expenses | 867,792 | 393,539 |
| Prepaid income taxes | 370,002 | 223,420 |
| Total current assets | 15,063,434 | 19,484,223 |
| Property, plant and equipment, net | 2,775,867 | 2,727,406 |
| Intangible assets, net | 779 | 3,048 |
| Total assets | \$ 17,840,080 | \$ 22,214,677 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 449,586 | \$ 410,027 |
| Accrued liabilities | 921,762 | 1,312,580 |
| Total current liabilities | 1,371,348 | 1,722,607 |
| Deferred tax liability | 85,796 | 61,204 |
| Total liabilities | 1,457,144 | 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

3,481,162 common shares (August 31, 2019 -
3,971,282)

Additional paid-in capital

Retained earnings

Total stockholders' equity

Total liabilities and stockholders' equity

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

821,284 936,903

618,707 618,707

14,942,945 18,875,256

16,382,936 20,430,866

\$ 17,840,080 \$ 22,214,677

| | Three Month Periods at the end of February | | Six Month Periods at the end of February | |
|---|---|--------------|---|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| SALES | \$ 7,621,927 | \$ 7,857,175 | \$ 14,677,105 | \$ 16,923,275 |
| COST OF SALES | 5,616,672 | 6,095,887 | 10,623,507 | 12,852,901 |
| GROSS PROFIT | 2,005,255 | 1,761,288 | 4,053,598 | 4,070,374 |
| OPERATING EXPENSES | | | | |
| Selling, general and administrative expenses | 763,910 | 405,888 | 1,412,920 | 962,036 |
| Depreciation and amortization | 58,063 | 45,401 | 106,211 | 96,271 |
| Wages and employee benefits | 1,346,302 | 1,252,374 | 2,708,361 | 2,475,433 |
| | 2,168,275 | 1,703,663 | 4,227,492 | 3,533,740 |
| (Loss) income from operations | (163,020) | 57,625 | (173,894) | 536,634 |
| OTHER ITEMS | | | | |
| Gain on sale of property, plant and equipment | 400 | 105,365 | 400 | 105,365 |
| Interest and other income | 6,584 | 9,184 | 18,198 | 26,335 |
| | 6,984 | 114,549 | 18,598 | 131,700 |
| (Loss) income before income taxes | (156,036) | 172,174 | (155,296) | 668,334 |
| Income tax expense | (18,226) | (52,545) | (25,588) | (199,011) |
| Net (loss) income | \$ (174,262) | \$ 119,629 | \$ (180,884) | \$ 469,323 |
| Basic earnings per common share | \$ (0.05) | \$ 0.03 | \$ (0.05) | \$ 0.11 |
| Diluted earnings per common share | \$ (0.05) | \$ 0.03 | \$ (0.05) | \$ 0.11 |

**Weighted
average number
of common
shares
outstanding:**

| | | | | |
|---------|-----------|-----------|-----------|-----------|
| Basic | 3,562,630 | 4,218,348 | 3,811,956 | 4,218,672 |
| Diluted | 3,562,630 | 4,218,348 | 3,811,956 | 4,218,672 |

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, | |
|---|---|--------------|
| | 2020 | 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net (loss) income | \$ (180,884) | \$ 469,323 |
| Items not involving an outlay of cash: | | |
| Depreciation and amortization | 106,211 | 96,271 |
| (Gain) on sale of property, plant and equipment | (400) | (105,365) |
| Deferred income taxes | 24,592 | (1,967) |
| Changes in non-cash working capital items: | | |
| Decrease in accounts receivable | 135,288 | 955,372 |
| (Increase) in inventory | (870,743) | (1,902,410) |
| Decrease in note receivable | 300 | 2,203 |
| (Increase) in prepaid expenses | (474,253) | (218,265) |
| (Increase) in prepaid income taxes | (146,582) | (194,522) |
| (Decrease) in accounts payable and accrued liabilities | (351,259) | (858,868) |
| Net cash used in operating activities | (1,757,730) | (1,758,228) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (152,403) | - |
| Proceeds from sale of property, plant and equipment | 400 | 324,674 |
| Net cash provided by (used in) investing activities | (152,003) | 324,674 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Redemption of common stock | (3,867,046) | (957,305) |
| Net cash used in financing activities | (3,867,046) | (957,305) |
| Net decrease in cash | (5,776,779) | (2,390,859) |
| Cash, beginning of period | 9,652,310 | 6,097,463 |
| Cash, end of period | \$ 3,875,531 | \$ 3,706,604 |

 View original

content:<http://www.prnewswire.com/news-releases/jewett-cameron-announces-2nd-quarter-financial-results-301040488.html>

SOURCE Jewett-Cameron Trading Company Ltd.