

Jewett-Cameron Announces 2nd Quarter Financial Results

NORTH PLAINS, Ore., April 15, 2019 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the second quarter and six month periods of fiscal 2019 ended February 28, 2019.

Sales for the second quarter of fiscal 2018 totaled \$7.86 million compared to sales of \$13.3 million for the second quarter of fiscal 2018. Income from operations was \$57,625 compared to income of \$720,244 for the quarter ended February 28, 2018. Net income was \$119,629, or \$0.03 per share, compared to net income of \$508,298, or \$0.11 per share, in the year-ago quarter.

For the six months ended February 28, 2019, sales totaled \$16.9 million compared to sales of \$22.8 million for the six months ended February 28, 2018, and income from operations was \$536,634 compared to \$1,290,546. Net income was \$469,323, or \$0.11 per share, compared to net income of \$830,731, or \$0.19 per share, in the first six months of fiscal 2018.

“The results from the second quarter were disappointing, but were primarily from external factors,” said CEO Charlie Hopewell. “The extended cold and wet weather across much of the United States caused retailers to delay purchases of Spring and Summer merchandise, and the tariffs on Chinese goods has resulted in continued uncertainty in the marketplace. So far in our fiscal third quarter however, we are seeing improvement in some important areas.”

As of February 28, 2019, the Company’s cash position was approximately \$3.7 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. Since the start of a new repurchase plan on February 18, 2019, the Company has repurchased a total of 189,400 common shares at a cost of \$1,651,706, or \$8.72 per share.

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.

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	February 28, 2019	August 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,706,604	\$ 6,097,463
Accounts receivable, net of allowance of \$Nil (August 31, 2018 - \$Nil)	3,197,120	4,152,492
Inventory, net of allowance of \$89,424 (August 31, 2018 - \$75,336)	11,705,607	9,803,197
Note receivable	1,797	4,000
Prepaid expenses	565,516	347,251
Prepaid income taxes	308,832	114,310
Total current assets	19,485,476	20,518,713
Property, plant and equipment, net	2,789,951	3,105,260
Intangible assets, net	3,319	3,590
Total assets	\$ 22,278,746	\$ 23,627,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 368,673	\$ 377,092
Accrued liabilities	944,758	1,795,207
Total current liabilities	1,313,431	2,172,299
Deferred tax liability	79,886	81,853
Total liabilities	1,393,317	2,254,152
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
4,210,538 common shares (August 31, 2018 - 4,314,659)	993,344	1,017,908
Additional paid-in capital	600,804	600,804
Retained earnings	19,291,281	19,754,699
Total stockholders' equity	20,885,429	21,373,411
Total liabilities and stockholders' equity	\$ 22,278,746	\$ 23,627,563

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

	Three Month Periods ended February 28,		Six Month Periods ended February 28,	
	2019	2018	2019	2018
SALES	\$ 7,857,175	\$ 13,341,338	\$ 16,923,275	\$ 22,755,308

COST OF SALES	6,095,887	10,705,532	12,852,901	17,932,754
GROSS PROFIT	1,761,288	2,635,806	4,070,374	4,822,554
OPERATING EXPENSES				
Selling, general and administrative expenses	405,888	616,074	962,036	1,061,951
Depreciation and amortization	45,401	122,745	96,271	195,410
Wages and employee benefits	1,252,374	1,176,743	2,475,433	2,274,647
	1,703,663	1,915,562	3,533,740	3,532,008
Income from operations	57,625	720,244	536,634	1,290,546
OTHER ITEMS				
(Loss) gain on sale of property, plant and equipment	105,365	530	105,365	(27,022)
Interest and other income	9,184	5,793	26,335	8,483
	114,549	6,323	131,700	(18,539)
Income before income taxes	172,174	726,567	668,334	1,272,007
Income tax expense	(52,545)	(218,269)	(199,011)	(441,276)
Net income	\$ 119,629	\$ 508,298	\$ 469,323	\$ 830,731
Basic earnings per common share	\$ 0.03	\$ 0.11	\$ 0.11	\$ 0.19
Diluted earnings per common share	\$ 0.03	\$ 0.11	\$ 0.11	\$ 0.19
Weighted average number of common shares outstanding:				
Basic	4,218,348	4,468,988	4,218,672	4,468,988
Diluted	4,218,348	4,468,988	4,218,672	4,468,988

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

(Prepared by Management)

(Unaudited)

**Six Month Period
ended February 28,
2019 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	469,323	\$	830,731
Items not involving an outlay of cash:				
Depreciation and amortization		96,271		195,410
(Gain) loss on sale of property, plant and equipment		(105,365)		27,022

Deferred income taxes	(1,967)	25,691
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	955,372	(2,499,848)
(Increase) in inventory	(1,902,410)	(481,648)
Decrease in note receivable	2,203	-
(Increase) in prepaid expenses	(218,265)	(287,428)
(Increase) in prepaid income taxes	(194,522)	(469,577)
(Decrease) in accounts payable and accrued liabilities	(858,868)	(396,839)
Net cash used in operating activities	(1,758,228)	(3,056,486)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(66,041)
Proceeds from sale of property, plant and equipment	324,674	1,000
Net cash provided by (used in) investing activities	324,674	(65,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(957,305)	-
Net cash used in financing activities	(957,305)	-
Net decrease in cash	(2,390,859)	(3,121,527)
Cash, beginning of period	6,097,463	5,912,250
Cash, end of period	\$ 3,706,604	\$ 2,790,723

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