

Jewett-Cameron Announces Fiscal 2019 Financial Results

NORTH PLAINS, Ore., Nov. 13, 2019 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for its fourth quarter and fiscal year ended August 31, 2019.

For the fiscal year ended August 31, 2019, Jewett-Cameron reported sales of \$45.4 million and net income of \$2,100,452, or \$0.50 per share, compared to sales of \$53.9 million and net income of \$2,920,639, or \$0.66 per share, for fiscal 2018.

Sales for the fourth quarter of fiscal 2019 totaled \$11.8 million compared to sales of \$11.2 in the prior year's fourth quarter.

Net income was \$532,918, or \$0.13 per share, compared to net income of \$700,699, or \$0.16 per share, in the fourth quarter of fiscal 2018.

“The prolonged wet weather during the spring and early summer across North America delayed the purchase of lawn and garden products,” said CEO Charlie Hopewell. “The poor weather, combined with the increase in US tariffs on many of our Chinese manufactured metal products, were primarily responsible for the decline in our 2019 sales and earnings. However, we were notified in September 2019 that many of our Chinese manufactured products will be exempted from tariffs going forward. This reclassification should help the Company's products to remain competitive in the marketplace.”

As of August 31, 2019, the Company's cash position was \$9.65 million, and currently there is no borrowing against its \$3.0 million line of credit. During fiscal 2019, the Company repurchased for cancellation a total of 345,671 common shares at a cost of \$3,061,441, which represents an average price of \$8.86 per share. The Board may consider utilizing a portion of the Company's cash position to repurchase additional shares in the future.

About Jewett-Cameron Trading Company Ltd.

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, 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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

AS OF AUGUST 31

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,652,310	\$ 6,097,463
Accounts receivable, net of allowance of \$Nil (August 31, 2018 - \$Nil)	2,835,952	4,152,492
Inventory, net of allowance of \$119,357 (August 31, 2018 - \$75,336)	6,377,805	9,803,197
Note receivable	1,197	4,000
Prepaid expenses	393,539	347,251
Prepaid income taxes	223,420	114,310
Total current assets	19,484,223	20,518,713
Property, plant and equipment, net	2,727,406	3,105,260
Intangible assets, net	3,048	3,590
Total assets	\$ 22,214,677	\$ 23,627,563
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 410,027	\$ 377,092
Accrued liabilities	1,312,580	1,795,207
Total current liabilities	1,722,607	2,172,299
Deferred tax liability	61,204	81,853
Total liabilities	1,783,811	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		
3,971,282 common shares (August 31, 2018 - 4,314,659)	936,903	1,017,908
Additional paid-in capital	618,707	600,804
Retained earnings	18,875,256	19,754,699
Total stockholders' equity	20,430,866	21,373,411
Total liabilities and stockholders' equity	\$ 22,214,677	\$ 23,627,563

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)
YEARS ENDED AUGUST 31

	2019	2018
SALES	\$ 45,446,362	\$ 53,923,152
COST OF SALES	35,481,931	42,325,338
GROSS PROFIT	9,964,431	11,597,814
OPERATING EXPENSES		
Selling, general and administrative	2,127,296	2,103,899
Depreciation and amortization	191,819	274,065
Wages and employee benefits	4,907,766	4,943,431
	7,226,881	7,321,395
Income from operations	2,737,550	4,276,419
OTHER ITEMS		
Gain (loss) on sale of property, plant and equipment	105,366	(27,022)
Interest and other income	45,228	30,026
	150,594	3,004
Income before income taxes	2,888,144	4,279,423
Income taxes		
Current	808,341	1,288,275
Deferred (recovery)	(20,649)	70,509
Net income for the year	\$ 2,100,452	\$ 2,920,639
Basic earnings per common share	\$ 0.50	\$ 0.66
Diluted earnings per common share	\$ 0.50	\$ 0.66
Weighted average number of common shares outstanding:		
Basic	4,233,304	4,430,940
Diluted	4,233,304	4,430,940

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)
YEARS ENDED AUGUST 31

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 2,100,452	\$ 2,920,639
Items not affecting cash:		
Depreciation and amortization	191,819	274,065
(Gain) loss on sale of property, plant and equipment	(105,366)	27,022
Deferred income taxes	(20,649)	70,509
Changes in non-cash working capital items:		
Decrease (increase) in accounts receivable	1,316,540	(587,437)
Decrease (increase) in note receivable	2,803	(4,000)
Decrease (increase) in inventory	3,425,392	(995,652)
(Increase) decrease in prepaid expenses	(46,288)	248,525
(Increase) in prepaid income taxes	(109,110)	(114,310)
(Decrease) in accounts payable and accrued liabilities	(449,692)	(273,021)
Net cash provided by operating activities	6,305,901	1,566,340
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property, plant and equipment	324,675	1,000
Purchase of property, plant and equipment	(32,732)	(110,528)
Net cash used in investing activities	291,943	(109,528)
CASH FLOWS FROM FINANCING ACTIVITIES		

Issuance of common stock	18,444	-
Redemption of common stock	(3,061,441)	(1,271,599)
Net cash used in financing activities	(3,042,997)	(1,271,599)
Net increase in cash	3,554,847	185,213
Cash, beginning of year	6,097,463	5,912,250
Cash, end of year	\$ 9,652,310	\$ 6,097,463

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