

Jewett-Cameron Announces Fiscal 2020 Financial Results

NORTH PLAINS, Ore., Nov. 12, 2020 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for its fourth quarter and fiscal year ended August 31, 2020.

For the fiscal year ended August 31, 2020, Jewett-Cameron had sales of \$44.9 million and net income of \$2,784,525, or \$0.77 per share, compared to sales of \$45.4 million and net income of \$2,100,452, or \$0.50 per share, for fiscal 2019.

Sales for the fourth quarter of fiscal 2020 totaled \$14.0 million compared to sales of \$11.8 million in Q4 2019. Net income was \$1,568,436, or \$0.43 per share, compared to net income of \$532,918, or \$0.13 per share, in the fourth quarter of fiscal 2019.

“2020 has been a year to further invest in our core businesses by adding to our facilities, staff, products and brand awareness,” said CEO Charlie Hopewell. “However, the COVID-19 pandemic presented tremendous challenges beginning in January. Due to our strict safety protocols, we have had no cases of COVID-19 among our personnel and we have been able to operate effectively throughout calendar 2020 to date. This allowed us to meet the increased demand for certain of our products during the second half of fiscal 2020, particularly in our DIY and pet lines.”

As of August 31, 2020, the Company’s cash position was \$3.8 million, and currently there is no borrowing against its \$3.0 million line of credit. During fiscal 2020, the Company privately repurchased for cancelation a total of 490,120 common shares from two large shareholders, including an officer and director of the Company, at a price of \$7.89 per share. The total cost of the share repurchases was \$3,867,046.

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, 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 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

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,801,037	\$ 9,652,310
Accounts receivable, net of allowance of \$Nil (August 31, 2019 - \$Nil)	6,274,426	2,835,952
Inventory, net of allowance of \$65,000 (August 31, 2019 - \$119,357)	9,198,146	6,377,805
Note receivable	-	1,197
Prepaid expenses	1,036,128	393,539
Prepaid income taxes	-	223,420
Total current assets	20,309,737	19,484,223
Property, plant and equipment, net	2,967,565	2,727,406
Intangible assets, net	659	3,048
Total assets	\$ 23,277,961	\$ 22,214,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,095,061	\$ 410,027
Current portion of notes payable	342,326	-
Income taxes payable	40,596	-
Accrued liabilities	2,016,300	1,312,580
Total current liabilities	3,494,283	1,722,607
Long-term liabilities		
Notes payable	338,381	-
Deferred tax liability	96,952	61,204
Total liabilities	3,929,616	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)	821,284	936,903
Additional paid-in capital	618,707	618,707
Retained earnings	17,908,354	18,875,256
Total stockholders' equity	19,348,345	20,430,866
Total liabilities and stockholders' equity	\$ 23,277,961	\$ 22,214,677

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	2020	2019
SALES	\$ 44,945,263	\$ 45,446,362
COST OF SALES	32,472,080	35,481,931
GROSS PROFIT	12,473,183	9,964,431
OPERATING EXPENSES		
Selling, general and administrative	2,502,989	2,127,296
Depreciation and amortization	217,712	191,819
Wages and employee benefits	5,894,346	4,907,766
	8,615,047	7,226,881
Income from operations	3,858,136	2,737,550
OTHER ITEMS		
Gain on sale of property, plant and equipment	6,600	105,366
Interest and other income	24,420	45,228
	31,020	150,594
Income before income taxes	3,889,156	2,888,144
Income taxes		
Current	1,068,883	808,341
Deferred (recovery)	35,748	(20,649)
Net income for the year	\$ 2,784,525	\$ 2,100,452
Basic earnings per common share	\$ 0.77	\$ 0.50
Diluted earnings per common share	\$ 0.77	\$ 0.50
Weighted average number of common shares outstanding:		
Basic	3,623,413	4,233,304
Diluted	3,623,413	4,233,304

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 2,784,525	\$ 2,100,452
Items not affecting cash:		
Depreciation and amortization	217,712	191,819
(Gain) on sale of property, plant and equipment	(6,600)	(105,366)
Deferred income taxes	35,748	(20,649)
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(3,438,474)	1,316,540
Decrease in note receivable	1,197	2,803
(Increase) decrease in inventory	(2,820,341)	3,425,392
(Increase) in prepaid expenses	(642,589)	(46,288)
Decrease (increase) in prepaid income taxes	223,420	(109,110)
Increase (decrease) in accounts payable and accrued liabilities	1,388,754	(449,692)
Increase in income taxes payable	40,596	-
Net cash (used by) provided by operating activities	(2,216,052)	6,305,901
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of property, plant and equipment	400	324,675
Purchase of property, plant and equipment	(449,282)	(32,732)
Net cash (used in) provided by investing activities	(448,882)	291,943
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in notes payable	680,707	-
Issuance of common stock	-	18,444
Redemption of common stock	(3,867,046)	(3,061,441)
Net cash used in financing activities	(3,186,339)	(3,042,997)
Net (decrease) increase in cash	(5,851,273)	3,554,847
Cash, beginning of year	9,652,310	6,097,463
Cash, end of year	\$ 3,801,037	\$ 9,652,310

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