

Jewett-Cameron Announces Fiscal 2021 Financial Results

NORTH PLAINS, Ore., Nov. 29, 2021 — Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for its fourth quarter and fiscal year ended August 31, 2021.

For the fiscal year ended August 31, 2021, Jewett-Cameron had sales of \$57.5 million and net income of \$3,454,953, or \$0.99 per share, compared to sales of \$44.9 million and net income of \$2,784,525, or \$0.77 per share, for fiscal 2020.

Sales for the fourth quarter of fiscal 2021 totaled \$15.1 million compared to sales of \$14.0 million in Q4 2020. Net income was \$605,114, or \$0.18 per share, compared to net income of \$1,568,436, or \$0.43 per share, in the fourth quarter of fiscal 2020.

“The continuing successful implementation of our corporate strategy is reflected in the higher sales and net income for fiscal 2021”, said CEO and Chairman Charlie Hopewell. “Our fourth quarter, however, was adversely affected by the ongoing disorder in the worldwide supply chain. This caused some shortages of some of our most popular products and a higher level of backorders, which had a negative effect on our operations and margins. Although we have taken steps to diversify our shipping arrangements and add to our logistics partners, we anticipate these logistical challenges to continue into fiscal 2022.”

As of August 31, 2021, the Company’s cash position was approximately \$1.8 million. Due to the continuing uncertainty caused by the worldwide shipping and logistical issues, the Company has recently increased its line of credit to \$10 million, of which \$5 million is available. The Board of Directors is discussing potential alternative sources of capital, which could include a future public offering of common shares. The proceeds from such an offering could be utilized both for short-term capital needs and to complement the Company’s future growth plans.

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; and Early Start, Spring Gardner 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. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Expressed in U.S. Dollars)

AS OF AUGUST 31

| | 2021 | 2020 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,184,313 | \$ 3,801,037 |
| Accounts receivable, net of allowance of \$Nil (August 31, 2020 - \$Nil) | 7,086,503 | 6,274,426 |
| Inventory, net of allowance of \$250,000 (August 31, 2020 - \$65,000) | 14,391,365 | 9,198,146 |
| Prepaid expenses | 2,305,820 | 1,036,128 |
| Prepaid income taxes | 252,958 | - |
| Total current assets | 25,220,959 | 20,309,737 |
| Property, plant and equipment, net | 3,886,543 | 2,967,565 |
| Intangible assets, net | 30,897 | 659 |
| Total assets | \$ 29,138,399 | \$ 23,277,961 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 1,349,677 | \$ 1,095,061 |
| Bank indebtedness | 3,000,000 | - |
| Current portion of notes payable | - | 342,326 |
| Income taxes payable | - | 40,596 |
| Accrued liabilities | 1,798,088 | 2,016,300 |
| Total current liabilities | 6,147,765 | 3,494,283 |
| Long-term liabilities | | |
| Notes payable | - | 338,381 |
| Deferred tax liability | 116,945 | 96,952 |
| Total liabilities | 6,264,710 | 3,929,616 |
| Stockholders' equity | | |
| Capital stock | | |
| Authorized | | |
| 21,567,564 common shares, without par value | | |
| 10,000,000 preferred shares, without par value | | |
| Issued | | |
| 3,489,161 common shares (August 31, 2020 - 3,481,162) | 823,171 | 821,284 |
| Additional paid-in capital | 687,211 | 618,707 |
| Retained earnings | 21,363,307 | 17,908,354 |
| Total stockholders' equity | 22,873,689 | 19,348,345 |
| Total liabilities and stockholders' equity | \$ 29,138,399 | \$ 23,277,961 |

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in U.S. Dollars)

YEARS ENDED AUGUST 31

| | 2021 | 2020 |
|--|---------------|---------------|
| SALES | \$ 57,501,543 | \$ 44,945,263 |
| COST OF SALES | 43,354,897 | 32,472,080 |
| GROSS PROFIT | 14,146,646 | 12,473,183 |
| OPERATING EXPENSES | | |
| Selling, general and administrative | 3,204,945 | 2,502,989 |
| Depreciation and amortization | 244,279 | 217,712 |
| Wages and employee benefits | 6,957,730 | 5,894,346 |
| | 10,406,954 | 8,615,047 |
| Income from operations | 3,739,692 | 3,858,136 |
| OTHER ITEMS | | |
| Gain on sale of property, plant and equipment | - | 6,600 |
| Gain on extinguishment of debt | 687,387 | - |
| Interest and other income (expense) | (2,871) | 24,420 |
| | 684,516 | 31,020 |
| Income before income taxes | 4,424,208 | 3,889,156 |
| Income taxes | | |
| Current | 949,262 | 1,068,883 |
| Deferred (recovery) | 19,993 | 35,748 |
| Net income for the year | \$ 3,454,953 | \$ 2,784,525 |
| Basic earnings per common share | \$ 0.99 | \$ 0.77 |
| Diluted earnings per common share | \$ 0.99 | \$ 0.77 |
| Weighted average number of common shares outstanding: | | |
| Basic | 3,486,537 | 3,623,413 |
| Diluted | 3,486,537 | 3,623,413 |

JEWETT-CAMERON TRADING COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in U.S. Dollars)

YEARS ENDED AUGUST 31

| | 2021 | 2020 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income for the year | \$ 3,454,953 | \$ 2,784,525 |
| Items not affecting cash: | | |
| Depreciation and amortization | 244,279 | 217,712 |
| Stock-based compensation expense | 70,391 | - |
| (Gain) on sale of property, plant and equipment | - | (6,600) |
| Gain on extinguishment of debt | (680,707) | - |
| Deferred income taxes | 19,993 | 35,748 |
| Changes in non-cash working capital items: | | |
| (Increase) in accounts receivable | (812,077) | (3,438,474) |
| Decrease in note receivable | - | 1,197 |
| (Increase) in inventory | (5,193,219) | (2,820,341) |
| (Increase) in prepaid expenses | (1,269,692) | (642,589) |
| (Increase) decrease in prepaid income taxes | (252,959) | 223,420 |
| Increase in accounts payable and accrued liabilities | 36,404 | 1,388,754 |
| (Decrease) increase in income taxes payable | (40,596) | 40,596 |
| Net cash (used by) operating activities | (4,423,230) | (2,216,052) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds on sale of property, plant and equipment | - | 400 |
| Increase in intangible assets | (30,755) | - |
| Purchase of property, plant and equipment | (1,162,739) | (449,282) |

| | | |
|---|---------------------|---------------------|
| Net cash (used in) provided by investing activities | (1,193,494) | (448,882) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from bank indebtedness | 3,000,000 | - |
| (Decrease) increase in notes payable | - | 680,707 |
| Redemption of common stock | - | (3,867,046) |
| Net cash provided (used) in financing activities | 3,000,000 | (3,186,339) |
| Net (decrease) in cash | (2,616,724) | (5,851,273) |
| Cash, beginning of year | 3,801,037 | 9,652,310 |
| Cash, end of year | \$ 1,184,313 | \$ 3,801,037 |

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SOURCE Jewett-Cameron Trading Company Ltd.