UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 2024**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ________ TO ________

COMMISSION FILE NUMBER 000-19954

JEWETT-CAMERON TRADING COMPANY LTD.
(Exact Name of Registrant as Specified in its Charter)

BRITISH COLUMBIA	**NONE**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
32275 N.W. Hillcrest, North Plains, Oregon	**97133**
(Address Of Principal Executive Offices)	(Zip Code)

(503) 647-0110
(Registrant’s Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, no par value	JCTCF	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller Reporting Company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, no par value – 3,504,802 common shares as of April 15, 2024.

Jewett-Cameron Trading Company Ltd.

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PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

JEWETT-CAMERON TRADING COMPANY LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

FEBRUARY 29, 2024

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	February 29, 2024	August 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,149,316	$ 83,696
Accounts receivable, net of allowance of $0 (August 31, 2023 - $0)	4,676,317	5,634,924
Inventory, net of allowance of $410,325 (August 31, 2023 - $497,884) (note 3)	17,576,787	18,339,048
Prepaid expenses	796,393	630,788
Total current assets	24,198,813	24,688,456
Property, plant and equipment, net (note 4)	4,450,788	4,655,427
Intangible assets, net (note 5)	112,639	134,845
Deferred tax assets (Note 6)	226,148	319,875
Total assets	$ 28,988,388	$ 29,798,603
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,190,006	$ 2,181,194
Bank indebtedness (note 7)	-	1,259,259
Income taxes payable	172,722	147,629
Accrued liabilities	1,738,874	2,113,194
Total liabilities	4,101,602	5,701,276
Stockholders' equity		
Capital stock (notes 8, 9)		
Authorized		
21,567,564 common shares, no par value		
10,000,000 preferred shares, no par value		
Issued		
3,504,802 common shares (August 31, 2023 – 3,498,899)	826,861	825,468
Additional paid-in capital	795,726	765,055
Retained earnings	23,264,199	22,506,804
Total stockholders' equity	24,886,786	24,097,327
Total liabilities and stockholders' equity	$ 28,988,388	$ 29,798,603

The accompanying notes are an integral part of these consolidated financial statements.

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Three Month Periods to the end of February		Six Month Periods to the end of February	
	2024	**2023**	**2024**	**2023**
SALES	$ 8,229,192	$ 8,143,421	$ 18,035,033	$ 20,720,921
COST OF SALES	6,164,676	6,222,879	14,014,436	15,940,679
GROSS PROFIT	2,064,516	1,920,542	4,020,597	4,780,242
OPERATING EXPENSES				
Selling, general and administrative expenses	967,426	1,096,090	1,915,907	1,922,897
Depreciation and amortization	91,039	88,079	188,943	199,615
Wages and employee benefits	1,732,738	1,946,458	3,431,658	3,874,613
	2,791,203	3,130,627	5,536,508	5,997,125
(Loss) income from operations	(726,687)	(1,210,085)	(1,515,911)	(1,216,883)
OTHER ITEMS				
Other income	-	-	2,450,000	-
Interest income (expense)	19,819	(114,530)	12,964	(201,082)
(Loss) gain on sale of assets	(568)	-	89,087	-
	19,251	(114,530)	2,552,051	(201,082)
(Loss) income before income taxes	(707,436)	(1,324,615)	1,036,140	(1,417,965)
Income tax recovery (expense)	173,291	352,577	(278,745)	372,167
Net (loss) income	(534,145)	$ (972,038)	757,395	$ (1,045,798)
Basic (loss) earnings per common share	$ (0.15)	$ (0.28)	0.22	$ (0.30)
Diluted (loss) earnings per common share	$ (0.15)	$ (0.28)	0.22	$ (0.30)
Weighted average number of common shares outstanding:				
Basic	3,504,348	3,498,899	3,501,623	3,497,543
Diluted	3,504,348	3,498,899	3,501,623	3,497,543

The accompanying notes are an integral part of these consolidated financial statements.

JEWETT-CAMERON TRADING COMPANY LTD.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	Capital Stock				
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Total
August 31, 2022	3,495,342	$ 824,629	$ 742,591	$ 22,527,430	$ 24,094,650
Shares issued pursuant to compensation plans (note 9)	3,557	839	22,464	-	23,303
Net loss	-	-	-	(1,045,798)	(1,045,798)
February 28, 2023	3,498,899	825,468	765,055	21,481,632	23,072,155
Net income	-	-	-	1,025,172	1,025,172
August 31, 2023	3,498,899	$ 825,468	$ 765,055	$ 22,506,804	$ 24,097,327
Shares issued pursuant to compensation plans (note 9)	5,903	1,393	30,671	-	32,064
Net income	-	-	-	757,395	757,395
February 29, 2024	3,504,802	$ 826,861	$ 795,726	$ 23,264,199	$ 24,886,786

The accompanying notes are an integral part of these consolidated financial statements.

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, 2024		Six Month Period at the end of February, 2023	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	$	757,395	$	(1,045,798)
Items not involving an outlay of cash:				
Depreciation and amortization		188,943		199,615
Stock-based compensation expense		32,064		23,303
Gain on sale of property, plant and equipment		(89,087)		-
Write-down of intangible assets		21,790		-
Deferred income taxes		93,727		(372,992)
Changes in non-cash working capital items:				
Decrease in accounts receivable		958,607		2,930,390
Decrease (increase) in inventory		762,261		(2,447,334)
(Increase) decrease in prepaid expenses		(165,605)		318,009
(Decrease) in accounts payable and accrued liabilities		(365,508)		(1,020,411)
Decrease (increase) in prepaid income taxes		-		825
Increase in income taxes payable		25,093		-
Net cash provided by (used in) operating activities		2,219,680		(1,414,393)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on sale of property, plant and equipment		105,199		-
Purchase of property, plant and equipment		-		(301,681)
Net cash used in investing activities		105,199		(301,681)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment) proceeds from bank indebtedness		(1,259,259)		1,500,000
Net cash provided by (used in) financing activities		(1,259,259)		1,500,000
Net increase (decrease) in cash		1,065,620		(216,074)
Cash, beginning of period		83,696		484,463
Cash, end of period	$	1,149,316	$	268,389

Supplemental disclosure with respect to cash flows (Note 13)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Jewett-Cameron Trading Company Ltd. was incorporated in British Columbia on July 8, 1987 as a holding company for Jewett-Cameron Lumber Corporation ("JCLC"), incorporated September 1953. Jewett-Cameron Trading Company, Ltd. acquired all the shares of JCLC through a stock-for-stock exchange on July 13, 1987, and at that time JCLC became a wholly owned subsidiary. Effective September 1, 2013, the Company reorganized certain of its subsidiaries. JCLC's name was changed to JC USA Inc. ("JC USA"), and a new subsidiary, Jewett-Cameron Company ("JCC"), was incorporated.

JC USA has the following wholly owned subsidiaries incorporated under the laws of the State of Oregon: Jewett-Cameron Seed Company, ("JCSC"), incorporated October 2000, Greenwood Products, Inc. ("Greenwood"), incorporated February 2002, and JCC, incorporated September 2013. Jewett-Cameron Trading Company Ltd. and its subsidiaries (the "Company") have no significant assets in Canada.

The Company, through its subsidiaries, operates out of facilities located in North Plains, Oregon. JCC's business consists of the manufacturing and distribution of pet, fencing and other products, wholesale distribution to home centers, other retailers, on-line as well as direct to end consumers located primarily in the United States. Greenwood is a processor and distributor of industrial wood and other specialty building products principally to customers in the marine and transportation industries in the United States. JCSC is a processor and distributor of agricultural seeds in the United States. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

During the year ended August 31, 2023, the Company announced that it will end seed cleaning operations at its JCSC subsidiary effective August 31, 2023. JCSC has ended its active operations and has sold most of its remaining equipment in preparation of being wound-up.

Our operations and general workforce can be negatively affected by a number of external factors. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions that may affect economies and financial markets globally. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business, financial condition, or ability to raise funds.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These unaudited consolidated interim financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America ("US GAAP") for interim financial information and the rules and regulations of the Securities and Exchange Commission ("SEC").

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its current wholly owned subsidiaries, JC USA, JCC, JCSC, and Greenwood, all of which are incorporated under the laws of Oregon, U.S.A.

All inter-company balances and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates incorporated into the Company's consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowances for doubtful accounts receivable and inventory obsolescence, possible product liability and possible product returns, and litigation contingencies and claims. Actual results could differ from those estimates.

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At February 29, 2024, cash and cash equivalents were $1,149,316 compared to $83,696 at August 31, 2023.

Accounts receivable

Trade and other accounts receivable are reported at face value less any provisions for uncollectible accounts considered necessary. Accounts receivable primarily includes trade receivables from customers. The Company estimates doubtful accounts on an item-by-item basis and includes over aged accounts as part of allowance for doubtful accounts, which are generally ones that are ninety days or greater overdue.

The Company extends credit to domestic customers and offers discounts for early payment. When extension of credit is not advisable, the Company relies on either prepayment or a letter of credit.

Inventory

Inventory, which consists primarily of finished goods, is recorded at the lower of cost, based on the average cost method, and market. Market is defined as net realizable value. An allowance for potential non-saleable inventory due to excess stock or obsolescence is based upon a review of inventory components.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. The Company provides for depreciation over the estimated life of each asset on a straight-line basis over the following periods:

Office equipment	3-7 years
Warehouse equipment	2-10 years
Buildings	5-30 years

Intangibles

The Company's intangible assets have a finite life and are recorded at cost. Amortization is calculated using the straight-line method over the remaining life of the asset. The intangible assets are reviewed annually for impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Asset retirement obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development, and normal use of the long-lived assets. The Company also records a corresponding asset which is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost). The Company does not have any significant asset retirement obligations.

Impairment of long-lived assets and long-lived assets to be disposed of

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount and the fair value less costs to sell.

Currency and foreign exchange

These financial statements are expressed in U.S. dollars which is also the functional currency of the Company and its subsidiaries as the Company's operations are primarily based in the United States.

The Company does not have non-monetary or monetary assets and liabilities that are in a currency other than the U.S. dollar. Any statement of operations transactions in a foreign currency are translated at rates that approximate those in effect at the time of translation. Gains and losses from translation of foreign currency transactions into U.S. dollars are included in current results of operations.

Earnings (loss) per share

Basic earnings (loss) per common share is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings (loss) per common share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings (loss) per share (cont'd…)

The earnings (loss) for the three and six month periods ended February 29, 2024 and February 28, 2023 are as follows:

	Three Month Periods at the end of February,		Six Month Periods at the end of February,	
	2024	2023	2024	2023
Net (loss) income	$ (534,145)	$ (972,038)	$ 757,395	$ (1,045,798)
Basic weighted average number of common shares outstanding	3,504,348	3,498,899	3,501,623	3,497,543
Effect of dilutive securities Stock options	-	-	-	-
Diluted weighted average number of common shares outstanding	3,504,348	3,498,899	3,501,623	3,497,543

The Company has no items of other comprehensive income or loss in any period presented. Therefore, net income or loss presented in the consolidated statements of operations equals comprehensive income or loss.

Stock-based compensation

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation - Stock Compensation" ("ASC 718"). Equity awards are accounted for at their "fair value" which is measured on the grant date for stock-settled awards. For "full-value" awards, fair value is equal to the underlying value of the stock that have time vesting conditions.

Stock-based compensation to employees are recognized as compensation expense in the financial statements based on their fair values. That expense is recognized over the period during which an employee is required to provide services in exchange for the award. Stock-based compensation expense recognized during the period is based on the value of the portion of share-based payment awards that is ultimately expected to vest during the period, or in the period of grant for awards that vest immediately without any future service condition. For awards that vest over time, previously recognized compensation cost is reversed if the service or performance conditions are not satisfied and the award is forfeited. The Company also grants employees and non-employees restricted stock awards ("RSAs"). The fair value of the RSAs is determined using the fair value of the common shares on the date of the grant. Forfeitures are accounted for as they occur.

The Company has not adopted a stock option plan and has not granted any stock options.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

The Company uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which it is practicable to estimate such values:

Cash and cash equivalents - the carrying amount approximates fair value because the amounts consist of cash held at a bank and cash held in short term investment accounts.

Accounts receivable - the carrying amounts approximate fair value due to the short-term nature and historical collectability.

Bank indebtedness - the carrying amount approximates fair value due to the short-term nature of the obligations.

Accounts payable and accrued liabilities - the carrying amount approximates fair value due to the short-term nature of the obligations.

The estimated fair values of the Company's financial instruments as of February 29, 2024 and August 31, 2023 follows:

	February 29, 2024		August 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 1,149,316	$ 1,149,316	$ 83,696	$ 83,696
Accounts receivable, net of allowance	4,676,317	4,676,317	5,634,924	5,634,924
Accounts payable and accrued liabilities	3,928,880	3,928,880	4,294,388	4,294,388
Bank indebtedness	-	-	1,259,259	1,259,259

The following table presents information about the assets that are measured at fair value on a recurring basis as of February 29, 2024 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	February 29, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 1,149,316	$ 1,149,316	$ —	$ —

The fair values of cash are determined through market, observable and corroborated sources.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carry forwards. Deferred tax expense (benefit) results from the net change during the year of deferred tax assets and liabilities.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Shipping and handling costs

The Company incurs certain expenses related to preparing, packaging and shipping its products to its customers, mainly third-party transportation fees. All costs related to these activities are included as a component of cost of sales in the consolidated statements of operations. All costs billed to the customer are included as sales in the consolidated statements of operations.

Revenue recognition

The Company recognizes revenue from the sales of lumber, building supply products, industrial wood products, specialty metal products, and other specialty products and tools, when the products are shipped, title passes, and the ultimate collection is reasonably assured. Revenue from the Company's seed operations is generated from seed processing, handling and storage services provided to seed growers, and by the sales of seed products. Revenue from the provision of these services and products is recognized when the services have been performed, products sold and collection of the amounts is reasonably assured.

Recent Accounting Pronouncements

The Company has evaluated all recently issued, but not yet effective, accounting pronouncements and determined that it does not believe that any, if currently adopted, would have a material effect on the Company's financial statements.

3. INVENTORY

A summary of inventory is as follows:

	February 29, 2024	August 31, 2023
Pet, fencing, and other products	$ 16,817,367	$ 17,741,254
Industrial wood products	759,430	584,989
Agricultural seed products	-	12,805
	$ 17,576,787	$ 18,339,048

(Expressed in U.S. Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant, and equipment is as follows:

	February 29, 2024	August 31 2023
Office equipment	$ 668,260	$ 668,260
Warehouse equipment	1,382,616	1,556,424
Buildings	6,209,162	6,209,162
Land	559,065	559,065
	8,819,103	8,992,911
Accumulated depreciation	(4,368,315)	(4,337,484)
Net book value	$ 4,450,788	$ 4,655,427

In the event that facts and circumstances indicate that the carrying amount of an asset may not be recoverable and an estimate of future discounted cash flows is less than the carrying amount of the asset, an impairment loss will be recognized. Management's estimates of revenues, operating expenses, and operating capital are subject to certain risks and uncertainties which may affect the recoverability of the Company's investments in its assets. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur which could adversely affect management's estimate of the net cash flow expected to be generated from its operations.

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

	February 29, 2024	August 31, 2023
Intangible assets	131,405	153,195
Accumulated amortization	(18,766)	(18,350)
Net book value	$ 112,639	$ 134,845

6. DEFERRED INCOME TAXES

Deferred income tax asset as of February 29, 2024 of $226,148 (August 31, 2023 - $319,875) reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

7. BANK INDEBTEDNESS

The Company currently has a Bank Line of Credit of $5,000,000 The line contains a number of financial covenants, and the Company is currently in compliance with all covenants. Current indebtedness under the line as of February 29, 2024 was $Nil (August 31, 2023 - $1,259,259). Bank indebtedness, when it exists, is secured by an assignment of accounts receivable and inventory. Calculation of the interest rate is based on the one-month Secured Overnight Financing Rate (SOFR) of the one-month SOFR plus 157 basis points, which as of February 29, 2024 was 6.89% (5.32% + 1.57%).

The Bank Line of Credit was $10,000,000 until February 28, 2024 when the former line was replaced with a new agreement. The new line is $5,000,000 and will expire on June 30, 2024. The new line also contains new financial covenants, including the requirement that the Company enter into a firm lending agreement with a different lender by May 31, 2024. The Company is currently in negotiations with other potential lenders to establish new credit arrangements and anticipates meeting this requirement when due.

8. CAPITAL STOCK

Common Stock

Holders of common stock are entitled to one vote for each share held. There are no restrictions that limit the Company's ability to pay dividends on its common stock. The Company has not declared any dividends since incorporation.

9. RESTRICTED SHARE PLAN

The Company has a Restricted Share Plan (the “Plan”) as approved by shareholders on February 8, 2019. The Plan allows the Company to grant, from time to time, restricted shares as compensation to directors, officers, employees and consultants of the Company. The Restricted Shares are subject to restrictions, including the period under which the shares will be restricted (the “Restricted Period”) and subject to forfeiture which is determined by the Board at the time of the grant. The recipient of Restricted Shares is entitled to all of the rights of a shareholder, including the right to vote such shares and the right to receive any dividends, except that the shares granted under the Plan are nontransferable during the Restricted Period.

The maximum number of Common Shares reserved for issuance under the Plan will not exceed 1% of the then issued and outstanding number of Common Shares at the time of the grant. As of February 29, 2024 the maximum number of shares available to be issued under the Plan was 11,347.

During the second quarter of fiscal 2021 ended February 28, 2021, the Board of Directors set the compensation for members of the Board under the Plan. Non-executive directors will be granted 25 common shares for each quarter of service, with the cumulative amount of shares earned each fiscal year to be granted shortly after the close of that fiscal year. Non-executive Directors also received a one-time initial grant of 225 common shares which were issued in December 2020.

During the six-month period ended February 29, 2024, the Company issued 5,903 common shares (six months ended February 2023 – 3,557 common shares) to officers, directors and employees under the RSA. The value of these shares was $32,064 (2023 - $23,303).

(Expressed in U.S. Dollars)

10. PENSION AND PROFIT-SHARING PLANS

The Company has a deferred compensation 401(k) plan for all employees with at least 6 months of service pending a monthly enrollment time. The plan allows for a non-elective discretionary contribution plus matching employee contributions up to a specific limit. The percentages of contribution remain the discretion of the Board and are reviewed with management annually. For the six-month periods ended February 29, 2024 and February 28, 2023 the 401(k) compensation expense were $238,967 and $276,780, respectively.

11. SEGMENT INFORMATION

The Company has three principal reportable segments. These reportable segments were determined based on the nature of the products offered. Reportable segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company evaluates performance based on several factors, of which the primary financial measure is business segment income before taxes. The following tables show the operations of the Company's reportable segments.

Following is a summary of segmented information for the six-month periods ended February 29, 2024 and February 28, 2023.

		2024		**2023**
Sales to unaffiliated customers:				
Industrial wood products	$	1,958,424	$	939,600
Lawn, garden, pet and other		16,006,937		18,871,381
Seed processing and sales		69,672		909,940
	$	18,035,033	$	20,720,921
Income (loss) before income taxes:				
Industrial wood products	$	41,383	$	(105,466)
Lawn, garden, pet and other		451,102		(1,572,114)
Seed processing and sales		38,392		(11,329)
Corporate and administrative		505,263		270,944
	$	1,036,140	$	(1,417,965)
Identifiable assets:				
Industrial wood products	$	1,122,621	$	827,085
Lawn, garden, pet and other		21,689,541		25,781,691
Seed processing and sales		20,979		856,663
Corporate and administrative		6,155,247		6,508,391
	$	28,988,388	$	33,973,830
Capital expenditures:				
Industrial wood products	$	-	$	-
Lawn, garden, pet and other		-		-
Seed processing and sales		-		-
Corporate and administrative		-		301,681
	$	-	$	301,681

(Expressed in U.S. Dollars)

11. SEGMENT INFORMATION (cont'd…)

		2024		2023
Depreciation and amortization:				
Industrial wood products	$	-	$	-
Lawn, garden, pet and other		34,564		30,281
Seed processing and sales		1,280		3,262
Corporate and administrative		153,099		166,072
	$	188,943	$	199,615

The following table lists sales made by the Company to customers which were in excess of 10% of total sales for the six months ended February 29, 2024 and February 28, 2023:

		2024		2023
Sales	$	11,344,309	$	12,630,634

The Company conducts business primarily in the United States, but also has limited amounts of sales in foreign countries. The following table lists sales by country for the six months ended February 29, 2024 and February 28, 2023:

		2024		2023
United States	$	16,929,157	$	19,929,828
Canada		1,105,876		354,185
Europe		-		40,525
Mexico/Latin America/Caribbean		-		301,615
Asia/Pacific		-		94,768

All of the Company's significant identifiable assets were located in the United States as of February 29, 2024 and February 28, 2023.

12. RISKS

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company places its cash with a high quality financial institution. The Company has concentrations of credit risk with respect to accounts receivable as large amounts of its accounts receivable are concentrated geographically in the United States amongst a small number of customers.

At February 29, 2024, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 69%. At February 28, 2023, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 67%. The Company controls credit risk through credit approvals, credit limits, credit insurance and monitoring procedures. The Company performs credit evaluations of its commercial customers but generally does not require collateral to support accounts receivable.

(Expressed in U.S. Dollars)

12. RISKS (cont'd…)

Volume of business

The Company has concentrations in the volume of purchases it conducts with its suppliers. For the six months ended February 29, 2024, there were three suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $10,143,882. For the six months ended February 28, 2023, there were two suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $9,895,011.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the six months ended February 29, 2024 and February 28, 2023 are summarized as follows:

		2024		2023
Cash paid during the periods for:				
Interest	$	31,183	$	186,906
Income taxes	$	173,717	$	-

There were no non-cash investing or financing activities during the periods presented.

14. CONTINGENCIES

In fiscal 2021, the Company initiated arbitration against a former distributor asserting a breach of the distribution agreement and seeking damages. The liability arbitration hearing was held in December 2022. In February 2023, the arbitrator issued its decision and ruled in favor of the Company on the majority of its claims. In September 2023, the Company settled the arbitration for a cash payment of $2,450,000 which was received by the Company in October 2023.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

These unaudited financial statements are those of the Company and its wholly owned subsidiaries. In the opinion of management, the accompanying consolidated financial statements of Jewett-Cameron Trading Company Ltd., contain all adjustments, consisting only of normal recurring adjustments, necessary to fairly state its financial position as of February 29, 2024 and August 31, 2023 and its results of operations and cash flows for the three and six month periods ended February 29, 2024 and February 28, 2023 in accordance with U.S. GAAP. Operating results for the three and six month periods ended February 29, 2024 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2024. Overall, the operating results of JCC are seasonal with the first two quarters of the fiscal year historically being slower than the final two quarters of the fiscal year.

The Company's operations are classified into three reportable operating segments and the parent corporate and administrative segment, which were determined based on the nature of the products offered along with the markets being served. The segments are as follows:

- Industrial wood products
- Lawn, garden, pet and other
- Seed processing and sales
- Corporate and administration

The industrial wood products segment reflects the business conducted by Greenwood Products, Inc. (Greenwood). Greenwood is a processor and distributor of industrial wood products. A major product category is treated plywood that is sold primarily to the transportation industry, including the municipal and mass transit transportation sectors.

The lawn, garden, pet and other segment reflects the business of Jewett-Cameron Company (JCC), which is a wholesaler of wood products and a manufacturer and distributor of specialty metal products. JCC operates out of a 5.6 acre owned facility located in North Plains, Oregon that includes offices, a warehouse, and a paved yard. This business is a wholesaler, and a manufacturer and distributor of products that include an array of pet enclosures, kennels, and pet welfare and comfort products, proprietary gate support systems, perimeter fencing, greenhouses, and fencing in-fill products made of wood, metal and composites. Examples of the Company's brands include Lucky Dog®, for pet products; Adjust-A-Gate®, Fit-Right®, Perimeter Patrol®, and Lifetime Post® for gates and fencing; Early Start, Spring Gardner™, Greenline®, and Weatherguard for greenhouses, and MyEcoWorld® for sustainable bag products. JCC uses contract manufacturers to manufacture these products. Some of the products that JCC distributes flow through the Company's facility in North Plains, Oregon, and some are shipped direct to the customer from the manufacturer. Primary customers are home centers, eCommerce partners, on-line direct consumers as well as other retailers.

The seed processing and sales segment reflects the business of Jewett-Cameron Seed Company (JCSC). JCSC processes and distributes agricultural seed. Most of this segment's sales come from selling seed to distributors with a lesser amount of sales derived from cleaning seed. JCSC ended all operations effective December 31, 2023 in preparation of being wound-up.

JC USA Inc. ("JC USA") is the parent company for the wholly-owned subsidiaries as described above. JC USA provides professional and administrative services, including warehousing, accounting and credit services, to its subsidiary companies.

Tariffs

The Company's metal products are manufactured in China and are imported into the United States. The Office of the United States Trade Representative ("USTR") instituted new tariffs on the importation of a number of products into the United States from China effective September 24, 2018. These new tariffs are a response to what the USTR considers to be certain unfair trade practices by China. The tariffs began at 10%, and subsequently were increased to 25% as of May 10, 2019. A number of the Company's products manufactured in China have been subject to duties of 25% when imported into the United States.

These new tariffs were temporarily reduced on many of the Company's imported products in September 2019 under a deemed one-year exemption. The 25% tariff rate was restored on the Company's products in September 2020 when the exemption expired.

Results of Operations

During the second quarter, the Company continued its efforts to improve our operations while focusing on our core product lines. Those core product lines are fencing, Lucky Dog® brand pet containment products, and our newest segment, sustainable bags under the MyEcoWorld® brand.

We continue to endure the negative national economic pressures caused by changes in consumer spending and inflationary pressures. However, our results for the second quarter of fiscal 2024 demonstrate our progress in sharpening our focus on our core strengths. Although our revenues were only slightly higher for the current quarter than in the second quarter of fiscal 2023, the closure of our seed division meant there were minimal revenues from JCSC in the current period. Excluding revenue from JCSC, sales for the current quarter increased by 8% over the comparable quarter of fiscal 2023. Our gross margins also improved, and our operating expenses declined.

The sell through of our older higher cost inventory has contributed to the improvement in our margins. This inventory was acquired during the pandemic when costs, particularly raw materials and shipping, were substantially higher than prevailing today. Inflation has also negatively affected our results, as the high rates of inflation that have prevailed since 2021 have resulted in our costs rising faster than our selling prices. Any price increases we enact must be made gradually as they take time to be accepted by our customers. Inflation rates have recently stabilized which is allowing us to better match our selling prices with our current costs.

We have pulled back from our selling efforts in higher cost overseas markets and instead are focusing on adding new customers in North America. We acquired a significant number of new customers in the first six months of fiscal 2024 as we work to broaden and diversify our sales mix. In Canada, our sales for the current six months increased by 200% over the comparable period last year as we have added several important new customers there.

Our inventory as of February 29, 2024 was approximately $17.58 million. With the exception of our slower moving pet products, we remain near our desired inventory levels for our core products as we enter into our historically busier Spring and Summer. This season is the second under our new lumber supply agreement with a major customer which requires us to maintain a higher level of lumber inventory than we did in prior years. This agreement is performing well, as it is providing us with more consistent and predictable sales and has increased the availability of our products in those stores. The market for our other fencing products is encouraging. One of our fence products launched in the last several years had a slow start but demand is now growing rapidly. We continue to innovate and are excited to introduce our newest fence product later this year to further expand our presence in the fence and gate category.

Sales of our pet containment products continue to lag as the entire pet industry remains in a post-pandemic downturn Consumers are spending significantly less on pet products as many workers have returned to the office. Inflation and the reduction of discretionary spending by American consumers are negatively affecting demand. Many retailers continue to have high levels of inventory on hand which is limiting their new orders of pet products. Although we are seeing positive signs that these conditions are beginning to improve, we expect these conditions to broadly persist in fiscal 2024, as retailers work through their existing inventory positions and adjust to the changes in consumer purchasing habits. We are committed to maintaining our list prices on our primary pet products as there is no urgency to move this inventory since it will not degrade or spoil over time. For our slower moving pet products, we continue to explore opportunities to accelerate sales in those items.

At Greenwood, sales have grown by 108% in current six months of fiscal 2024 compared to the comparable period for fiscal 2023. Results have benefited from higher demand from Greenwood’s primary customers in the government and transit sector where ridership is rebounding from the lows experienced during the COVID-19 pandemic as more workers return to the office. We continue to seek to add additional traders to expand our marketing and sales capabilities. This will enhance our efforts in our current markets and will also help develop our potential entry into new and larger markets, such as in construction.

Sales of our sustainable bag products under our MyEcoWorld® brand are growing since its initial soft launch in the 4th quarter of fiscal 2023. The products fully launched through some of our distribution channels in January 2024, but are currently a relatively small portion of our sales mix. We expect it will take time for sales of these new and innovative premium products to gain traction with retailers and consumers. This represents an important new opportunity for the Company, as these trash bags, bin liners and pet waste bags are consumables that customers use regularly and offer recurring, non-seasonal sales that can provide the Company with revenue during our historically lower revenue quarters. Although we are marketing these products to some of our existing home improvement and pet customers, many of the primary retailers for these products are not current customers. We are actively working to connect with these new outlets and present them with these innovative products. The recurring nature of consumer purchases of these products also provides us with the opportunity to initiate a direct to consumer subscription service to secure ongoing repeat sales.

The final closure of Jewett-Cameron Seed operations occurred on schedule and seed storage ended as of December 31, 2023 after seed cleaning operations ended as of August 31, 2023. All of the seed inventory has been sold, and the majority of the segment's equipment has also been sold, with the remainder expected to be disposed of shortly. Some of the JCSC staff were moved to other roles within the Company, and transition services were offered for the remainder who were terminated effective August 31, 2023. The decision by the Board of Directors to close JCSC was a difficult one, but JCSC had not reported a full-year profit since fiscal 2020, and its business model was no longer sustainable due to fewer seed growers in the area, less demand for its seed marketing and sales services, and much higher operating costs. The closure reduces our costs and operational risk and reinforces our focus on our core product lines.

JCSC owns 11.7 acres of land and 105,000 square feet of buildings in Hillsboro, Oregon. The land is very well located at a major interchange immediately adjacent to busy US Highway 26, which is a primary route linking Metro Portland to its Northwest suburbs and then to the Coast beaches. Its close proximity to Portland has meant that since 1990, Hillsboro has been one of the fastest growing cities in Oregon. Much of its original farmland has already been converted into residential areas and new business and industrial developments, including high-technology campuses. JCSCs land, which lies north of downtown Hillsboro within the traditional farming area, is currently zoned for Industrial Agricultural related operations. The property is situated outside the current regional Urban Growth Boundary (UGB) which legally defines the possible uses of land in the Greater Portland region. However, there have been ongoing governmental discussions about the possibility of extending the UGB further to the west. These potential boundary changes, if they were to occur, could encompass JCSC's land and allow for a rezoning to residential, commercial or broader industrial use which would likely increase its value. We have not yet made any decision regarding the future use of our property. The Company and Board are studying various options to determine its best use in consideration of the local and regional Governments' intentions to balance potential growth opportunities and the interests of the existing local population within the UGB framework.

We successfully settled the arbitration we filed against one of our former distributors in 2021 for breach of a distribution agreement during the first quarter of fiscal 2024. We received a one-time cash payment of $2,450,000 in October under the settlement agreement. This payment covered our substantial legal fees and some of our losses due to the breach. We are pleased to have settled the case and that we will no longer have to expend time and money pursuing this case. Our costs to pursue this action have been sizeable and reduced our income from operations accordingly. Even though the costs in this case were material, we believe it is critical to defend our valuable intellectual property and will take action against any future infringements of our patents, trademarks and contractual agreements.

Currently, we have no borrowing against our bank line of credit but we anticipate drawing against the line in the 3rd quarter to fund inventory purchases for our busy Spring and Summer seasons. The line was recently renegotiated with the bank. At our request, the maximum draw was reduced from $10 million to $5 million as our current financial forecasts do not anticipate the need for us to borrow above that level. Our bank has decided that we do not currently meet their criteria for a bank line of credit, but it does not affect our treasury banking relationship with them. The revised line will terminate as of June 30, 2024, and contains new covenants, including a requirement that the Company will have a new lending agreement in place with a different lender as of May 31, 2024. We are currently in negotiations with other lenders, including asset based lenders, on establishing a new line of credit of $5 million or less. Although a new line may provide us with greater financial flexibility and the opportunity to better fit our credit arrangement to our current financial needs, it will likely include a higher interest rate than we were paying for borrowing under our previous line commensurate with the lower borrowing limit. We anticipate having one or more new funding and banking arrangements in place by the required date.

We will continue to focus on our core product lines, including efforts to increase our sales to our primary customers and expanding our channels through the addition of new customers and complementary new products. We are also aggressively evaluating cost reductions without compromising our operational strengths and ability to connect and serve our customers. We continue to pursue favorable terms with our supply partners to keep order to receipt times reduced and optimize our capital outlays. Our search for new suppliers that will allow us to diversify our manufacturing base has yielded multiple potential partners. Many of these new sources are located outside of China which will also potentially reduce our costs by bypassing the country-specific China tariffs while maintaining our high product quality.

Three Months Ended February 29, 2024 and February 28, 2023

For the three months ended February 29, 2024, sales were $8,229,192 compared to sales of $8,143,421 for the three months ended February 28, 2023, which was an increase of $85,771, or 1%. Although there was an additional day in the current period due to the leap year, the current quarter did not include a full period of sales from JCSC, which was closed as of December 31, 2023. JCSC recorded sales of $21,153 in the current quarter compared to sales of $558,923 in the second quarter ended February 28, 2023. Excluding revenue from JCSC, sales for the current quarter increased by $623,541, or 8%, over the comparable quarter.

Sales at JCC were $7,383,965 for the three months ended February 29, 2024 compared to sales of $7,252,299 for the three months ended February 28, 2023. This represents an increase of $131,666, or 2%. Sales of our pet lines remain weak which reflects the current trend in the entire pet product industry. Operating loss for the current quarter was ($934,557) compared to an operating loss of ($1,415,462) for the quarter ended February 28, 2023. The operating results of JCC are historically seasonal with the first two quarters of the fiscal year being slower than the final two quarters of the fiscal year.

Sales at Greenwood rose to $824,073 from sales of $332,691 for the three months ended February 28, 2023, which is an increase of $491,382, or 148%. Demand for Greenwood's products from transit operators has improved as their ridership levels have begun to rebound from the pandemic lows. For the three months ended February 29, 2024, Greenwood had an operating loss of ($20,234) compared to an operating loss of ($61,221) for the three months ended February 28, 2023.

All of JCSC's operations have now ended as scheduled, with the seed storage operations closing on December 31st. The remainder of the seed inventory was sold during the current quarter. Revenues were $21,153 for the three months ended February 29, 2024 compared to sales of $558,923 for the three months ended February 28, 2023.

JC USA is a holding company for the wholly-owned operating subsidiaries, and thus the overall results of JC USA are eliminated on consolidation. For the quarter ended February 29, 2024, JC USA had an operating profit of $242,046 compared to a profit of $135,578 for the quarter ended February 28, 2023. The results of JC USA are eliminated on consolidation.

Gross margin for the three months ended February 29, 2024 was 25.1% compared to 23.6% for the three months ended February 28, 2023. The improvement was due to an improved sales mix of higher margin products and stabilizing costs, including raw material and shipping costs, in the current quarter.

Operating expenses decreased by $339,424 to $2,791,203 compared to expenses of $3,130,627 for the three months ended February 28, 2023. The decline was due to the closure of JCSC and the related reduction of personnel, and lower spending on Professional Fees, including attorney's fees, related to the Company's now settled arbitration action against a former distributor. Selling, General and Administrative Expenses fell to $967,426 from $1,096,090 and Wages and Employee Benefits declined to $1,732,738 from $1,946,458. Depreciation and Amortization increased to $91,039 from $88,079. Interest income was $19,819 compared to interest expense of ($114,530) in the quarter ended February 28, 2023 which was primarily interest paid on amounts drawn from the Bank Line of Credit. Other items in the current quarter included a loss on the sale of assets of ($568).

Income tax recovery for the three-month period ended February 29, 2024 was $173,291 compared to a recovery of $352,577 in the three months ended February 28, 2023. The Company estimates income tax expense for the quarter based on combined federal and state rates that are currently in effect.

Net loss for the quarter ended February 29, 2024 was ($534,145), or ($0.15) per basic and diluted share, compared to a net loss of ($972,038), or ($0.28) per basic and diluted share, for the quarter ended February 28, 2023.

Six Months Ended February 29, 2024 and February 28, 2023

For the six months ended February 29, 2024 sales decreased by $2,685,888, or 13%, to $18,035,033 from sales of $20,720,921 recorded in the six month period ended February 28, 2023.

Sales at JCC were $16,006,938 for the six months ended February 29, 2024 compared to sales of $18,871,381 for the six months ended February 28, 2023, which was a decrease of $2,864,443, or 15%. American consumers continue to be cautious with their discretionary spending, including in the pet and home improvement sectors. Sales comparisons between the current six month period and the year-ago period were affected by a one-time order for kennels in last year's six month period. Operating loss at JCC for the six months ended February 29, 2024 was ($1,998,898) compared to an operating loss of ($1,572,114) for the six months ended February 28, 2023. Overall, the operating results of JCC are seasonal with the first two quarters of the fiscal year being slower than the final two quarters of the fiscal year.

Sales at Greenwood were $1,958,424 for the six months ended February 29, 2024 compared to sales of $939,600 for the six months ended February 28, 2023, which is an increase of $1,018,824, or 108%. Sales to municipalities and transit operators, which are Greenwood's largest customers, have begun to improve post-pandemic as more users have returned to offices and increased demand for transit services. The Company is continuing to seek to hire additional brokers as management believes the segment can grow by opening new sales channels and broadening its customer base. For the six months ended February 29, 2024, Greenwood had operating income of $41,383 compared to an operating loss of ($105,466) for the six months ended February 28, 2023.

JCSC operations were permanently closed during the current six month period. The remaining seed inventory was sold, and seed storage operations ended as scheduled on December 31, 2023. Sales at JCSC for the six months ended February 29, 2024 were $69,672 compared to sales of $909,940 for the six months ended February 28, 2023. For the six months ended February 29, 2024, JCSC had an operating profit of $38,392 compared to an operating loss of ($11,329) for the six months ended February 28, 2023.

JC USA, the holding company that provides professional and administrative services for the wholly-owned operating subsidiaries had operating income of $505,263 for the six months ended February 29, 2024 compared to operating income of $270,944 for the six months ended February 28, 2023. The results of JC USA are eliminated on consolidation.

Gross margin for the six-month period ended February 29, 2024 was 22.3% compared to 23.1% for the six months ended February 28, 2023. Margins were constrained during the current six month period as we continued to work off higher-cost inventory acquired during the period of high shipping and raw-material costs experienced during and immediately after the COVID-19 pandemic. During the current six month period we also sold some older, slower moving lumber inventory at reduced margins.

Operating expenses for the six months ended February 29, 2024 declined to $5,536,508 from $5,997,125. Selling, General and Administrative Expenses were flat at $1,915,907 compared to $1,922,897. Wages and Employee Benefits fell to $3,431,658 from $3,874,613 due to a lower employee headcount after the end of operations at JCSC. Depreciation and Amortization decreased to $188,943 from $199,615 for the six months ended February 28, 2023.

In September 2023, the Company settled its arbitration case against one of its former distributors for a cash payment of $2,450,000. We accounted for the one-time gain as other income. Other items include a gain on sale of assets of $89,087 which largely is due to the sale of JCSC equipment, and net interest income of $12,964. For the six months ended February 28, 2023, interest expense totaled ($201,082) which was related to amounts borrowed against our bank line of credit.

Income tax expense for the six months ended February 29, 2024 was ($278,745) compared to income tax recovery for the six months ended February 28, 2023 of $372,167. The Company estimates income tax expense for the period based on combined federal and state rates that are currently in effect.

Net income for the six months ended February 29, 2024 was $757,395, or $0.22 per share, compared to a net loss of ($1,045,798), or ($0.30) per basic and diluted share, for the six months ended February 28, 2023.

LIQUIDITY AND CAPITAL RESOURCES

As of February 29, 2024, the Company had working capital of $20,097,211 compared to working capital of $18,987,180 as of August 31, 2023, an increase of $1,110,031. Cash and cash equivalents totaled $1,149,316, an increase of $1,065,620 from cash of $83,696. The increase was due to the receipt of the arbitration settlement, as well as the timing of collection of accounts receivable, which fell to $4,676,317 from $5,634,924. Inventory decreased by $762,261 to $17,576,787 from $18,339,048. Prepaid expenses, which are largely related to down payments for future inventory purchases, rose to $796,393 from $630,788.

Current liabilities fell to $4,101,602 from $5,701,276. The largest component of the decline was bank indebtedness, which was $Nil as of February 29, 2024 compared to $1,259,259 as of August 31, 2023 as the Company fully repaid its borrowing under the bank line of credit during the current period. Accounts payable rose to $2,190,006 from $2,181,194, and accrued liabilities declined to $1,738,874 from $2,113,194. Income taxes payable rose to $172,722 from $147,629.

As of February 29, 2024, accounts receivable and inventory represented 92% of current assets and 77% of total assets compared to 97% of current assets and 80% of total assets as of February 28, 2023. For the three months ended February 29, 2024, the accounts receivable collection period, or DSO, was 52 compared to 47 for the three months ended February 28, 2023. For the six-month period ended February 29, 2024, the DSO was 47 compared to 37 for the six months ended February 28, 2023. Inventory turnover for the three months ended February 29, 2024 was 258 days compared to 326 days for the three months ended February 28, 2023. For the six months ended February 29, 2024, inventory turnover was 232 days compared to 248 days for the six months ended February 28, 2023.

During the six months ended February 29, 2024, the Company issued 5,903 common shares to officers, directors and employees under the Company's Restricted Share Plan. The value of these shares was $32,064.

External sources of liquidity include a line of credit from U.S. Bank. The line was $10,000,000 until February 28, 2024. On February 29, 2024, the line was renewed at the reduced amount of $5,000,000 at the Company's request. This new line will expire on June 30, 2024. As a covenant of the new line, U.S. Bank is also requiring the Company to obtain a new lender and have a firm credit agreement in place by May 31, 2024. We are currently in discussions with various other lenders as we research and seek financial partners that align with our anticipated business needs that provide us the flexibility to best manage our business. Management anticipates having new credit agreements in place by the required May 31st date.

During the first quarter of fiscal 2024, the Company fully repaid the balance borrowed against the line and had the full amount of $5,000,000 available as of February 29, 2024. Borrowing under the line of credit is secured by an assignment of accounts receivable and inventory. Interest is calculated based on the one-month Secured Overnight Financing Rate (SOFR) plus 157 basis points, which as of February 29, 2024 was 6.89% (5.33% + 1.57%).

Current Working Capital Requirements

Based on the Company's current working capital position, combined with the expected timing of accounts receivable and the expectation that a new credit agreement will be established prior to the expiration of the current bank line of credit, the Company is expected to have sufficient liquidity available to meet the Company's working capital requirements for the remainder of fiscal 2024.

OTHER MATTERS

Inflation

Beginning in fiscal 2021 and continuing into fiscal 2024, the rising and persistently high inflation rate in both the United States and worldwide has led to a substantial increase in many of the Company's costs. These include raw materials, energy, manufacturing and transportation/logistical product costs, and many general and administrative costs, including labor.

These higher costs have negatively affected the Company's gross margins. Typically, the Company passes cost increases on to the customer, and is currently raising its product prices as much as the market will bear. Retailers are currently more receptive to such increases than in the past due to a mutual understanding of the current inflationary environment and the objective reasons for such. Since the ability of the Company to pass through all of the current increase in its product costs to its customers are somewhat limited and occur after such costs are first incurred, management expects that its gross margins will remain under pressure in fiscal 2024.

The increases in interest rates as a result of the higher level of inflation in the US economy has also had a negative effect on the Company's interest expense paid for its borrowing under its line of credit. The interest rate under the line has risen in conjunction with the increase in the prevailing interest rates, and is 6.89% as of February 29, 2024. The Company repaid the remaining amount borrowed under the line in October 2023, and currently has no borrowing against the line.

Environmental, Social and Corporate Governance (ESG)

Jewett-Cameron endeavors to be a good steward and provide sustainable products with a positive impact. We strive to operate and grow in a way that honors our environment and relationships for the long term. This also aligns with one of our three value pillars: stewardship.

Environmental

For our products, the goal is that 90% of materials can be recycled. Our suppliers are audited to strict commercial and fair practice standards, including our own supplier qualifications regarding facilities, capacity, labor practices, and environmental awareness. Packaging is designed to maximize recyclability and re-use and minimize non-recycled materials, and all waste materials in our own facilities are segregated to maximize recycling. Our facilities have replaced high energy consumption infrastructure with energy efficient HVAC and lighting during our most recent remodel.

Active products and designs utilize either recycled or non-petroleum-based plastics to enhance recycling and composting. This includes the recently introduced compostable dog waste bag, a plant-based product, that is less reliant on fossil fuels used in traditional plastic bags. We also dedicate a percentage of sales to support environmental cleanup efforts.

Social

Our social responsibilities include cultural standards of operations and values which we establish in conjunction with our employees. We regularly provide employees with a corporate engagement survey to benchmark their engagement, satisfaction, and ideas for change. We support educational programs that build the future workforce through active participation in regional and statewide organizations, including the CTE/STEM Employer Coalition and assisting teachers to connect traditional school subjects to practical job site applications. The Company also actively participates in the local community, supported by a Corporate Charitable Giving Charter.

Governance

As a public company, our processes are outlined and governed by multiple regulations, including Sarbanes-Oxley. Our financial controls are mapped, executed, self-audited as well as regularly audited by outside experts as part of our annual process. We have established risk mitigations that allows for condensed reviews of risks and impacts with our systems in place. An IT Governance Committee aligns execution and security both for ourselves and also for parties with whom we communicate and do business.

Uyghur Forced Labor Prevention Act

The Uyghur Forced Labor Prevention Act ("UFLPA") is a US Federal Law signed by President Biden in December 2021 which became effective on June 21, 2022. As enforced by U.S. Customs and Border Protection, the UFLPA prohibits any products that are made, mined, or manufactured, in part or in full, in China's Xinjiang Uyghur Autonomous Region to be imported into the United States, as they are presumed to have been made with forced labor. Any imports of such goods will be detained and seized by U.S. Customs unless the importer is able to prove that these goods have not been made with forced labor. The Company has ensured that each of its suppliers is in full compliance with the law and none of its products fall under the prohibited goods clause.

Business Risks

This quarterly report includes "forward–looking statements" as that term is defined in Section 21E of the Securities Exchange Act of 1934. Forward-looking statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "could," "should," "seeks," "approximately," "intends," "plans," "estimates," "anticipates," or "hopeful," or the negative of those terms or other comparable terminology, or by discussions of strategy, plans or intentions. For example, this section contains numerous forward-looking statements. All forward-looking statements in this report are made based on management's current expectations and estimates, which involve risks and uncertainties, including those described in the following paragraphs.

<u>Risks Related to Our Common Stock</u>

We may decide to acquire assets or enter into business combinations, which could be paid for, either wholly or partially with our common stock and if we decide to do this our current shareholders would experience dilution in their percentage of ownership.

Our Articles of Incorporation give our Board of Directors the right to enter into any contract without the approval of our shareholders. Therefore, our management could decide to make an investment (buy shares, loan money, etc.) without shareholder approval. If we acquire an asset or enter into a business combination, this could include exchanging a large amount of our common stock, which could dilute the ownership interest of present stockholders.

Future stock distributions could be structured in such a way as to be 1) diluting to our current shareholders or 2) could cause a change in control to new investors.

If we raise additional funds by selling more of our stock, the new stock may have rights, preferences or privileges senior to those of the rights of our existing stock. If common stock is issued in return for additional funds, the price per share could be lower than that paid by our current stockholders. The result of this would be a lessening of each present stockholder's relative percentage interest in our company.

The Company's common shares currently trade within the NASDAQ Capital Market in the United States. The average daily trading volume of our common stock was approximately 5,000 shares on NASDAQ for the fiscal year ended August 31, 2023, and 4,550 for the six months ended February 29, 2024. With this limited trading volume, investors could find it difficult to purchase or sell our common stock.

<u>Risks Related to Our Business</u>

We could experience a decrease in the demand for our products resulting in lower sales volumes.

In the past we have at times experienced decreasing products sales with certain customers. The reasons for this can be generally attributed to: increased competition; general economic conditions; demand for products; and consumer interest rates. If economic conditions deteriorate or if consumer preferences change, we could experience a significant decrease in profitability.

If our top customers were lost, we could experience lower sales volumes.

For the six months ended February 29, 2024 our top ten customers represented 93% of our total sales, and our single largest customer was responsible for 35% of our total sales. We would experience a significant decrease in sales and profitability and would have to cut back our operations, if these customers were lost and could not be replaced. Our top ten customers are located in North America and are primarily in the retail home improvement and pet industries.

We could experience delays in the delivery of our products to our customers causing us to lose business.

We purchase our products from other vendors and a delay in shipment from these vendors to us could cause significant delays in our delivery to our customers. This could result in a decrease in sales orders to us and we would experience a loss in profitability.

We could lose our credit agreement and could result in our not being able to pay our creditors.

We have a line of credit with U.S. Bank in the amount of $5 million, of which the entire amount is available. The current line will expire on June 30, 2024. We are currently in discussions with other lenders regarding the establishment of new credit facilities, but there is no guarantee that a new line will be in place by July 1st. If we lost access to credit it could negatively affect our ability to acquire inventory to fulfil our customers' orders and pay our obligations on a timely basis.

Governmental actions, such as tariffs, and/or foreign policy actions could adversely and unexpectedly impact our business.

Since the bulk of our products are supplied from other countries, political actions by either our trading country or our own domestic policy could impact both availability and cost of our products. Currently, we see this in regard to tariffs being levied on foreign sourced products entering into the United States, including from China. The continuing tariffs by the United States on certain Chinese goods include some of our products that we purchase from suppliers in China. The company has multiple options to assist in mitigating the cost impacts of these government actions. However, we cannot control the duration or depth of such actions which may increase our product costs which would in turn reduce our margins and potentially decrease the competitiveness of our products. These actions could have a negative effect on our business, results of operations, or financial condition.

Our information technology systems are susceptible to certain risks, including cyber security breaches, which could adversely impact our operations and financial condition.

Our operations involve information technology systems that process, transmit and store information about our suppliers, customers, employees, and financial information. These systems face threats including telecommunication failures, natural disasters, and cyber security threats, including computer viruses, unauthorized access to our systems, and other security issues. While we have taken aggressive steps to implement security measures to protect our systems and initiated an ongoing training program to address many of the primary causes of cyber threat with all our employees, such threats change and morph almost daily. There is no guarantee our actions will secure our information systems against all threats and vulnerabilities. The compromise or failure of our information systems could have a negative effect on our business, results of operations, or financial condition.

If we fail to maintain an effective system of internal controls, we may not be able to detect fraud or report our financial results accurately, which could harm our business and we could be subject to regulatory scrutiny.

We have completed a management assessment of internal controls as prescribed by Section 404 of the Sarbanes-Oxley Act, which we were required to do in connection with our year ended August 31, 2023. Based on this process we did not identify any material weaknesses. Although we believe our internal controls are operating effectively, we cannot guarantee that in the future we will not identify any material weaknesses in connection with this ongoing process.

A contagious disease outbreak, such as the recent COVID-19 pandemic emergency, could have an adverse effect on our operations and financial condition

Our business could be negatively affected by an outbreak of an infectious disease due to the consequences of the actions taken by companies and governments to contain and control the virus. These consequences include:

- The inability of our third-party manufacturers in China and elsewhere to manufacture or deliver products to us in a timely manner, if it all.
- Isolation requirements may prevent our employees from being able to report to work or being required to work from home or other off-site location which may prevent us from accomplishing certain functions, including receiving products from our suppliers and fulfilling orders for our customers, which may result in an inability to meet our obligations.
- Our new products may be delayed or require unexpected changes to be made to our new or existing products.
- The effect of the outbreak on the economy may be severe, including an economic downturn and decrease in employment levels which could result in a decrease in consumer demand for our products.

The financial impact of such an outbreak are outside our control and are not reasonable to estimate but may be significant. The costs associated with any outbreak may have an adverse impact on our operations and financial condition and not be fully recoverable or adequately covered by insurance.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company does not have any derivative financial instruments as of February 29, 2024. However, the Company is exposed to interest rate risk.

The Company's interest income and expense are most sensitive to changes in the general level of U.S. interest rates. In this regard, changes in U.S. interest rates affect the interest earned on the Company's cash.

The Company has a line of credit whose interest rate may fluctuate over time based on economic changes in the environment. The Company is subject to interest rate risk and could be subject to increased interest payments if market interest rates fluctuate. The interest rate on amounts borrowed on its Bank Line of Credit, when any exists, has increased from 1.83% as of November 30, 2021 to 6.89% as of February 29, 2024.

Foreign Currency Risk

The Company operates primarily in the United States. However, a relatively small amount of business is currently conducted in currencies other than U.S. dollars, and the Company may experience an increase in foreign exchange risk as they expand their international sales. Also, to the extent that the Company uses contract manufacturers in China, currency exchange rates can influence the Company's purchasing costs.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, including the Company's Principal Executive Officer and Principal Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, our Principal Executive and Principal Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to our management, including our Chief Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

In fiscal 2021, the Company initiated arbitration against a former distributor asserting a breach of the distribution agreement and seeking damages. The liability arbitration hearing was held in December 2022. In February 2023, the arbitrator issued its decision and ruled in favor of the Company on the majority of all of its claims. A damages hearing was held in August 2023. In September 2023, the Company settled its arbitration for a cash payment of $2,450,000 which was received in October 2023.

The Company does not know of any other material, active or pending legal proceedings against them; nor is the Company involved as a plaintiff in any other material proceeding or pending litigation. The Company knows of no other active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

---No Disclosure Required---

Item 3. Defaults Upon Senior Securities

---No Disclosure Required---

Item 4. Mine Safety Disclosures

---No Disclosure Required---

Item 5. Other Information

During the quarter ended February 29, 2024, no director or officer of the Company adopted or terminated a contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or a non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation of Jewett-Cameron Lumber Corporation -= Filed as an exhibit to the 10-Q Quarterly Report filed on January 13, 2014 =-
3.2	Articles of Incorporation of Jewett-Cameron Company. -= Filed as an exhibit to the 10-Q Quarterly Report filed on January 13, 2014 =-
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act, Chad Summers
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act, Mitch Van Domelen
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act), Chad Summers
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C., 1350 (Section 906 of the Sarbanes-Oxley Act), Mitch Van Domelen

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Jewett-Cameron Trading Company Ltd.
(Registrant)

Date: April 15, 2024	*/s/ "Chad Summers"* Chad Summers, President and Chief Executive Officer
Date: April 15, 2024	*/s/ "Mitch Van Domelen"* Mitch Van Domelen, Corporate Secretary and Chief Financial Officer

CERTIFICATIONS

I, Chad Summers, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jewett-Cameron Trading Company Ltd;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2024

By: */s/ "Chad Summers"*
Chad Summers
Chief Executive Officer

CERTIFICATIONS

I, Mitch Van Domelen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Jewett-Cameron Trading Company Ltd;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2024

By: */s/ "Mitch Van Domelen"*
Mitch Van Domelen,
Chief Financial Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Jewett-Cameron Trading Company Ltd. (the "Company") on Form 10-Q for the period ended February 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, to such officer's knowledge, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2024

Signed: */s/ "Chad Summers"*
Chad Summers,
Chief Executive Officer

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Jewett-Cameron Trading Company Ltd. (the "Company") on Form 10-Q for the period ended February 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, to such officer's knowledge, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2024

Signed: */s/ "Mitch Van Domelen"*
Mitch Van Domelen,
Chief Financial Officer