

Jewett-Cameron Announces 3rd Quarter Financial Results

North Plains, Oregon, July 13, 2023 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the third quarter and nine-month periods of fiscal 2023 ended May 31, 2023.

Sales for the third quarter of fiscal 2023 totaled approximately \$18.9 million compared to sales of \$20.9 million for the third quarter of fiscal 2022. Income from operations was \$1,251,019 compared to \$2,019,644 for the third quarter ended May 31, 2022. Net income after other items and income taxes for the current quarter was \$734,951, or \$0.21 per share, compared to net income of \$1,494,111, or \$0.43 per share, in the same quarter of 2022.

For the nine months ended May 31, 2023, Jewett-Cameron reported sales of approximately \$39.67 million compared to sales of \$47.90 million for the nine months ended May 31, 2022. Net loss was (\$310,847), or (\$0.09) per share, compared to net income of \$1,372,789, or \$0.39 per share, for the first nine months of fiscal 2022.

“The winter weather which covered much of the US into April had a negative effect on our 3rd quarter sales, as many of our customers delayed, and then reduced, purchases of our outdoor products” said CEO Chad Summers. “We soft-launched our new MyEcoWorld® sustainable bag products in the 3rd quarter, with full launch to occur in the 4th quarter. This new line is less seasonal than our other products and has the potential to grow into a significant segment of our business as consumers seek alternatives to traditional hydrocarbon derived plastics.”

During the 3rd quarter, the Company announced it has decided to close its Jewett-Cameron Seed segment effective August 31, 2023. The wind-down of operations has been proceeding smoothly, and full closure of the facility is expected to be completed by the end of calendar 2023.

As of May 31, 2023, the Company’s cash position was approximately \$2.7 million, and there was \$8.0 million borrowed against its \$12.0 million line of credit, which was temporarily increased by \$2.0 million during the 3rd quarter. Subsequent to the end of the period, the Company repaid an additional \$1.0 million.

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®, for pet products; Adjust-A-Gate™, Fit-Right®, Perimeter Patrol®, Infinity Euro Fence, and Lifetime Post™ for gates and fencing; and Early Start, Spring Gardner™, Greenline®, 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.
CONSOLIDATED BALANCE SHEETS
(Expressed in U.S. Dollars)
(Prepared by Management)
(Unaudited)

	May 31, 2023	August 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,716,051	\$ 484,463
Accounts receivable, net of allowance of \$0 (August 31, 2022 - \$0)	7,530,135	7,191,646
Inventory, net of allowance of \$449,707 (August 31, 2022 - \$800,000)	20,529,230	20,632,313
Prepaid expenses	870,148	1,112,575
Prepaid income taxes	-	208,963
Total current assets	31,645,564	29,629,960
Property, plant and equipment, net	4,745,987	4,828,420
Intangible assets, net	134,399	33,358
Deferred tax assets	391,564	24,998
Total assets	\$ 36,917,514	\$ 34,516,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 2,631,045	\$ 1,566,047
Bank indebtedness	8,000,000	7,000,000
Accrued liabilities	2,332,148	1,856,039
Income taxes payable	147,215	-
Total liabilities	13,110,408	10,422,086
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, no par value		
10,000,000 preferred shares, no par value		
Issued		
3,498,899 common shares (August 31, 2022 -3,495,342)	825,468	824,629
Additional paid-in capital	765,055	742,591
Retained earnings	22,216,583	22,527,430
Total stockholders' equity	23,807,106	24,094,650
Total liabilities and stockholders' equity	\$ 36,917,514	\$ 34,516,736

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

	Three Month Period Ended May 31,		Nine Month Period Ended May 31,	
	2023	2022	2023	2022
SALES	\$ 18,945,738	\$ 20,922,190	\$ 39,666,658	\$ 47,900,665
COST OF SALES	14,532,366	15,569,380	30,473,044	36,658,766
GROSS PROFIT	4,413,372	5,352,810	9,193,614	11,241,899
OPERATING EXPENSES				
Selling, general and administrative expenses	961,566	1,125,692	2,884,463	2,798,094
Depreciation and amortization	99,962	83,291	299,577	237,001
Wages and employee benefits	2,100,825	2,124,183	5,975,438	5,957,601
	3,162,353	3,333,166	9,159,478	8,992,696
Income from operations	1,251,019	2,019,644	34,136	2,249,203
OTHER ITEMS				
Other income	-	903	-	(294,097)
Interest expense	(152,905)	(47,972)	(353,987)	(98,868)
	(152,905)	(47,069)	(353,987)	(392,965)
Income (loss) before income taxes	1,098,114	1,972,575	(319,851)	1,856,238
Income tax expense (recovery)	(363,163)	(478,464)	9,004	(483,449)
Net income (loss)	\$ 734,951	\$ 1,494,111	\$ (310,847)	\$ 1,372,789
Basic earnings per common share	\$ 0.21	\$ 0.43	\$ (0.09)	\$ 0.39
Diluted earnings per common share	\$ 0.21	\$ 0.43	\$ (0.09)	\$ 0.39
Weighted average number of common shares outstanding:				
Basic	3,498,899	3,492,842	3,498,000	3,492,266
Diluted	3,498,899	3,492,842	3,498,000	3,492,266

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

	Nine Month Period Ended May 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (310,847)	\$ 1,372,789
Items not involving an outlay of cash:		
Depreciation and amortization	299,577	237,001
Stock-based compensation expense	23,303	39,386
Deferred income tax expense	(366,566)	11,552
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(338,489)	(1,185,353)
Decrease (increase) in inventory	103,083	(5,507,438)
Decrease in prepaid expenses	242,427	48,244
Decrease in prepaid income taxes	208,963	249,082
Increase in accounts payable and accrued liabilities	1,541,107	692,233
Increase in income taxes payable	147,215	-
Net cash provided by (used in) operating activities	1,549,773	(4,042,504)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in intangible assets	(102,500)	-
Purchase of property, plant and equipment	(215,685)	(1,011,359)
Net cash (used in) investing activities	(318,185)	(1,011,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds and repayments from bank indebtedness	1,000,000	6,000,000
Net cash provided by financing activities	1,000,000	6,000,000
Net increase in cash	2,231,588	946,137
Cash, beginning of period	484,463	1,184,313
Cash, end of period	\$ 2,716,051	\$ 2,130,450

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Source: Jewett-Cameron Trading Company Ltd.