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 MAY 31, 2022**

☐ 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 – 3,492,842 common shares as of July 14, 2022.

Jewett-Cameron Trading Company Ltd.

Index to Form 10-Q

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)

MAY 31, 2022

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

		May 31, 2022		August 31, 2021
ASSETS				
Current assets				
Cash and cash equivalents	$	2,130,450	$	1,184,313
Accounts receivable, net of allowance of $Nil (August 31, 2021 - $0)		8,271,856		7,086,503
Inventory, net of allowance of $250,000 (August 31, 2021 - $250,000) (note 3)		19,898,803		14,391,365
Prepaid expenses		2,257,576		2,305,820
Prepaid income taxes		3,876		252,958
Total current assets		32,562,561		25,220,959
Property, plant and equipment, net (note 4)		4,661,706		3,886,543
Intangible assets, net (note 5)		30,092		30,897
Total assets	$	37,254,359	$	29,138,399
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	1,794,717	$	1,349,677
Bank indebtedness (note 7)		9,000,000		3,000,000
Accrued liabilities		2,045,281		1,798,088
Total current liabilities		12,839,998		6,147,765
Deferred tax liability (note 6)		128,497		116,945
Total liabilities		12,968,495		6,264,710
Stockholders' equity				
Capital stock (note 9, 10)				
Authorized				
21,567,564 common shares, no par value				
10,000,000 preferred shares, no par value				
Issued				
3,492,842 common shares (August 31, 2021 –3,489,161)		824,039		823,171
Additional paid-in capital		725,729		687,211
Retained earnings		22,736,096		21,363,307
Total stockholders' equity		24,285,864		22,873,689
Total liabilities and stockholders' equity	$	37,254,359	$	29,138,399

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 Period Ended May 31, 2022	Three Month Period Ended May 31, 2021	Nine Month Period Ended May 31, 2022	Nine Month Period Ended May 31, 2021
SALES	$ 20,922,190	$ 21,619,952	$ 47,900,665	$ 42,396,591
COST OF SALES	15,569,380	16,037,702	36,658,766	31,239,866
GROSS PROFIT	5,352,810	5,582,250	11,241,899	11,156,725
OPERATING EXPENSES				
Selling, general and administrative expenses	1,125,692	966,298	2,798,094	2,556,902
Depreciation and amortization	83,291	69,353	237,001	175,171
Wages and employee benefits	2,124,183	1,908,588	5,957,601	5,226,021
	3,333,166	2,944,239	8,992,696	7,958,094
Income from operations	2,019,644	2,638,011	2,249,203	3,198,631
OTHER ITEMS				
Other income	903	3,000	(294,097)	9,000
Interest expense	(47,972)	(9,283)	(98,868)	(9,283)
Gain on extinguishment of debt	-	687,387	-	687,387
	(47,069)	681,104	(392,965)	687,104
Income before income taxes	1,972,575	3,319,115	1,856,238	3,885,735
Income tax expense	(478,464)	(904,638)	(483,449)	(1,035,896)
Net income	$ 1,494,111	$ 2,414,477	$ 1,372,789	$ 2,849,839
Basic earnings per common share	$ 0.43	$ 0.69	$ 0.39	$ 0.82
Diluted earnings per common share	$ 0.43	$ 0.69	$ 0.39	$ 0.82
Weighted average number of common shares outstanding:				
Basic	3,492,842	3,489,161	3,492,266	3,485,525
Diluted	3,492,842	3,489,161	3,492,266	3,485,525

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, 2020	3,481,162	$ 821,284	$ 618,707	$ 17,908,354	$ 19,348,345
Shares issued pursuant to compensation plans (note 10)	7,999	1,887	68,504	-	70,391
Net income	-	-	-	2,849,839	2,849,839
May 31, 2021	3,489,161	$ 823,171	$ 687,211	$ 20,758,193	$ 22,268,575
Net income	-	-	-	605,114	605,114
August 31, 2021	3,489,161	$ 823,171	$ 687,211	$ 21,363,307	$ 22,873,689
Shares issued pursuant to compensation plans (note 10)	3,681	868	38,518	-	39,386
Net income	-	-	-	1,372,789	1,372,789
May 31, 2022	3,492,842	$ 824,039	$ 725,729	$ 22,736,096	$ 24,285,864

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)

	Nine Month Period Ended May 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,372,789	$ 2,849,839
Items not involving an outlay of cash:		
Depreciation and amortization	237,001	175,171
Stock-based compensation expense	39,386	70,391
Gain on extinguishment of debt	-	(680,707)
Deferred income tax expense	11,552	(57,768)
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(1,185,353)	(4,776,635)
(Increase) decrease in inventory	(5,507,438)	1,430,506
Decrease (increase) in prepaid expenses	48,244	(1,544,728)
Decrease in prepaid income taxes	249,082	-
Increase in accounts payable and accrued liabilities	692,233	736,595
Increase in income taxes payable	-	189,594
Net cash (used in) provided by operating activities	(4,042,504)	(1,607,742)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,011,359)	(1,019,259)
Net cash provided by (used in) investing activities	(1,011,359)	(1,019,259)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank indebtedness	6,000,000	996,010
Net cash provided by (used in) financing activities	6,000,000	996,010
Net increase (decrease) in cash	946,137	(1,630,991)
Cash, beginning of period	1,184,313	3,801,037
Cash, end of period	$ 2,130,450	$ 2,170,046

Supplemental disclosure with respect to cash flows (Note 14)

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 Jewett-Cameron Company, incorporated September 2013. Former wholly owned subsidiary MSI-PRO was wound-up and dissolved in fiscal 2020. 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. MSI was an importer and distributor of pneumatic air tools and industrial clamps in the United States. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Government measures to limit the spread of COVID-19, including the closure of non-essential businesses, affected the Company's operations including delays in inventory production and shipping, a change of product mix based on customer demand to fencing, pet and DIY products, an increase in demand from online sales channels, and costs associated with compliance with COVID control protocols. The Company's operations, including inventory production and sales, have been excluded from business restrictions within the jurisdictions that the Company operates. However, due to the continued transmission and uncertainty surrounding COVID, it is not possible to predict the impact that COVID may have on the Company's business, financial position, and operating results in the future. In addition, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID and the effect of any such changes could be material, which could result in, among other things valuation of inventory and collectability of accounts receivable. The Company continues to closely monitor the impact of the pandemic on all aspects of its business.

2. SIGNIFICANT ACCOUNTING POLICIES

Generally accepted accounting principles

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States of America.

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, and its former wholly owned subsidiary MSI, 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 May 31, 2022, cash and cash equivalents were $2,130,450 compared to $1,184,313 at August 31, 2021.

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 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 per share

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted earnings 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 per share (cont'd…)

The (loss) earnings per share data for the three and nine month periods ended May 31, 2022 and 2021 are as follows:

	Three Month Periods ended May 31,		Nine Month Periods ended May 31,	
	2022	**2021**	**2022**	**2021**
Net income	$ 1,494,111	$ 2,414,477	$ 1,372,789	$ 2,849,839
Basic weighted average number of common shares outstanding	3,492,842	3,489,161	3,492,266	3,485,525
Effect of dilutive securities Stock options	-	-	-	-
Diluted weighted average number of common shares outstanding	3,492,842	3,489,161	3,492,266	3,485,525

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

Stock-based compensation

All stock-based compensation is recognized as an expense in the financial statements and such costs are measured at the fair value of the award.

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 - 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.

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

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The estimated fair values of the Company's financial instruments as of May 31, 2022 and August 31, 2021 follows:

	May 31, 2022		August 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 2,130,450	$ 2,130,450	$1,184,313	$1,184,313
Accounts receivable, net of allowance	8,271,856	8,271,856	7,086,503	7,086,503
Accounts payable and accrued liabilities	3,839,998	3,839,998	3,147,765	3,147,765
Bank Indebtedness	9,000,000	9,000,000	3,000,000	3,000,000

The following table presents information about the assets that are measured at fair value on a recurring basis as of May 31, 2022 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:

	May 31, 2022	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 2,130,450	$ 2,130,450	$ —	$ —

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

Income taxes

A deferred tax asset or liability is recorded for all temporary differences between financial and tax reporting and net operating loss carryforwards. 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.

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Revenue recognition

The Company recognizes revenue from the sales of lumber, building supply products, industrial wood products, specialty metal products, and other specialty products, 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

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The accounting standard changes the methodology for measuring credit losses on financial instruments and the timing when such losses are recorded. ASU No. 2016-14 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. The Company adopted this ASU on September 1, 2020. There was no material impact on the Company's financial statements on adoption.

3. INVENTORY

A summary of inventory is as follows:

	May 31, 2022	August 31, 2021
Wood products and metal products	$ 19,512,100	$ 14,257,609
Agricultural seed products	386,703	133,756
	$ 19,898,803	$ 14,391,365

(Expressed in U.S. Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

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

	May 31, 2022	August 31, 2021
Office equipment	$ 635,818	$ 551,569
Warehouse equipment	1,490,384	1,385,330
Buildings	5,934,185	5,112,129
Land	559,065	559,065
	8,619,452	7,608,093
Accumulated depreciation	(3,957,746)	(3,721,550)
Net book value	$ 4,661,706	$ 3,886,543

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:

	May 31, 2022	August 31 2021
Intangible assets	47,160	47,160
Accumulated amortization	(17,068)	(16,263)
Net book value	$ 30,092	$ 30,897

6. DEFERRED INCOME TAXES

Deferred income tax liability as of May 31, 2022 of $128,497 (August 31, 2021 - $116,945) 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

Bank indebtedness under the Company's $10,000,000 line of credit as of May 31, 2022 was $9,000,000 (August 31, 2021 - $3,000,000). The Line of Credit was increased during the current nine-month period from $5,000,000 to $10,000,000.

Bank indebtedness, when it exists, is secured by an assignment of accounts receivable and inventory. Interest was previously calculated solely on the one-month LIBOR rate plus 175 basis points. Beginning with the monthly interest payment due March 31, 2022, the Company's Bank Line of Credit agreement was revised to change the calculation of the interest rate from the one-month LIBOR rate to the one-month Secured Overnight Financing Rate (SOFR). Interest is now calculated based on the one-month SOFR plus 157 basis points, which as of May 31, 2022 was 2.36% (0.79% + 1.57%).

8. NOTES PAYABLE

On May 4, 2020, the Company entered into loan agreements with U.S. Bank (the "Lender") for two unsecured loans represented by promissory notes (the "Notes"). The loans were made pursuant to the Paycheck Protection Program (the "PPP") as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") administered by the U.S. Small Business Administration ("SBA").

The first loan was made to JCC for $487,127 and the second loan was made to JC USA for $193,580. The total principal amount of the two notes is $680,707. They have a term of 2 years with a 1% annual interest rate. Payments were originally deferred for 6 months, after which the repayment of principal and interest is required to be made in equal monthly payments over 18 months beginning December 4, 2020. However, the SBA subsequently revised the due date to either the date that SBA remits the borrower's loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. There is no prepayment penalty. If proceeds are used for qualifying expenses as defined by the CARES Act, including payroll costs, health care benefits, rent and utilities, the Company can apply for forgiveness after 60 days of all or any portion of the promissory note used for such qualifying expenses.

The Company has chosen to account for the loans under FASB ASC 470. Repayment amounts due within 1 year have been recorded as current liabilities, and the remaining amounts due in more than 1 year as long-term liabilities. If the Company is successful in receiving forgiveness for those portions of the loan used for qualifying expenses, those amounts will be recorded as a gain upon extinguishment.

During fiscal 2021 ended August 31, 2021, the Company's applications for loan forgiveness of both loans was approved by the SBA. The Company has recorded a gain of extinguishment of debt of $687,387 consisting of $680,707 of principal and $6,680 of interest.

9. 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.

(Expressed in U.S. Dollars)

10. 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 May 31, 2022, the maximum number of shares available to be issued under the Plan was 34,928.

11. 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 nine-month periods ended May 31, 2022 and 2021, the 401(k) compensation expense was $426,436 and $393,218, respectively.

12. 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 nine-month periods ended May 31, 2022 and 2021.

	2022	2021
Sales to unaffiliated customers:		
Industrial wood products	$ 1,690,262	$ 1,883,064
Lawn, garden, pet and other	43,978,959	37,843,378
Seed processing and sales	2,231,444	2,670,149
	$ 47,900,665	$ 42,396,591
Income (loss) before income taxes:		
Industrial wood products	$ 8,823	$ (46,258)
Lawn, garden, pet and other	1,499,053	3,592,546
Seed processing and sales	(238,387)	94,339
Corporate and administrative	586,749	245,108
	$ 1,856,238	$ 3,885,735

(Expressed in U.S. Dollars)

12. SEGMENT INFORMATION (cont'd…)

		2022		2021
Identifiable assets:				
Industrial wood products	$	669,301	$	701,021
Lawn, garden, pet and other		28,754,441		19,205,736
Seed processing and sales		474,038		793,392
Corporate and administrative		7,356,579		6,681,766
	$	37,254,359	$	27,381,915
Depreciation and amortization:				
Industrial wood products	$	-	$	-
Lawn, garden, pet and other		29,385		29,335
Seed processing and sales		4,761		4,761
Corporate and administrative		202,855		141,075
	$	237,001	$	175,171
Capital expenditures:				
Industrial wood products	$	-	$	-
Lawn, garden, pet and other		-		-
Seed processing and sales		-		-
Corporate and administrative		1,011,359		942,188
	$	1,011,359	$	942,188
Interest expense:	$	98,868	$	-

The following table lists sales made by the Company to customers which were in excess of 10% of total sales for the nine-months ended May 31, 2022 and 2021:

		2022		2021
Sales	$	25,309,216	$	22,279,565

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 nine-months ended May 31, 2022 and 2021:

		2022		2021
United States	$	45,945,594	$	40,698,374
Canada		879,929		1,197,681
Mexico / Latin America / Caribbean		766,147		181,168
Europe		76,247		171,254
Asia/Pacific		232,748		148,114

All of the Company's significant identifiable assets were located in the United States as of May 31, 2022 and 2021.

(Expressed in U.S. Dollars)

13. 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 May 31, 2022, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 54%. At May 31, 2021, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 59%. 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.

Volume of business

The Company has concentrations in the volume of purchases it conducts with its suppliers. For the nine months ended May 31, 2022, there were three suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $21,313,695. For the nine months ended May 31, 2021, there were three suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $14,782,935.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the nine months ended May 31, 2022 and 2021 are summarized as follows:

	2022	2021
Cash paid during the periods for:		
Interest	$ 98,868	$ -
Income taxes	$ 227,685	$ 338,746

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

15. CONTINGENCY

a) An association of District Attorneys in the State of California contacted the Company in regards to their investigation into the environmental labeling and marketing of dog waste bags. The District Attorneys claim that labeling certain dog waste bags, including the Company's, as biodegradable or compostable is misleading due to the lack of industrial composting facilities that accept dog waste. The Company expects a final settlement will be filed in June 2022, and has accrued a charge in the current period of $300,000 towards the anticipated settlement.

b) The Company is a named party in a Civil Action in Pennsylvania. The matter is an action seeking compensation for personal injuries and is based on theories of product liability as to the Company. The matter arises out of a dog allegedly escaping from a Jewett-Cameron kennel product and causing personal injuries to three individuals. The Company is currently one of three named Defendants. A trial date has not been set at this time. At the present time it is speculative to predict as to its outcome. It is the Company’s intention to vigorously defend the lawsuit. The Company’s applicable liability insurer is providing a defense covering the Company’s legal fees and costs.

15. CONTINGENCY (cont'd…)

c) The Company has initiated arbitration against a former distributor asserting a breach of the distribution agreement and seeking damages. Arbitration is scheduled to commence during the 4th quarter of calendar 2022. While the company is robustly pursuing its rights and defending itself against claims, the arbitration and lawsuit are in their initial stages and therefore it is speculative to predict as to its outcome.

16. SUBSEQUENT EVENTS

a) In June 2022, the Company repaid $1,000,000 borrowed under the Company's Bank Line of Credit, which leaves a balance of $8,000,000 with $2,000,000 of the Line available.

b) A final settlement with the association of District Attorneys in the State of over the environmental labeling and marketing of dog waste bags was reached in June 2022. The Company has agreed to pay the previously accrued $300,000 as a fine over a four-month period with no admission of guilt by the Company.

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 May 31, 2022 and August 31, 2021 and its results of operations and cash flows for the three and nine month periods ended May 31, 2022 and 2021 in accordance with U.S. GAAP. Operating results for the three and nine month periods ended May 31, 2022 is not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2022. 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 Infinity Euro Fence and Lifetime Post™ for gates and fencing; Early Start, Spring Gardner™, Greenline®, and Weatherguard for greenhouses. 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.

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

Sales in the third quarter of fiscal 2022 declined 3% from the same quarter of fiscal 2021, as sales at Greenwood fell by 11% and sales at JCS were down 40%. Even with the slight decline in Q3, our strong sales growth in the first six months of fiscal 2022 resulted in a 13% increase in sales for the current nine-month period compared to the same period in fiscal 2021. Our margins continue to be constrained by inflationary pressures, particularly higher raw material and energy prices, and higher shipping rates, both internationally and within the US. Gross margin slipped to 23.5% for the current nine months from 26.3% in the year-ago period.

Inflation is showing no signs of abating in the short-term. Near-record energy prices are forcing logistical related costs upwards. Ocean container contracts recently reset with higher prices in May and availability of spot containers remains historically tight. COVID outbreaks and government mandated closures in China continue to occur, which have led to supply disruptions and higher costs. In response, we have been able to successfully raise our selling prices and pass through some of these higher costs to our customers. However, the still rising rate of inflation has resulted in many of our product's selling prices continuing to lag product costs which will continue to restrain our margins in the near-term.

We have continued our efforts to mitigate these effects from inflation and supply chain disruptions as much as possible. Prior to the start of our fiscal 3rd quarter, which is the traditional start of our busy Spring and Summer season, we made a decision to build our inventory, particularly in our highest volume items. It allowed us to mitigate the risks of shipping and supply chain disruptions and ship products from China ahead of already announced price increases from both suppliers and shippers. This strategy was successful, as it reduced some of our product costs while ensuring high product availability and on-time fulfillment rates during our busy 3rd quarter. As we sell through our busy season, our on-site inventory position has declined from $10.5 million in February to $8.2 million in June.

Our inventory strategy did require higher cash outlays primarily funded through our bank line of credit, which we have begun repaying as inventory is sold and accounts receivable are collected. We have also signed new shipping contracts to lock in as much ocean container capacity at fixed rates, while also modifying our containerization of products to maximize the available space and minimize the increased costs. These supply chain issues and higher shipping costs, combined with tariff issues, have led management to investigate the broader sourcing of our raw materials and certain finished products.

Our current financial results were negatively affected by the accrual in the second quarter of $300,000 for anticipated costs related to an offer to settle a case brought by an association of California District Attorneys. This case related to their ongoing investigation into the environmental labeling and marketing of dog waste bags. The District Attorneys claim that labeling certain dog waste bags, including the Company's, as biodegradable or compostable were misleading due to the lack of industrial composting facilities that accept dog waste. A number of major retailers have already settled their portion of the case. In June 2022, we agreed to settle for only the previously accrued $300,000 payment with no admission of guilt by the Company. In response to the case, we have redesigned our packaging and marketing materials for the poop bags which included feedback from the District Attorneys to help ensure legal compliance for our future sales of the products within California. We have moved forward with the lessons learned from the issue. Sales with the new packaging have resumed throughout the US and are selling well through both retailers and online which demonstrates the consumer's desire for these types of new products. In June, we placed a new order with our bag supplier to restock our inventory.

The worldwide supply chain issues have slowed our planned introductions of several new products, but we remain committed to either develop or acquire new products, particularly those that complement and expand our existing product lines. We also are strategically investing in our facilities, equipment, and personnel. The renovation of an existing warehouse building for both custom order fulfilment and to support our growing fence business is expected to be completed during the 4th fiscal quarter. The website has been upgraded in line with our omnichannel commitment offering enhanced accessibility, functionality and modernized investor relations and contact sections. We have also implemented easier navigation of our increased product selection displayed with a more unified brand presentation within a new eCommerce interface.

In response to the COVID-19 pandemic, the State of Oregon originally lifted all of its mask and social distancing requirements in June 2021. However, as a response to the surge in COVID-19 infections, indoor masking requirements for businesses were reinstituted in August 2021 and remained in effect until the State of Oregon lifted the indoor masking mandate on March 11, 2022. The Company remains vigilant in regard to the Coronavirus and its variants. To date, we have not had any incidents of transmissions within the confines of our facilities due to our clear and consistent protocols during the restrictive period, as well as our employees' remarkable support of our procedures which has been critical to our success in keeping our workplace safe and running. This has directly led to our ability to retain our workforce through these challenging times as well as create an environment in which people feel safe. The assistance of the PPP program provided us the ability to assist sound employee decisions when they either felt they had an external exposure or perhaps even tested positive due to such external exposure. The loans the Company received under the Paycheck Protection Program were essential in supporting the Company's ability to operate without interruption during the crisis and retain 100% of its workforce. All of the borrowed funds were spent on qualifying employee payroll expenses, and the Company's loans were fully forgiven by the SBA in April 2021.

The outlook for the remainder of fiscal 2022 remains uncertain. Inflation, particularly in the form of higher raw material costs combined with higher shipping costs, is expected to remain an issue going forward. Although the consumer sectors of home improvement and pet supplies in which the Company operates are historically somewhat resistant to declines in consumer spending resulting from inflation compared to many other sectors, they are certainly not immune. The sudden increase in energy prices to near-record highs has severely restrained consumers' available discretionary income. This has negatively affected their willingness to spend money on non-critical items as reflected in the recent significant decline in the US Index of Consumer Sentiment, which may limit our ability to grow our sales in the near-term. These costs may also increase faster than we are able raise our selling prices to our customers, which would continue to pressure our margins for the remainder of the fiscal year and into fiscal 2023.

Three Months Ended May 31, 2022 and May 31, 2021

For the three months ended May 31, 2022, sales totaled $20,922,190 compared to sales of $21,619,952 for the three months ended May 31, 2021, which is a decrease of $697,762, or 3%.

Sales at JCC for the current quarter were down 1% to $19,775,597 from sales of $20,020,420 for the three months ended May 31, 2021. The historic volatility in lumber prices has dampened consumer demand, and some poop bag sales were delayed due to the switch to new product packaging required by the potential settlement in California over the previous packaging. We have also replaced some of our existing pet product lines with newer models, which resulted in some slower sales in the quarter during the transition. Margins continue to be pressured by higher raw material, energy and shipping costs. Operating profit for JCC in the current quarter was $2,068,910 compared to income of $3,104,805 for the quarter ended May 31, 2021.

Sales at Greenwood for the quarter were $570,592 compared to sales of $637,718 for the three months ended May 31, 2021, which was a decrease of $67,126, or 11%. Demand for Greenwood's products from governments and transit operators remains weak due to the impacts of the COVID-19 pandemic as well as customer production delays due to continued supply chain delivery issues. During the current quarter, a new trader was hired to help grow sales and introduce new products to new customers, including those in the housing and construction sectors. For the three months ended May 31, 2022, Greenwood had an operating loss of ($35,123) compared to an operating loss of ($9,794) for the three months ended May 31, 2021.

Sales at JCSC were $576,001 compared to sales of $961,814 for the three months ended May 31, 2021. This is a decrease of $385,813, or 40%. The historic heat wave across the Pacific Northwest during the summer of 2021 damaged many crops and reduced harvested yields which has decreased demand for the Company's seed cleaning services. There has also been delays in shipping certain grass seed orders to China due to their COVID related border shutdowns. For the quarter ended May 31, 2022, JCSC had an operating loss of ($116,639) compared to operating income of $42,934 for the quarter ended May 31, 2021.

JC USA is the holding company for the wholly-owned operating subsidiaries. For the quarter ended May 31, 2022, JC USA had operating income of $55,428 compared to operating income of $181,169 for the quarter ended May 31, 2021. The increase in operating income is largely due to higher inventory levels in the current quarter. The results of JC USA are eliminated on consolidation

Gross margin for the three months ended May 31, 2022 was 25.6% compared to 25.8% for the three months ended May 31, 2021. Significant inflationary inputs, particularly the higher costs for raw materials, energy and logistics, continue to pressure our margins.

Operating expenses increased by $388,927 to $3,333,166 from $2,944,239 for the three months ended May 31, 2021. Selling, General and Administrative rose to $1,125,692 from $966,298 as new marketing and sales programs were conducted for the Company's recently introduced products. Wages and Employee Benefits increased to $2,124,183 from $1,908,588 as the Company increased its employee headcount compared to the prior year's quarter. Depreciation rose to $83,291 from $69,353 as the Company added new facilities and equipment. Other income was $903, and interest expense related to the amounts borrowed on its bank line of credit were $47,973. In the comparable quarter of the prior year, the Company recorded a one-time gain related to the forgiveness of its PPP debt of $687,387.

Income tax expense for the three months ended May 31, 2022 was $478,464 compared to $904,638 for the three-month period ended May 31, 2021. The Company estimates income tax expense for the quarter based on combined federal and state rates that are currently in effect, and the increase in taxes is consistent with the higher income for the current quarter.

Net income of the quarter ended May 31, 2022 was $1,494,111, or $0.43 per basic and diluted share. Net income for the quarter ended May 31, 2021, including the one-time gain on the extinguishment of its PPP debt of $687,387, was $2,414,477, or $0.69 per basic and diluted share.

Nine Months Ended May 31, 2022 and May 31, 2021

For the nine months ended May 31, 2022, sales totaled $47,900,665 compared to sales of $42,396,591 for the nine months ended May 31, 2021. This represents an increase of $5,504,074, or 11%.

Sales at JCC were $43,978,959 for the nine months ended May 31, 2022 compared to sales of $37,843,379 for the nine months ended May 31, 2021, which was an increase of $6,135,580, or 16%. Consumer demand for fencing and pet products has remained high, and the Company also successfully raised its selling prices on many products in the current period. Operating income at JCC was $1,499,054 compared to income of $3,592,546 for the nine months ended May 31, 2021 as higher costs, including for raw materials, energy and shipping, reduced our margins in the current period. Overall, the operating results of JCC are seasonal with the first two quarters of the fiscal year being much slower than the final two quarters of the fiscal year.

Sales at Greenwood were $1,690,262 compared to sales of $1,883,064 for the nine months ended May 31, 2021. This represents a decrease of $192,802, or 10%. Greenwood's sales have been heavily impacted by COVID, as many of their products are sold to companies providing transportation vehicles to municipalities and larger transit operators. The overall demand for equipment replacement by those municipalities is and remains significantly down from pre-COVID periods. Greenwood is working to diversify its product mix and customer base. During the third quarter, a new trader was hired and will work to introduce new products and increase sales efforts in some new sectors, particularly to potential customers in the housing and construction sectors. For the nine months ended May 31, 2022, Greenwood had an operating profit of $8,823 compared to an operating loss of ($46,258) for the nine months ended May 31, 2021.

Sales at JCSC for the nine months ended May 31, 2022 were $2,231,444 compared to sales of $2,670,149 for the nine months ended May 31, 2021, which was a decrease of $438,705, or 16%. Although seed pricing is currently high, the extreme temperatures in the Pacific Northwest that occurred during last year's growing season resulted in lower harvested yields which reduced demand for JCSC's seed cleaning services. Typically, seed cleaning volumes increase during the 4th and 1st fiscal quarters as harvest season begins in July. There has also been delays in shipping certain grass seed orders to China during the current period due to their COVID related border shutdowns. For the nine-month period ended May 31, 2022, JCSC had an operating loss of ($238,387) compared to operating income of $94,339 for the nine months ended May 31, 2021.

JC USA, the holding company that provides professional and administrative services for the wholly-owned operating subsidiaries had operating income of $586,749 compared to income of $245,108 for the nine months ended May 31, 2021. The increase is due to the higher inventory levels in the current period as JC USA charges its subsidiaries for warehousing services. The results of JC USA are eliminated on consolidation.

Gross margin for the nine-month period ended May 31, 2022 was 23.5% compared to 26.3% for the nine months ended May 31, 2021. Significantly higher costs for raw materials, energy and both international and domestic shipping were incurred in the current period. Although we have successfully raised prices where possible, these price hikes are lagging the persistent increases in our product costs.

Operating expenses rose by $1,034,602 to $8,992,696 from operating expenses of $7,958,094 for the nine months ended May 31, 2021. Selling, General and Administrative expenses increased to $2,798,094 from $2,556,902 which is commensurate with the higher level of sales in the current period. Wages and Employee Benefits increased to $5,957,601 from $5,226,021, an increase of $731,580, as the Company has hired additional personnel and increased wages in response to the broad wage inflation being experienced by most industries throughout the area and the United States as a whole. Depreciation and amortization rose to $237,001 from $175,171.

Other items resulted in a loss of ($294,097) which includes the accrual of $300,000 for the settlement of claims brought by the Association of California District Attorneys regarding the labeling and marketing of the Company's dog waste bags, and income of $5,000 as a portion of the parking area at JCS was formerly rented to an unrelated company for $1,000 per month through January 2022. Interest expense related to the Company's bank line of credit was $94,868. Other income in the prior nine-month period included a one-time gain on the extinguishment of debt of $687,387 which is the principal and accrued interest of the Company's two SBA PPP loans which were forgiven during the period.

Income tax expense in the current nine-month period was $483,449 compared to $1,035,896 for the nine months ended May 31, 2021. 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 nine months ended May 31, 2022 was $1,372,789, or $0.39 per basic and diluted share. The net income for the nine months ended May 31, 2021, including the one-time gain on the forgiveness of the Company's PPP loans of $687,387, was $2,849,839, or $0.82 per basic and diluted share.

LIQUIDITY AND CAPITAL RESOURCES

As of May 31, 2022, the Company had working capital of $19,722,563 compared to working capital of $19,073,194 as of August 31, 2021, an increase of $649,369. Cash and cash equivalents totaled $2,130,450, an increase of $946,137 from cash of $1,184,313. Accounts receivable rose to $8,271,856 from $7,086,503 due to the seasonal cycle of sales to customers and the related timing of cash receipts. Inventory increased by $5,507,438 to $19,898,803 from $14,391,365 as additional inventory continues to be stocked in preparation of the Company's historically busier Summer season and to alleviate supply chain disruptions. Prepaid expenses, which is largely related to down payments for future inventory purchases, decreased by $48,244. Prepaid income taxes fell to $3,876 from $252,958. Deferred tax liability increased slightly to $128,497 from $116,945.

Current liabilities increased to $12,839,998 from $6,147,765, with most of the increase due to the draw of an additional $6,000,000 from the Company's bank line of credit to $9,000,000 as of May 31, 2022 from $3,000,000 as of August 31, 2021. Accounts payable rose to $1,794,717 from $1,349,677, and accrued liabilities increased to $2,045,281 from $1,798,088, including the accrual of $300,000 in the current period for the anticipated settlement of claims related to the Company's dog waste bag sales in California. Subsequent to the end of the period, the Company finalized the settlement which requires the Company to pay the accrued $300,000 as a fine over a 4 month period with no admission of guilt by the Company.

As of May 31, 2022, accounts receivable and inventory represented 87% of current assets and 76% of total assets. As of May 31, 2021, accounts receivable and inventory represented 80% of current assets and 69% of total assets. Our accounts receivable balances have begun their usual seasonal decrease. Our customers continue to pay on-time, with almost all of our outstanding receivables classified as current. For the three months ended May 31, 2022, the accounts receivable collection period, or DSO, was 37 compared to 47 for the three months ended May 31, 2021. For the nine-month period ended May 31, 2022, the DSO was 49 compared to 70 for the nine months ended May 31, 2021. Inventory turnover for the three months ended May 31, 2022 was 112 days compared to 51 days for the three months ended May 31, 2021. For the nine months ended May 31, 2022, inventory turnover was 126 days compared to 75 days for the nine months ended May 31, 2021.

External sources of liquidity include a Line of Credit from U.S. Bank of $10,000,000. As of May 31, 2022, the Company had a borrowing balance of $9,000,000, leaving $1,000,000 available. Subsequent to the end of the 3rd fiscal quarter, we repaid an additional $1,000,000 against the Line of Credit, taking the balance to $8,000,000 with $2,000,000 of borrowing available. Borrowing under the Line of Credit is secured by an assignment of accounts receivable and inventory. Interest was previously calculated solely on the one-month LIBOR rate plus 175 basis points. Beginning with the monthly interest payment due March 31, 2022, the Company's Bank Line of Credit agreement was revised to change the calculation of the interest rate from the one-month LIBOR rate to the one-month Secured Overnight Financing Rate (SOFR). Interest is now calculated based on the one-month SOFR plus 157 basis points, which as of May 31, 2022 was 2.36% (0.79% + 1.57%). The line of credit has certain financial covenants. The Company is in compliance with these covenants.

During the 3rd quarter of fiscal 2020, the Company applied for and received two loans under the Paycheck Protection Program (the "PPP") as part of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") administered by the U.S. Small Business Administration ("SBA"). The Company believed the PPP funds were necessary because the Company was quickly depleting its available cash in April due to inventory purchases to fulfil customer orders ahead of its busiest selling season, some delays in receiving inventory from China due to reduced availability of ocean shipping, and the danger of potential COVID-19 infections. If any of the Company's employees on site were to contract the virus during this time, the Company would have been required to shut down the facility for a minimum of 14 days to clean and disinfect, and no product would be shipped to customers. Without the cash flow from product sales, the Company would have likely had to immediately layoff or furlough many of its employees, which would further delay the Company's ability to recover after the shutdown. All of the proceeds from the PPP loans were used for employee payroll expenses.

The principal amount of the PPP loans was $680,707. They had a term of 2 years with a 1% annual interest rate. Payments were originally deferred for 6 months, after which the repayment of principal and interest is required to be made in equal monthly payments over 18 months beginning December 4, 2020. However, the SBA subsequently revised the due date to either the date that SBA remits the borrower's loan forgiveness amount to the lender or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. In April 2021, the SBA approved the Company's application for forgiveness of the entire amount of both loans. For the year ended August 31, 2021, he Company recorded a one-time gain on the extinguishment of debt of $687,387 consisting of the principal of $680,707 and accrued interest of $6,680.

The Company has historically used a portion of its excess cash to repurchase and cancel common shares. No common shares were repurchased during the first nine months of fiscal 2022 ended May 31, 2022. During the first quarter of fiscal 2022, the Company issued 3,681 common shares to officers, directors and employees as compensation under the Company's Restricted Share Plan at a deemed price of $10.70 per share.

Current Working Capital Requirements

Based on the Company's current working capital position, combined with the expected timing of accounts receivable and the 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 2022.

OTHER MATTERS

Inflation

Inflation did not have a material impact during fiscal 2020. Beginning in fiscal 2021, a number of product costs increased substantially, including raw materials, energy, and transportation/logistical related costs. These increases have continued to rise at a faster pace during fiscal 2022, particularly in the 2nd and 3rd fiscal quarters.

These higher costs have negatively affected the Company's gross margins in the shorter term. 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 for the remainder of fiscal 2022. Management is doing its best to mitigate inflation's effects by working with suppliers and logistic partners to reduce costs as much as possible.

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 recent remodel.

Active products and designs utilize recycled content, plant-based material, or elimination of unnecessary components (such as a wasteful inner core for poop bag rolls) to enhance recycling and reduce greenhouse gas emissions in production. This includes the recently introduced dog waste bag which is a plant-based product that is less reliant on fossil fuels used in traditional plastic bags. We also dedicate a percentage of sales to organizations dedicated to improving the environment.

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. We are committed to devoting resources to enhance the accessibility of our corporate website and have upgraded the website to improve accessibility and operability for users, including persons with disabilities.

We have adopted a Trade Compliance Policy as part of our commitment to abide by all applicable professional, ethical and legal standards of conduct, including full compliance with U.S. laws and regulations that govern both domestic and international trade transactions. A full copy of this Trade Compliance Policy has been posted on our public website.

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. A Company IT Governance team manages our cybersecurity framework and executes our programs for both 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.

Risks Related to Our Common Stock

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.

Our shareholders could experience significant dilution if we issue our authorized 10,000,000 preferred shares.

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 on NASDAQ was 3,610 shares for the nine months ended May 31, 2022. With this limited trading volume, investors could find it difficult to purchase or sell our common stock.

Risks Related to Our Business

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.

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 nine months ended May 31, 2022, our top ten customers represented 83% 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.

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 which 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 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.

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 $10,000,000, of which $2,000,000 is currently available. We are currently in compliance with the requirements of our existing line of credit. If we lost access to this credit it could become impossible to pay some of our creditors on a timely basis.

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, 2021. 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.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company does not have any derivative financial instruments as of May 31, 2022. 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 Company does not expect any change in the interest rates to have a material adverse effect on the Company's results from operations.

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

A consortium of California District Attorneys has contacted the Company in regard to possible liabilities related to environmental labeling of its plant-based Lucky Dog Poop Bags previously sold in the State of California. The Company has since modified its product marketing statements in response to their concerns, and during the period ended May 31, 2022, accrued $300,000 in anticipation of a settlement. In June 2022, a settlement was finalized which requires the Company to pay the previously accrued $300,000 as a cash fine over a four-month period with no admission of guilt by the Company.

The Company is a named party in a Civil Action in Pennsylvania. The matter is an action seeking compensation for personal injuries and is based on theories of product liability as to the Company. The matter arises out of a dog allegedly escaping from a Jewett-Cameron kennel product and causing personal injuries to three individuals. The Company is currently one of three named Defendants. A trial date has not been set at this time. At the present time it is speculative to predict as to its outcome. It is the Company's intention to vigorously defend the lawsuit. The Company's applicable liability insurer is providing a defense covering the Company's legal fees and costs.

The Company has initiated arbitration against a former distributor asserting a breach of the distribution agreement and seeking damages. Arbitration is tentatively scheduled to occur in December 2022. While the company is robustly pursuing its rights and defending itself against claims, the arbitration and lawsuit are in their initial stages and therefore it is speculative to predict as to its outcome.

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
---No Disclosure Required---

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

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: July 14, 2022	*/s/ "Chad Summers"* Chad Summers, President and Chief Executive Officer
Date: July 14, 2022	*/s/ "Mitch Van Domelen"* Mitch Van Domelen, 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: July 14, 2022

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: July 14, 2022

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 May 31, 2022 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: July 14, 2022

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 May 31, 2022 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: July 14, 2022

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