

Jewett-Cameron Announces 3rd Quarter Financial Results

North Plains, Oregon, July 15, 2020 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the third quarter and nine month periods of fiscal 2020 ended May 31, 2020.

Sales for the third quarter of fiscal 2020 totaled approximately \$16.2 million compared to sales of \$16.7 million for the third quarter of fiscal 2019. Income from operations was \$1,913,582 compared to \$1,506,638 for the third quarter ended May 31, 2019. Net income after other items and income taxes for the current quarter was \$1,396,973, or \$0.40 per share, compared to \$1,098,210, or \$0.27 per share, in the same quarter of 2019.

For the nine months ended May 31, 2020, Jewett-Cameron reported sales of \$30.9 million compared to sales of \$33.6 million for the nine months ended May 31, 2019. Net income was \$1,216,089, or \$0.33 per share, compared to net income of \$1,567,534, or \$0.36 per share, in the first nine months of fiscal 2019.

“The Company has been navigating the COVID-19 pandemic well to date, with our DIY and Pet Products performing solidly” said CEO Charlie Hopewell. “We are maintaining strict safety protocols across all our operations, and have no cases of COVID among any of our personnel. The pandemic has not changed our plans to introduce new products and continue our efforts to widen our offerings through both existing and new sales channels”.

As of May 31, 2020, the Company’s cash position was approximately \$3.2 million, and there was no borrowing against its \$3.0 million line of credit.

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 specialty metal products and wholesale distribution of wood products to home centers and other retailers located primarily in the United States. Greenwood Products 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. MSI-PRO is an importer and distributor of pneumatic air tools, industrial clamps, and the Avenger Products line of sawblades and other products. Jewett-Cameron Seed Company is a processor and distributor of agricultural seeds. JC USA provides professional and administrative services, including accounting and credit services, to its subsidiary companies.

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, 2020	August 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,269,289	\$ 9,652,310
Accounts receivable, net of allowance of \$Nil (August 31, 2019 - \$Nil)	6,880,459	2,835,952
Inventory, net of allowance of \$32,538 (August 31, 2019 - \$119,357)	6,786,087	6,377,805
Notes receivable	563,010	1,197
Prepaid expenses	1,336,080	393,539
Prepaid income taxes	121,734	223,420
Total current assets	18,956,659	19,484,223
Property, plant and equipment, net	2,774,912	2,727,406
Intangible assets, net	719	3,048
Total assets	\$ 21,732,290	\$ 22,214,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,520,610	\$ 410,027
Current portion of notes payable	302,536	-
Accrued liabilities	1,650,289	1,312,580
Total current liabilities	3,473,435	1,722,607
Long-term liabilities		
Notes payable	378,171	
Deferred tax liability	100,775	61,204
Total liabilities	3,952,381	1,783,811
Stockholders' equity		
Capital stock		
Authorized		
21,567,564 common shares, without par value		
10,000,000 preferred shares, without par value		
Issued		
3,481,162 common shares (August 31, 2019 – 3,971,282)	821,284	936,903
Additional paid-in capital	618,707	618,707
Retained earnings	16,339,918	18,875,256
Total stockholders' equity	17,779,909	20,430,866
Total liabilities and stockholders' equity	\$ 21,732,290	\$ 22,214,677

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,	
	2020	2019	2020	2019
SALES	\$ 16,241,239	\$ 16,692,241	\$ 30,918,345	\$ 33,615,516
COST OF SALES	11,931,746	13,054,487	22,555,253	25,907,388
GROSS PROFIT	4,309,493	3,637,754	8,363,092	7,708,128
OPERATING EXPENSES				
Selling, general and administrative expenses	706,079	759,708	2,118,999	1,721,743
Depreciation and amortization	54,781	47,141	160,992	143,413
Wages and employee benefits	1,635,051	1,324,267	4,343,412	3,799,700
	(2,395,911)	(2,131,116)	(6,623,403)	(5,664,856)
Income from operations	1,913,582	1,506,638	1,739,689	2,043,272
OTHER ITEMS				
Gain on sale of property, plant and equipment	2,200	-	2,600	105,366
Interest and other income	3,217	7,033	21,414	33,368
	5,417	7,033	24,014	138,734
Income before income taxes	1,918,999	1,513,671	1,763,703	2,182,006
Income tax expense	(522,026)	(415,461)	(547,614)	(614,472)
Net income	\$ 1,396,973	\$ 1,098,210	\$ 1,216,089	\$ 1,567,534
Basic earnings per common share	\$ 0.40	\$ 0.27	\$ 0.33	\$ 0.36
Diluted earnings per common share	\$ 0.40	\$ 0.27	\$ 0.33	\$ 0.36
Weighted average number of common shares outstanding:				
Basic	3,481,162	4,022,587	3,672,858	4,318,128
Diluted	3,481,162	4,022,587	3,672,858	4,318,128

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,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,216,089	\$ 1,567,534
Items not involving an outlay of cash:		
Depreciation and amortization	160,992	143,413
(Gain) on sale of property, plant and equipment	(2,600)	(105,366)
Deferred income tax expense	39,571	3,997
Changes in non-cash working capital items:		
(Increase) in accounts receivable	(4,044,507)	(2,972,532)
(Increase) decrease in inventory	(408,282)	1,173,224
(Increase) in notes receivable	(561,813)	-
(Increase) decrease in prepaid expenses	(942,541)	21,268
Decrease (increase) in prepaid income taxes	101,686	(65,975)
Increase (decrease) in accounts payable and accrued liabilities	1,448,292	(82,148)
Net cash (used in) provided by operating activities	(2,993,113)	(316,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(207,469)	(8,112)
Proceeds from sale of property, plant and equipment	3,900	327,077
Net cash provided by (used in) investing activities	(203,569)	318,965
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in notes payable	680,707	-
Redemption of common stock	(3,867,046)	(2,661,848)
Net cash (used in) financing activities	(3,186,339)	(2,661,848)
Net (decrease) increase in cash	(6,383,021)	(2,659,468)
Cash, beginning of period	9,652,310	6,097,463
Cash, end of period	\$ 3,269,289	\$ 3,437,995

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Source: Jewett-Cameron Trading Company Ltd.