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, 2024**

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

COMMISSION FILE NUMBER 000-19954

JEWETT-CAMERON TRADING COMPANY LTD.

(Exact Name of Registrant as Specified in its Charter)

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

(503) 647-0110

(Registrant’s Telephone Number, Including Area Code)

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

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

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

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

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

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Jewett-Cameron Trading Company Ltd.

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PART I – FINANCIAL INFORMATION

PART II – OTHER INFORMATION

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, 2024

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

		May 31, 2024		August 31, 2023
ASSETS				
Current assets				
Cash and cash equivalents	$	1,054,704	$	83,696
Accounts receivable, net of allowance of $0 (August 31, 2023 - $0)		7,408,344		5,634,924
Inventory, net of allowance of $90,536 (August 31, 2023 - $497,884) (note 3)		13,470,934		18,339,048
Prepaid expenses		1,402,472		630,788
Total current assets		23,336,454		24,688,456
Property, plant and equipment, net (note 4)		4,482,130		4,655,427
Intangible assets, net (note 5)		112,431		134,845
Deferred tax assets (note 6)		396,788		319,875
Total assets	$	28,327,803	$	29,798,603
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	787,563	$	2,181,194
Bank indebtedness (note 7)		-		1,259,259
Income taxes payable		244,108		147,629
Accrued liabilities		2,254,484		2,113,194
Total liabilities		3,286,155		5,701,276
Stockholders' equity				
Capital stock (notes 8, 9)				
Authorized				
21,567,564 common shares, no par value				
10,000,000 preferred shares, no par value				
Issued				
3,504,802 common shares (August 31, 2023 – 3,498,899)		826,861		825,468
Additional paid-in capital		795,726		765,055
Retained earnings		23,419,061		22,506,804
Total stockholders' equity		25,041,648		24,097,327
Total liabilities and stockholders' equity	$	28,327,803	$	29,798,603

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

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

	Three Month Period Ended May 31, 2024	Three Month Period Ended May 31, 2023	Nine Month Period Ended May 31, 2024	Nine Month Period Ended May 31, 2023
SALES	$ 15,896,017	$ 18,945,738	$ 33,931,050	$ 39,666,658
COST OF SALES	12,944,941	14,532,366	26,959,377	30,473,044
GROSS PROFIT	2,951,076	4,413,372	6,971,673	9,193,614
OPERATING EXPENSES				
Selling, general and administrative expenses	1,026,071	961,566	2,941,978	2,884,463
Depreciation and amortization	79,406	99,962	268,349	299,577
Wages and employee benefits	1,790,004	2,100,825	5,221,662	5,975,438
	2,895,481	3,162,353	8,431,989	9,159,478
Income (loss) from operations	55,595	1,251,019	(1,460,316)	34,136
OTHER ITEMS				
Other income	-	-	2,450,000	-
Gain on sale of assets	1,450	-	90,537	-
Interest (expense) income	(1,437)	(152,905)	11,527	(353,987)
	13	(152,905)	2,552,064	(353,987)
Income (loss) before income taxes	55,608	1,098,114	1,091,748	(319,851)
Income tax expense (recovery)	(99,254)	363,163	179,491	(9,004)
Net income (loss)	$ 154,862	$ 734,951	$ 912,257	$ (310,847)
Basic earnings (loss) per common share	$ 0.04	$ 0.21	$ 0.26	$ (0.09)
Diluted earnings (loss) per common share	$ 0.04	$ 0.21	$ 0.26	$ (0.09)
Weighted average number of common shares outstanding:				
Basic	3,504,802	3,498,899	3,502,399	3,498,000
Diluted	3,504,802	3,498,899	3,502,399	3,498,000

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

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

	Capital Stock				
	Number of Shares	Amount	Additional paid-in capital	Retained earnings	Total
August 31, 2022	3,495,342	$ 824,629	$ 742,591	$ 22,527,430	$ 24,094,650
Shares issued pursuant to compensation plans (note 9)	3,557	839	22,464	-	23,303
Net loss	-	-	-	(310,847)	(310,847)
May 31, 2023	3,498,899	825,468	765,055	22,216,583	23,807,106
Net income	-	-	-	290,221	290,221
August 31, 2023	3,498,899	$ 825,468	$ 765,055	$ 22,506,804	$ 24,097,327
Shares issued pursuant to compensation plans (note 9)	5,903	1,393	30,671	-	32,064
Net income	-	-	-	912,257	912,257
May 31, 2024	3,504,802	$ 826,861	$ 795,726	$ 23,419,061	$ 25,041,648

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, 2024	Nine Month Period Ended May 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 912,257	$ (310,847)
Items not involving an outlay of cash:		
Depreciation and amortization	268,349	299,577
Stock-based compensation expense	32,064	23,303
Gain on sale of property, plant and equipment	(90,537)	-
Write-down of intangible assets	21,790	-
Deferred income tax expense	(76,913)	(366,566)
Changes in non-cash working capital items:		
Increase in accounts receivable	(1,773,420)	(338,489)
Decrease in inventory	4,868,114	103,083
(Increase) decrease in prepaid expenses	(771,684)	242,427
Decrease in prepaid income taxes	-	208,963
(Decrease) increase in accounts payable and accrued liabilities	(1,252,341)	1,541,107
Increase in income taxes payable	96,479	147,215
Net cash provided by operating activities	2,234,158	1,549,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in intangible assets	-	(102,500)
Proceeds on sale of property, plant and equipment	106,649	
Purchase of property, plant and equipment	(110,540)	(215,685)
Net cash used in investing activities	(3,891)	(318,185)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment to) proceeds from bank indebtedness	(1,259,259)	1,000,000
Net cash (used in) provided by financing activities	(1,259,259)	1,000,000
Net increase in cash	971,008	2,231,588
Cash, beginning of period	83,696	484,463
Cash, end of period	$ 1,054,704	$ 2,716,051

Supplemental disclosure with respect to cash flows (note 13)

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

1. NATURE OF OPERATIONS

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Principles of consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Estimates

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

Cash and cash equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents. At May 31, 2024, cash and cash equivalents were $1,054,704 compared to $83,696 at August 31, 2023.

Accounts receivable

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

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

Inventory

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

Property, plant and equipment

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

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

Intangibles

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Asset retirement obligations

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

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

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

Currency and foreign exchange

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

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

Earnings (loss) per share

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

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Earnings (loss) per share (cont'd…)

The earnings (loss) for the three and nine month periods ended May 31, 2024 and 2023 are as follows:

	Three Month Periods ended May 31,		Nine Month Periods ended May 31,	
	2024	**2023**	**2024**	**2023**
Net income (loss)	$ 154,862	$ 734,951	$ 912,257	$ (310,847)
Basic weighted average number of common shares outstanding	3,504,802	3,498,899	3,502,399	3,498,000
Effect of dilutive securities Stock options	-	-	-	-
Diluted weighted average number of common shares outstanding	3,504,802	3,498,899	3,502,399	3,498,000

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

Stock-based compensation

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

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

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

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

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

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

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

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

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

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

	May 31, 2024		August 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 1,054,704	$ 1,054,704	$ 83,696	$ 83,696
Accounts receivable, net of allowance	7,408,344	7,408,344	5,634,924	5,634,924
Accounts payable and accrued liabilities	3,042,047	3,042,047	4,294,388	4,294,388
Bank indebtedness	-	-	1,259,259	1,259,259

The following table presents information about the assets that are measured at fair value on a recurring basis as of May 31, 2024 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset:

	May 31, 2024	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 1,054,704	$ 1,054,704	$ —	$ —

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

(Expressed in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes

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

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

Shipping and handling costs

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

Revenue recognition

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

Recent accounting pronouncements

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

3. INVENTORY

A summary of inventory is as follows:

	May 31, 2024	August 31, 2023
Pet, fencing, and other products	$ 12,599,423	$ 17,741,254
Industrial wood products	871,511	584,989
Agricultural seed products	-	12,805
	$ 13,470,934	$ 18,339,048

(Expressed in U.S. Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

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

		May 31, 2024		**August 31, 2023**
Office equipment	$	778,800	$	668,260
Warehouse equipment		1,381,373		1,556,424
Buildings		6,209,162		6,209,162
Land		559,065		559,065
		8,928,400		8,992,911
Accumulated depreciation		(4,446,270)		(4,337,484)
Net book value	$	4,482,130	$	4,655,427

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

5. INTANGIBLE ASSETS

A summary of intangible assets is as follows:

		May 31, 2024		**August 31, 2023**
Intangible assets		131,405		153,195
Accumulated amortization		(18,974)		(18,350)
Net book value	$	112,431	$	134,845

6. DEFERRED INCOME TAXES

Deferred income tax asset as of May 31, 2024 of $396,788 (August 31, 2023 - $319,875) reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

7. BANK INDEBTEDNESS

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

The Bank Line of Credit was $10,000,000 until February 28, 2024 when the former line was replaced with a new agreement. The new line is $5,000,000 and expired on June 30, 2024. The new line also contained new financial covenants, including the requirement that the Company enter into a firm lending agreement with a different lender by June 30, 2024. A new lending agreement was entered subsequent to May 31, 2024 (note 15).

8. CAPITAL STOCK

Common Stock

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

9. RESTRICTED SHARE PLAN

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

The maximum number of Common Shares reserved for issuance under the Plan will not exceed 1% of the then issued and outstanding number of Common Shares at the time of the grant. As of May 31, 2024 the maximum number of shares available to be issued under the Plan was 11,407.

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

During the nine-month period ended May 31, 2024, the Company issued 5,903 common shares (nine months ended May 31, 2023 – 3,557 common shares) to officers, directors and employees under the RSA. The value of these shares was $32,064 (2023 - $23,303).

(Expressed in U.S. Dollars)

10. PENSION AND PROFIT-SHARING PLANS

The Company has a deferred compensation 401(k) plan for all employees with at least 6 months of service pending a monthly enrolment 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, 2024 and 2023 the 401(k) compensation expense were $311,026 and $404,541, respectively.

11. SEGMENT INFORMATION

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

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

Following is a summary of segmented information for the nine-month periods ended May 31, 2024 and 2023.

	2024	2023
Sales to unaffiliated customers:		
Industrial wood products	$ 2,883,190	$ 1,928,765
Lawn, garden, pet and other	30,964,142	36,029,439
Seed processing and sales	83,718	1,708,454
	$ 33,931,050	$ 39,666,658
Income (loss) before income taxes:		
Industrial wood products	$ 41,146	$ (80,007)
Lawn, garden, pet and other	384,102	(594,192)
Seed processing and sales	32,242	(58,048)
Corporate and administrative	634,258	412,396
	$ 1,091,748	$ (319,851)
Identifiable assets:		
Industrial wood products	$ 1,245,424	$ 875,392
Lawn, garden, pet and other	20,452,800	27,060,918
Seed processing and sales	12,503	740,455
Corporate and administrative	6,617,076	8,240,749
	$ 28,327,803	$ 36,917,514
Depreciation and amortization:		
Industrial wood products	$ -	$ -
Lawn, garden, pet and other	51,274	48,643
Seed processing and sales	1,615	4,893
Corporate and administrative	215,460	246,041
	$ 268,349	$ 299,577

(Expressed in U.S. Dollars)

11. SEGMENT INFORMATION (cont'd…)

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, 2024 and 2023:

		2024		**2023**
Sales	$	22,653,269	$	24,245.936

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, 2024 and 2023:

		2024		**2023**
United States	$	32,444,176	$	38,289,020
Canada		1,384,964		645,172
Mexico / Latin America / Caribbean		70,501		487,218
Europe		14,000		150,084
Middle East		17,409		-
Asia/Pacific		-		95,164

All of the Company's significant identifiable assets were located in the United States as of May 31, 2024 and 2023.

12. RISKS

Credit risk

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

At May 31, 2024, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 77%. At May 31, 2023, two customers accounted for accounts receivable greater than 10% of total accounts receivable at 66%. 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, 2024, there were three suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $12,348,431. For the nine months ended May 31, 2023, there were three suppliers that each accounted for 10% or greater of total purchases, and the aggregate purchases amounted to $17,831,976.

(Expressed in U.S. Dollars)

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Certain cash payments for the nine months ended May 31, 2024 and 2023 are summarized as follows:

		2024		**2023**
Cash paid during the periods for:				
Interest	$	32,619	$	325,933
Income taxes	$	173,717	$	-

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

14. CONTINGENCIES

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

15. SUBSEQUENT EVENT

In June 2024, the Company signed a new line of credit agreement in the form of a Contract of Sale & Assignment Agreement with Northrim Funding Services (“Northrim”). Under the terms of the agreement Northrim will provide short-term operating capital by purchasing the Company’s accounts receivable invoices (“AR invoices”) at a discount below the face value of such invoices. The maximum of AR invoices Northrim will purchase at one time is limited to an amount equal to 80% of the net eligible accounts and an amount equal to 25% of all eligible inventory, but not to exceed funding on inventory of $4,000,000. Furthermore, the purchase of AR invoices is not to exceed $6,000,000. Interest is computed at the prime rate plus 4.75% with floor of 11% and is secured by certain assets of the Company. The line expires on June 30, 2025.

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, 2024 and August 31, 2023 and its results of operations and cash flows for the three and nine month periods ended May 31, 2024 and 2023 in accordance with U.S. GAAP. Operating results for the three and nine month periods ended May 31, 2024 are not necessarily indicative of the results that may be experienced for the fiscal year ending August 31, 2024. Overall, the operating results of JCC are seasonal with the first two quarters of the fiscal year historically being slower than the final two quarters of the fiscal year.

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

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

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

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

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

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

<u>Tariffs</u>

The majority of the Company's metal products are currently 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

Although we were challenged with changes to the economic and business climate in the 3rd quarter, we continue to successfully advance in our efforts to improve our operations, broaden our customer base, and sharpen our focus on our core products. This focus includes the aggressive expansion of a major in-store product placement campaign for several of our key fence products in the 4th quarter into fiscal 2025. This program signifies an important advance in our marketing programs as we work to increase our visibility and brand recognition with consumers.

Difficult economic conditions continued to negatively impact our operations during the 3rd quarter, which were amplified with resurgent challenges and costs within the international supply chain. Stubbornly high inflation continues to restrain consumer spending, particularly on home improvement and pet products. Unseasonably cold and wet weather in our important Western US markets curtailed consumer spending on outdoor products during the 3rd quarter.

In our fencing category, we are enhancing the visibility of our key products with new in-store displays. These in-aisle display units are positioned directly beside the wood racks for greater visibility of key products which increases sales of the items and improves consumer's choices. Since their recent initial debut in select stores, these displays have both increased our visibility and reinforced our message of quality and functionality to the consumer. We have also increased our support to our customers around these display units to manage and maintain product availability and ensure timely replenishment to prevent out of stock. Displays are rolling out to many more stores in the 4th quarter, and we are building on this momentum by adding in-store displays for some of our other fencing products into fiscal 2025.

Our lumber supply agreement with a major customer continues to perform well. Currently, there is a significant shortage of Western Red Cedar due to supply issues. To make up the shortfall, we have successfully shifted some of our supply to high-quality alternatives, including Sugi Cedar. Sugi fencing sells for a lower price than Western Red Cedar which negatively affects our margins. Demand from consumers may also be dampened in the 4th quarter due to their lack of familiarity with this alternative product.

We are also expanding our sales channels and adding new customers throughout North America. The addition of a number of new Canadian customers this year has more than doubled our sales there in the current 9 month period compared to the same period of fiscal 2023. In Mexico, we recently shipped our initial container of our MyEcoWorld Post-Consumer Recycled plastic pet poop bags to customers there. This product is an important alternative to traditional plastic bags, and the shipment is a significant milestone for this product.

Supply chain issues have returned which are having an effect on our inventory availability. Shipping around the globe has been severely affected by shipping route diversions caused by conflict in the Red Sea and low water levels in the Panama Canal. As a result, many scheduled sailings have been delayed or cancelled, and container availability has been curtailed. A number of our recent supply orders have been delayed by these late and cancelled sailings from Asia. We are now suffering some inventory shortages and unavailability of certain products which is resulting in some missed sales and back orders awaiting container arrivals. In addition to the significant delays, the costs of ocean shipping have soared since Mid-May 2024. On May 1, 2024, new freight contracts became active and container prices quickly doubled, with the rates increasing every two weeks since then. We have notified our customers of the shipping delays and higher costs which we cannot fully absorb. Therefore, we will be temporarily increasing certain of our product prices. These price increases may reduce our sales as some of our customers may be unwilling to purchase the full amount of their usual orders at these higher prices and instead may wait to see if shipping costs fall later in 2024. Due to these supply chain issues and the higher shipping costs, we expect a negative effect on sales and margins during the fourth quarter and into fiscal 2025.

Our margins and financial results in the 3rd quarter were negatively affected by the clearance of some older higher cost lumber, and a one-time inventory write-down of $110,293 for the liquidation of all of our remaining pet inventory located in Europe. We are continuing to sell through some of the higher cost inventory we purchased during the prior high-cost logistics period. Some of our pet products continue to sell slowly as the overall pet supply market remains depressed. However, there are some signs that the pet market in the US may have bottomed and may begin to improve in the second half of calendar 2024 into calendar 2025 if the supply chain issues do not continue to worsen.

Our inventory as of the end of the 3rd quarter was approximately $13.47 million compared to $17.58 million as of the end of the 2nd quarter and $20.53 million at the end of fiscal 2023 Q3. We are continuing our efforts to concentrate on our core lines with new marketing and sales efforts, and adding new and innovative complementary products. We have engaged new suppliers in several countries outside of China. We are now validating the processes and quality of the products from these suppliers that will complement our existing core products. Production and shipping of products will commence soon.

Besides diversifying our supplier base, we expect to reduce our costs on these products by bypassing the China-specific US product tariffs.

Our balance sheet remains strong, with a current ratio (current assets divided by current liabilities) of 7.11 as of May 31, 2024. We have no borrowing against our bank line of credit as we were able to fully fund our 3rd quarter operations and inventory purchases from our cash flow. Our prior bank line of credit expired on June 30, 2024 and a new asset-based line has been established with Northrim Funding Services ("Northrim"). Under the terms of the agreement Northrim will provide short-term operating capital by purchasing the Company's accounts receivable invoices ("AR invoices") at a discount below the face value of such invoices. The maximum of AR invoices Northrim will purchase at one time is limited to an amount equal to 80% of the net eligible accounts and an amount equal to 25% of all eligible inventory, but not to exceed funding on inventory of $4,000,000. Furthermore, the purchase of AR invoices is not to exceed $6,000,000. Although the interest rate on the line is higher than we were previously paying, it does provide us with additional financial flexibility.

Jewett-Cameron Seed's active operations ended on schedule on December 31, 2023. The majority of the segment's equipment has been sold, with the remainder being marketed aggressively for final disposal. JCSC owns 11.7 acres of land and 105,000 square feet of buildings at the site in Hillsboro, Oregon which is one of the fastest growing cities in Oregon. The land is situated at a major interchange immediately adjacent to US Highway 26, which is one of the region's busiest roadways. The Company is pursuing listing the property for future sale and is actively investigating current and potential alternate zoning from the current rural industrial classification. This would provide interested parties with greater flexibility of development options. There is a high level of interest from the cities immediately adjacent to the property in the potential expansion of their urban growth boundaries and the communities are investigating those potential options. Due to its strategic location, this property would potentially be included within the expanded area. Should such an expansion be approved and/or a rezoning occur, it would likely increase the land's value and potentially maximize any return we receive for the sale of this surplus asset.

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

Our current focus remains growing our core product lines of fencing, Lucky Dog® brand pet containment products, and sustainable bags under the MyEcoWorld® brand. Our efforts are directed to growing our sales of both existing and new complementary products to our primary customers. We are also expanding our sales channels through the addition of new customers in our primary home improvement markets while increasing our marketing and sales efforts in several additional sectors in North America that we have identified as favorable fits for our core products. During the 3rd quarter, we also initiated a strategic refresh of our branding to emphasize Jewett-Cameron's combination of product quality, innovation and value which will further define our products with our customers and the consumer. We expect to unveil our updated branding and new marketing programs in the near future.

Three Months Ended May 31, 2024 and May 31, 2023

For the three months ended May 31, 2024, sales totaled $15,896,017 compared to sales of $18,945,738 for the three months ended May 31, 2023, which is a decrease of $3,049,721, or 16%. Our current sales were negatively impacted by poor weather conditions on the West Coast and new supply issues, including shortages in red cedar fencing.

Sales at JCC were $14,957,204 compared to sales of $17,158,549 for the quarter ended May 31, 2023, a decrease of $2,201,345, or 13%. Operating loss for JCC for the quarter ended May 31, 2024 was ($67,000) compared to operating profit of $977,922 for the quarter ended May 31, 2023. Our current results were hurt by the sharp rise in ocean shipping costs and the clearance of some older higher cost lumber inventory. We also incurred a one-time loss of $110,293 for the liquidation of all of our remaining pet inventory located in Europe.

Sales at Greenwood for the quarter were $924,767 compared to sales of $989,166 for the three months ended May 31, 2023, which was a decrease of $64,399, or 7%. We are continuing to seek to hire additional brokers as management believes the segment can grow by opening new sales channels and broadening its customer base. For the three months ended May 31, 2024, Greenwood had an operating loss of ($237) compared to an operating profit of $25,460 for the three months ended May 31, 2023.

Sales at JCSC were $14,046 compared to sales of $798,023 for the three months ended May 31, 2023. The regular operations at JCSC terminated on December 31, 2023 and no further significant revenue is expected from JCSC. The remaining assets are in the process of disposal before the subsidiary is wound-up. For the quarter ended May 31, 2024, JCSC had a loss from operations of ($6,350) compared to an operating loss of ($46,719) for the quarter ended May 31, 2023.

JC USA is the holding company for the wholly-owned operating subsidiaries. For the quarter ended May 31, 2024, JC USA had income before income taxes of $128,995 compared to operating income of $141,450 for the quarter ended May 31, 2023. The results of JC USA are eliminated on consolidation.

Gross margin for the three months ended May 31, 2024 was 18.6% compared to 23.3% for the three months ended May 31, 2023. Current margins dipped due to higher shipping costs incurred during the period, the one-time sale of certain high-cost lumber inventory, and the liquidation of our remaining pet inventory located in Europe.

Operating expenses for the three months ended May 31, 2024 were $2,895,481, which was a decrease of $266,872 from expenses of $3,162,353 in the three months ended May 31, 2023. Wages and employee benefits declined to $1,790,004 from $2,100,825 due to the lower headcount related to the closure of the seed operations. Selling, General and Administrative expenses rose to $1,026,071 from $961,566. Depreciation fell to $79,406 from $99,962. Gain on Sale of Assets was $1,450 compared to $Nil. Interest expense was $1,437 compared to expense of $152,905 due to lower amounts borrowed against the bank line of credit.

Income tax recovery for the three months ended May 31, 2024 was $99,254 compared to expense of $363,163 for the three-month period ended May 31, 2023. 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 for the quarter ended May 31, 2024 was $154,862, or $0.04 per basic and diluted share, compared to net income of $734,951, or $0.21 per basic and diluted share, for the quarter ended May 31, 2023.

Nine Months Ended May 31, 2024 and May 31, 2023

For the nine months ended May 31, 2024, sales totaled $33,931,050 compared to sales of $39,666,658 for the nine months ended May 31, 2023. This represents a decrease of $5,735,608, or 14%. Consumers are maintaining their cautious outlook and are restraining their discretionary spending, with the home improvement and pet product sectors among the hardest hit. Our sales comparisons were also affected by the shut-down of JCSC, which was closed as of December 31, 2023. Revenues from JCSC were over $1.6 million higher in the nine months ended May 31, 2023 compared to the current nine-month period.

Sales at JCC were $30,964,142 for the nine months ended May 31, 2024 compared to sales of $36,029,439 for the nine months ended May 31, 2023, which is a decrease of $5,065,297, or 14%. Revenue from our pet lines remains weak which reflects the current trend in the entire pet product industry. Sales comparisons between the current nine-month period and the year-ago period were also affected by a large one-time order for kennels in last year's period. For the current nine-month period, JCC had income before income taxes of $384,102 compared to a loss of ($594,192) for the nine months ended May 31, 2023. 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 $2,883,190 for the current nine months compared to sales of $1,928,765 for the nine months ended May 31, 2023. This represents an increase of $954,425, or 49%. Demand for Greenwood's products from our primary transit operator customers continues to rebound from the lows incurred during the pandemic. For the nine months ended May 31, 2024, Greenwood had operating income of $41,146 compared to an operating loss of ($80,097) for the nine months ended May 31, 2023.

Sales at JCSC for the nine months ended May 31, 2024 were $83,718 compared to sales of $1,708,454 for the nine months ended May 31, 2023. The remaining JCSC warehouse, office and infrastructure assets are being marketed for disposal in preparation of the subsidiary being wound-up. JCSC had income before income taxes of $32,242 for the current nine-month period compared to a loss of ($58,048) for the nine months ended May 31, 2023.

JC USA, the holding company that provides professional and administrative services for the wholly-owned operating subsidiaries had income before income taxes of $634,257 compared to income before income taxes of $412,394 for the nine months ended May 31, 2023. The results of JC USA are eliminated on consolidation.

Gross margin for the nine-month period ended May 31, 2024 was 20.5% compared to 23.2% for the nine months ended May 31, 2023. Current margins dipped due to higher shipping costs incurred during the period, and the one time sale of certain high-cost lumber inventory and the liquidation of the remaining pet product inventory located in Europe.

Operating expenses declined to $8,431,989 from expenses of $9,159,478 recorded for the nine months ended May 31, 2023. Selling, General and Administrative expenses increased slightly to $2,941,978 from $2,884,463. Wages and Employee Benefits fell to $5,221,662 from $5,975,438 due to the lower headcount from the closure of the seed operations. Depreciation and amortization declined to $268,349 from $299,577.

In September 2023, the Company successfully settled its arbitration case against one of its former distributors for a cash payment of $2,450,000. We accounted for the one-time gain as other income. Even though the costs in this case were material, we believe it is critical to defend our valuable intellectual property and will take action against any future infringements of our patents, trademarks and contractual agreements.

In addition to the one-time gain from the successful arbitration, other items recorded in the current nine-month period include a gain on sale of assets of $90,537, which largely is due to the sale of JCSC equipment, and net interest income of $11,527. For the nine months ended May 31, 2023, interest expense totaled ($353,987) which was related to amounts borrowed against our bank line of credit.

Income tax expense in the current nine-month period was $179,491 compared to income tax recovery in the prior nine-month period was $9,004. 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, 2024 was $912,257, or $0.26 per basic and diluted share, compared to a net loss for the nine months ended May 31, 2023 of ($310,847), or ($0.09) per basic and diluted share.

LIQUIDITY AND CAPITAL RESOURCES

We continue to remain focused on restructuring our working capital to provide greater liquidity and flexibility through cash generation. As of May 31, 2024, the Company had working capital of $20,050,299 compared to working capital of $18,987,180 as of August 31, 2023, an increase of $1,063,119.

Cash and cash equivalents totaled $1,054,704, an increase of $971,008 from cash of $83,696 as of August 31, 2023. Accounts receivable, which is based on the timing of sales and collection of payments, rose to $7,408,344 from $5,634,924. Inventory declined to $13,470,934 from $18,339,048. Prepaid expenses, which is largely related to down payments for future inventory purchases, rose by $771,684 to $1,402,472 from $630,788. A number of our orders have been produced but are delayed in China awaiting container space as the current frequency and availability of ocean shipping to North America is severely limited.

Current liabilities declined to $3,286,155 from $5,701,276. Bank indebtedness was $Nil as of May 31, 2024 compared to $1,259,259 as of August 31, 2023 as the Company fully repaid its borrowing under the bank line of credit during the current period. Accounts payable declined to $787,563 from $2,181,194, accrued liabilities rose to $2,254,484 from $2,113,194, and income taxes payable rose to $244,108 from $147,629.

As of May 31, 2024, accounts receivable and inventory represented 89% of current assets and 74% of total assets. As of May 31, 2023, accounts receivable and inventory represented 89% of current assets and 76% of total assets. For the three months ended May 31, 2024, the accounts receivable collection period, or DSO, was 43 compared to 37 for the three months ended May 31, 2023. For the nine-month period ended May 31, 2024, the DSO was 60 compared to 52 for the nine months ended May 31, 2023. Inventory turnover for the three months ended May 31, 2024 was 110 days compared to 138 days for the three months ended May 31, 2023. For the nine months ended May 31, 2023, inventory turnover was 162 days compared to 184 days for the nine months ended May 31, 2023.

External sources of liquidity have previously included a line of credit from U.S. Bank. The line was $10,000,000 until February 28, 2024. On February 29, 2024, the line was renewed at the reduced amount of $5,000,000 at the Company's request. During the first quarter of fiscal 2024, the Company fully repaid the balance borrowed against the line and had the full amount of $5,000,000 available as of May 31, 2024. Borrowing under the line of credit was secured by an assignment of accounts receivable and inventory. Interest was calculated based on the one-month Secured Overnight Financing Rate (SOFR) plus 157 basis points, which as of May 31, 2024 was 6.89% (5.33% + 1.57%). The line with US Bank expired on June 30, 2024. The Company has now established a new $6,000,000 asset-based line of credit with Northrim. Interest is computed at the prime rate plus 4.75% with a floor of 11% and is secured by certain assets of the Company. The agreement expires on June 30, 2025, and there is currently no money borrowed against the Northrim line.

During the nine months ended May 31, 2024, the Company issued 5,903 common shares to officers, directors and employees under the Company's Restricted Share Plan. The value of these shares was $32,064.

Current Working Capital Requirements

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

OTHER MATTERS

Inflation

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

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

The increases in interest rates as a result of the higher level of inflation in the US economy has also had a negative effect on the Company's interest expense paid for its borrowing under its line of credit. The interest rate under the line has risen in conjunction with the increase in the prevailing interest rates and was 6.89% as of May 31, 2024. The Company repaid the remaining amount borrowed under the line in October 2023, and currently has no bank borrowing under its new line of credit established in June 2024.

Environmental, Social and Corporate Governance (ESG)

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

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

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

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

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

Uyghur Forced Labor Prevention Act

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

Business Risks

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

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.

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

Risks Related to Our Business

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, 2024 our top ten customers represented 95% of our total sales, and our single largest customer was responsible for 39% of our total sales. We would experience a significant decrease in sales and profitability and would have to cut back our operations, if these customers were lost and could not be replaced. Our top ten customers are located in North America and are primarily in the retail home improvement and pet industries.

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

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

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

We have a new line of credit with Northrim where short-term operating capital will be provided by purchasing the Company's accounts receivable invoices ("AR invoices"). The maximum of AR invoices Northrim will purchase at one time is limited to an amount equal to 80% of the net eligible accounts and an amount equal to 25% of all eligible inventory, but not to exceed funding on inventory of $4,000,000. Furthermore, the purchase of AR invoices is not to exceed $6,000,000. The maximum draw amount is currently available and the line will expire on June 30, 2025. If we lost access to credit it could negatively affect our ability to acquire inventory to fulfil our customers' orders and pay our obligations on a timely basis.

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

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

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

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

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

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

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

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

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

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

The Company does not have any derivative financial instruments as of May 31, 2024. However, the Company is exposed to interest rate risk.

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

Subsequent to the end of the current nine-month period, the Company established a new asset-based line of credit. The interest rate on this line may fluctuate over time due to changes in the prime rate which is subject to changes of the overall economic climate. The Company is subject to interest rate risk and could be subject to increased interest payments as market interest rates fluctuate. The new interest rate on amounts borrowed when any exists, will be prime rate plus 4.75% with a floor of 11%. The Company does not currently have any borrowings under this new asset-based line of credit.

Foreign Currency Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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

Part II – OTHER INFORMATION

Item 1. Legal Proceedings

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

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

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

---No Disclosure Required---

Item 3. Defaults Upon Senior Securities

---No Disclosure Required---

Item 4. Mine Safety Disclosures

---No Disclosure Required---

Item 5. Other Information

During the quarter ended May 31, 2024, no director or officer of the Company adopted or terminated a contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or a non-Rule 10b5-1 trading arrangement.

Item 6. Exhibits

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

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

SIGNATURES

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

Jewett-Cameron Trading Company Ltd.
(Registrant)

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

CERTIFICATIONS

I, Chad Summers, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 15, 2024

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

CERTIFICATIONS

I, Mitch Van Domelen, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: July 15, 2024

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

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

AS ADOPTED PURSUANT TO

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

In connection with the Quarterly Report of Jewett-Cameron Trading Company Ltd. (the "Company") on Form 10-Q for the period ended May 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, to such officer's knowledge, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: July 15, 2024

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

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

AS ADOPTED PURSUANT TO

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

In connection with the Quarterly Report of Jewett-Cameron Trading Company Ltd. (the "Company") on Form 10-Q for the period ended May 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company does hereby certify, to such officer's knowledge, that, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: July 15, 2024

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