

Jewett-Cameron Announces 2nd Quarter Financial Results

North Plains, Oregon, April 14, 2020 – Jewett-Cameron Trading Company Ltd. (NASDAQ: JCTCF) today reported financial results for the second quarter and six month periods of fiscal 2020 ended February 29, 2020.

Sales for the second quarter of fiscal 2020 totaled \$7.62 million compared to sales of \$7.86 million for the second quarter of fiscal 2019. Loss from operations was (\$163,020) compared to income from operations of \$57,625 for the quarter ended February 28, 2019. Net loss was (\$174,262), or (\$0.05) per share, compared to net income of \$119,629, or \$0.03 per share, in the year-ago quarter.

For the six months ended February 29, 2020, sales totaled \$14.7 million compared to sales of \$16.9 million for the six months ended February 28, 2019. Loss from operations was (\$173,894) compared to income from operations of \$536,634. Net loss was (\$180,884), or (\$0.05) per share, compared to net income of \$469,323, or \$0.11 per share, in the first six months of fiscal 2019.

“Although COVID-19 began to affect our operations in January”, said CEO Charlie Hopewell. “We have adjusted our work processes to comply with the State of Oregon’s directives. Many of our employees are working from home, while others are on split shifts. We continue operations with our full staff with no lay-offs or reduced hours. Even though the outlook for the rest of fiscal 2020 is uncertain due to the COVID-19 situation, demand for our pet and fencing products so far in the 3rd fiscal quarter has been consistent with historic levels.”

As of February 29, 2020, the Company’s cash position was approximately \$3.875 million, and there was no borrowing against its \$3.0 million line of credit. The Company has historically utilized its cash position by implementing share repurchase programs as an effective method of enhancing shareholder value. During the period ended February 29, 2020, the Company privately repurchased for cancellation a total of 490,120 common shares from two large shareholders, including a current officer and director of Jewett-Cameron. The shares were repurchased at a price of \$7.89 per share, calculated as the Volume Weighted Average Price (VWAP) of all the shares traded on NASDAQ during the first quarter of fiscal 2020. The total cost of the share repurchases was \$3,867,046.

Jewett-Cameron Trading Company is a holding company that, through its subsidiaries (Jewett-Cameron Companies), operate out of facilities located in North Plains, Oregon. Those businesses consist of the manufacturing and distribution of patented and patent pending specialty metal products, wholesale distribution of wood products, seed processing and sales, and sales of industrial tools and clamps. The Company’s brands include Lucky Dog, Animal House and AKC licensed products in the expanding pet market; fencing products under the Adjust-A-Gates, Fit-Right, Perimeter Patrol, and INFINITY Euro fence systems brands; Early Start, Spring Gardner, and Weatherguard for greenhouses; and TrueShade for patio umbrellas, furniture covers and canopies. Additional information about the Company and its products can be found the Company’s website at www.jewettcameron.com.

Forward-looking Statements

The information in this release contains certain forward-looking statements that anticipate future trends and events. These statements are based on certain assumptions that may prove to be erroneous and are subject to certain risks, including but not limited to, the uncertainties of the Company’s new product introductions, the risks of increased competition and technological change in the Company’s industry, and other factors detailed in the Company’s SEC filings. Accordingly, actual results may differ, possibly materially, from predictions contained herein.

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

	February 29, 2020	August 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,875,531	\$ 9,652,310
Accounts receivable, net of allowance of \$Nil (August 31, 2019 - \$Nil)	2,700,664	2,835,952
Inventory, net of allowance of \$32,538 (August 31, 2019 - \$119,357)	7,248,548	6,377,805
Note receivable	897	1,197
Prepaid expenses	867,792	393,539
Prepaid income taxes	370,002	223,420
Total current assets	15,063,434	19,484,223
Property, plant and equipment, net	2,775,867	2,727,406
Intangible assets, net	779	3,048
Total assets	\$ 17,840,080	\$ 22,214,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 449,586	\$ 410,027
Accrued liabilities	921,762	1,312,580
Total current liabilities	1,371,348	1,722,607
Deferred tax liability	85,796	61,204
Total liabilities	1,457,144	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	14,942,945	18,875,256
Total stockholders' equity	16,382,936	20,430,866
Total liabilities and stockholders' equity	\$ 17,840,080	\$ 22,214,677

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

	Three Month Periods at the end of February		Six Month Periods at the end of February	
	2020	2019	2020	2019
SALES	\$ 7,621,927	\$ 7,857,175	\$ 14,677,105	\$ 16,923,275
COST OF SALES	5,616,672	6,095,887	10,623,507	12,852,901
GROSS PROFIT	2,005,255	1,761,288	4,053,598	4,070,374
OPERATING EXPENSES				
Selling, general and administrative expenses	763,910	405,888	1,412,920	962,036
Depreciation and amortization	58,063	45,401	106,211	96,271
Wages and employee benefits	1,346,302	1,252,374	2,708,361	2,475,433
	2,168,275	1,703,663	4,227,492	3,533,740
(Loss) income from operations	(163,020)	57,625	(173,894)	536,634
OTHER ITEMS				
Gain on sale of property, plant and equipment	400	105,365	400	105,365
Interest and other income	6,584	9,184	18,198	26,335
	6,984	114,549	18,598	131,700
(Loss) income before income taxes	(156,036)	172,174	(155,296)	668,334
Income tax expense	(18,226)	(52,545)	(25,588)	(199,011)
Net (loss) income	\$ (174,262)	\$ 119,629	\$ (180,884)	\$ 469,323
Basic earnings per common share	\$ (0.05)	\$ 0.03	\$ (0.05)	\$ 0.11
Diluted earnings per common share	\$ (0.05)	\$ 0.03	\$ (0.05)	\$ 0.11
Weighted average number of common shares outstanding:				
Basic	3,562,630	4,218,348	3,811,956	4,218,672
Diluted	3,562,630	4,218,348	3,811,956	4,218,672

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

	Six Month Period	
	at the end of February,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (180,884)	\$ 469,323
Items not involving an outlay of cash:		
Depreciation and amortization	106,211	96,271
(Gain) on sale of property, plant and equipment	(400)	(105,365)
Deferred income taxes	24,592	(1,967)
Changes in non-cash working capital items:		
Decrease in accounts receivable	135,288	955,372
(Increase) in inventory	(870,743)	(1,902,410)
Decrease in note receivable	300	2,203
(Increase) in prepaid expenses	(474,253)	(218,265)
(Increase) in prepaid income taxes	(146,582)	(194,522)
(Decrease) in accounts payable and accrued liabilities	(351,259)	(858,868)
Net cash used in operating activities	(1,757,730)	(1,758,228)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(152,403)	-
Proceeds from sale of property, plant and equipment	400	324,674
Net cash provided by (used in) investing activities	(152,003)	324,674
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of common stock	(3,867,046)	(957,305)
Net cash used in financing activities	(3,867,046)	(957,305)
Net decrease in cash	(5,776,779)	(2,390,859)
Cash, beginning of period	9,652,310	6,097,463
Cash, end of period	\$ 3,875,531	\$ 3,706,604

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Source: Jewett-Cameron Trading Company Ltd.