

NEWS

December 21, 2021

WEST TRENTON, NJ – Homasote Company, America’s oldest manufacturer of building products made from recycled cellulose fiber, recently released the Company’s unaudited summary of financial operating information for the first nine months of 2021 and comparable figures for the same period in 2020. The decrease in sales can be mostly attributed to our inability to produce value added products due to a six month roof replacement project over the finishing area. This resulted in an order backlog exceeding \$3M. Half of the roof was completed in late September, and we were able to expedite some orders. As of this date, the backorder position is over \$2M and the remaining portion of the roof has just been completed. We expect to resume full production following maintenance shutdown on January 4, 2022.

Net sales for the three months ended September 30, 2021 were \$4,065,080, compared to \$4,654,557 for 2020, a decrease of \$589,477. Net loss for the three months ended September 30, 2021 was (\$499,155), or (\$1.38) per share, compared to net income of \$46,390, or \$0.13 per share, for the year earlier period.

Net sales for the nine months ended September 30, 2021 were \$13,440,584, compared to \$13,462,352 for 2020, a decrease of \$21,768. Net loss for the nine months ended September 30, 2021 was (\$785,876), or (\$2.17) per share, versus net income of \$969,277, or \$2.69 per share, in 2020.

Unaudited comparative summarized operational information for the periods ended September 30, 2021 and 2020 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|--------------|---------------------------------|---------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Net sales | \$ 4,065,080 | \$ 4,654,557 | \$ 13,440,584 | \$ 13,462,352 |
| Operating (loss) income | \$ (466,029) | \$ 112,881 | \$ (674,588) | \$ (360,513) |
| *Net (loss) income | \$ (499,155) | \$ 46,390 | \$ (785,876) | \$ 969,277 |
| Net (loss) income per common share | \$ (1.38) | \$ 0.13 | \$ (2.17) | \$ 2.69 |
| Weighted average common shares outstanding | 361,419 | 361,019 | 361,419 | 361,019 |

*Results reflect a loan of \$1,526,700 that was received on April 21, 2020 from PNC Bank, N.A. pursuant to the Paycheck Protection Program under the federal CARES Act (the “PPP”). The Company recognized the Loan Proceeds as earnings for the corresponding expenses that were incurred during the three months ended June 30, 2020. Under the PPP eligibility criteria, the Company submitted the loan for forgiveness and recorded the forgiveness income as a component of other income for the year ended December 31, 2020. The Company received forgiveness as of August 21, 2021.

The summarized financial data above for the nine month periods ended September 30, 2021 and 2020 are derived from unaudited financial information. The historical results are not necessarily indicative of the results of operations to be expected in the future. Results for the nine months ended September 30, 2021 may not be indicative of the results for the full fiscal year or for any other future period. Homasote Company information may be obtained on OTCMarkets.com with the locator HMTTC.

Forward-Looking Statements

Some statements in this supplement may be “forward-looking statements” for the purposes of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by words such as “believe,” “expect,” “anticipate,” “plan,” “potential,” “continue” or similar expressions. Such forward-looking statements are based upon current expectations and beliefs and are subject to a number of factors. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements, including but not limited to: events or conditions that affect the building and manufacturing industries in general and the Company in particular, such as general economic conditions, employment levels, the ongoing effects of the current pandemic, interest rates, inflation, costs of energy, weather, strikes, international unrest, terrorist acts and other factors; competitive, regulatory and market conditions, such as changes in choices regarding building materials by architects and builders and packing products by industrial firms; the performance of new products and the continued acceptance of current products in the marketplace; the execution of strategic initiatives and alliances; and other important factors disclosed previously and from time to time in the Company’s Annual Report and accompanying material. Therefore, the reader is cautioned not to rely on these forward-looking statements. The Company disclaims any intent or obligation to update these forward-looking statements.