

**NEWS**

December 8, 2020

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 2020 and comparable figures for the same period in 2019.

Net sales for the three months ended September 30, 2020 were \$4,654,557, compared to \$4,900,079 for 2019, a decrease of \$245,522. Net income for the three months ended September 30, 2020 was \$46,390, or \$0.13 per share, compared to net loss of (\$269,802), or (\$0.75) per share, for the year earlier period.

Net sales for the nine months ended September 30, 2020 were \$13,462,352, compared to \$15,359,186 for 2019, a decrease of \$1,896,834. Net income for the nine months ended September 30, 2020 was \$969,277, or \$2.69 per share, versus net income of \$212,607, or \$0.59 per share, in 2019.

Unaudited comparative summarized operational information for the periods ended September 30, 2020 and 2019 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net sales	\$ 4,654,557	\$ 4,900,079	\$ 13,462,352	\$ 15,359,186
Operating income (loss)	\$ 112,881	\$ (104,751)	\$ (360,513)	\$ 726,335
*Net income (loss)	\$ 46,390	\$ (269,802)	\$ 969,277	\$ 212,607
Net income (loss) per common share	\$ 0.13	\$ (0.75)	\$ 2.69	\$ 0.59
Weighted average common shares outstanding	361,019	360,752	361,019	360,663

\*On April 21, 2020 the Company was granted a loan (the "Loan") from PNC Bank, N.A. in the aggregate amount of \$1,526,700 (the "Loan Proceeds") pursuant to the Paycheck Protection Program under the federal CARES Act (the "PPP"). The Loan, which is evidenced by a Note issued by the Company, matures on April 21, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing November 2020. The Note may be prepaid by the Company at any time prior to maturity with no prepayment penalties. Under the PPP, the Loan and accrued interest are forgivable after eight weeks, as long as the Company uses the Loan Proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll level. Management believes, with reasonable assurance, that its use of the Loan Proceeds have met the conditions of the PPP for forgiveness of the Loan. Accordingly, under International Accounting Standards ("IAS") 20, the Company recognized the Loan Proceeds as earnings for the corresponding expenses that were incurred during the three months ended June 30, 2020.

The summarized financial data above for the nine month periods ended September 30, 2020 and 2019 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, 2020 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 HMTC.

**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.