

NEWS

January 8, 2024

WEST TRENTON, NJ – Homasote Company, America's oldest manufacturer of building products made from recycled cellulose fiber, recently released the Company's unaudited summary financial operating information for the first nine months of 2023 and comparable figures for the same period in 2022.

Net sales for the three months ended September 30, 2023 were \$5,357,544, compared to \$5,386,236 for 2022, a decrease of \$28,692. Net income for the three months ended September 30, 2023 was \$119,705, or \$0.33 per share, compared to net gain of \$63,561, or \$0.18 per share, for the year earlier period.

Net sales for the nine months ended September 30, 2023 were \$15,308,869, compared to \$17,317,706 for 2022, a decrease of \$2,008,837. Net loss for the nine months ended September 30, 2023 was (\$467,710), or (\$1.29) per share, versus net gain of \$1,514,196, or \$4.19 per share, in 2022.

Unaudited comparative summarized operational information for the periods ended September 30, 2023 and 2022 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net sales	\$ 5,357,544	\$ 5,386,236	\$ 15,308,869	\$ 17,317,706
Operating income (loss)	\$ 270,175	\$ 127,830	\$ (25,808)	\$ 1,683,313
*Net income (loss)	\$ 119,705	\$ 63,561	\$ (467,710)	\$ 1,514,196
Net income (loss) per common share	\$ 0.33	\$ 0.18	\$ (1.29)	\$ 4.19
Weighted average common shares outstanding	361,719	361,719	361,719	361,719

The summarized financial data above for the nine month periods ended September 30, 2023 and 2022 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, 2023 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.

Homasote has been notified by its insurer, Arrowpoint Capital (hereinafter as "Arrowpoint") that Arrowpoint has been placed into liquidation by Order of the Chancery Court of Delaware. Arrowpoint took over Royal Globe Insurance's obligation of defending Homasote Company's asbestos lawsuits in 2007. The Court has appointed a receiver, and the receiver has requested that Homasote's counsel throughout the United States seek an immediate stay of any and all cases involving Homasote products for 180 days. During this time of a "stay" of litigation, the receiver will be seeking to have the pending claims transferred to the various State Insurance Guaranty Funds which will then handle and be responsible for the claims in lieu of Arrowpoint. It is through this procedure that Homasote will continue to be protected from pending claims by the state institutions designed to handle the insolvency of insurance carriers. While there has been some resistance by some Courts to issue a stay, Homasote continues to have its experienced legal counsel defend the pending litigation with the understanding that their fees will be paid by the same mentioned Guaranty Funds. Consequently, Homasote will be able to navigate the company through the Arrowood insolvency by keeping its long-standing legal counsel and eventually will have the defense and indemnity of its claims absorbed by the various State Guaranty Funds.

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.