



**CONTACT:**

**Q.E.P. Co., Inc.  
Enos Brown  
Executive Vice President and  
Chief Financial Officer  
561-994-5550**

**Q.E.P. CO., INC. REPORTS FISCAL 2025 FULL YEAR FINANCIAL RESULTS**

**BOCA RATON, FLORIDA — May 29, 2025 — Q.E.P. CO., INC. (OTCQX: QEPC)** (the “Company” or “QEP”) today reported its financial results for the full fiscal year ended February 28, 2025.

These results follow the completion of a portfolio transformation in fiscal 2024, which included the divestiture of the Company’s Harris Flooring Group and international operations in the United Kingdom, Australia, and New Zealand. These actions were taken to sharpen the Company’s strategic focus on its core North American business and have been classified as discontinued operations in the financial results.

Net sales for the year ended February 28, 2025 were \$243.8 million, down \$8.2 million or 3.2% from \$252.0 million reported in fiscal 2024. The decline in net sales was primarily due to a mixture of continued softness in home improvement spending due to elevated interest rates, inflationary headwinds and broader economic uncertainty. In response, the Company continues to expand its regional sales footprint while continuously targeting new and innovative products.

Gross profit for fiscal 2025 increased \$4.6 million or 5.6% to \$86.6 million, up from \$82.0 million in the prior year. As a percentage of net sales, gross margin improved to 35.5% in fiscal 2025, up from 32.5% in fiscal 2024, driven largely by lower inbound freight costs, shifting of product sourcing to lower tariff countries and other structural cost reductions.

“Our strong financial results reflect the focused execution across the organization of our strategy and the resilience of our core business” said Len Gould, President & Chief Executive Officer. “We are unwavering in our commitment to the professional, and are experiencing the benefit of our investments in our domestic manufacturing capability and our extensive product innovations. When you combine these strengths with bulletproof fill rates and our industry experts, this is the result. These efforts position us well for long-term growth.”

“While we are encouraged by our performance, we remain vigilant in the face of continued global uncertainty — particularly as it relates to tariffs and evolving trade policy,” added Mr. Gould. “We are actively managing our sourcing and inventory strategies to mitigate potential risks and maintain service levels to our customers. Our long-term strategy remains unchanged: deliver value through operational excellence, product leadership, and customer focus.”

Operating expenses were \$66.8 million or 27.4% of net sales for fiscal 2025, compared to \$68.7 million or 27.3% of net sales in fiscal 2024, reflecting efficiencies from the Company’s reorganization efforts.

Interest income for fiscal 2025 improved to \$0.9 million, compared to interest expense of \$1.4 million in fiscal 2024 primarily as a result of significant debt reduction and increased cash balances.



The provision for income taxes as a percentage of income before taxes was 24.1% for fiscal 2025, as compared to 23.4% for fiscal 2024.

Net income for fiscal 2025 was \$16.3 million or \$4.94 per diluted share, as compared to net loss of \$4.7 million or \$1.40 per diluted share for fiscal 2024. Excluding discontinued operations, adjusted net income for fiscal 2025 was \$15.7 million or \$4.78 per diluted share, as compared to \$9.1 million or \$2.73 per diluted share for fiscal 2024.

Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations in fiscal 2025 was \$22.2 million or 9.1% of net sales, as compared to \$14.7 million or 5.8% of net sales in fiscal 2024.

	<b>February 28, 2025</b>	<b>February 29, 2024</b>
Net income from continuing operations	\$ 15,711	\$ 9,131
Add: Interest expense, net	(876)	1,386
Provision for income taxes	4,979	2,787
Depreciation and amortization	1,385	1,390
Loss on sale of business	958	-
EBITDA, as adjusted	<u>\$ 22,157</u>	<u>\$ 14,694</u>

Cash provided by operating activities during fiscal 2025 was \$12.7 million, compared to \$29.5 million in the prior year, reflecting a strategic inventory build ahead of anticipated tariff implementations. During fiscal 2025, the Company used its cash from operations, along with proceeds from the sale of businesses, to fund capital expenditures, repurchase stock, return capital to stockholders through dividends and increase cash balances. During fiscal 2024, cash from operations, along with proceeds from the sale of businesses, were used principally to repay debt and increase cash balances.

As of February 28, 2025, working capital totaled \$67.4 million, compared to \$60.0 million at the end of fiscal 2024. Aggregate available cash, net of outstanding debt at the end of fiscal 2025, was \$28.4 million, up from \$21.7 million at the end of fiscal 2024.

The Company welcomes investor inquiries via email at [ir@qep.com](mailto:ir@qep.com).

## About QEP

Founded in 1979, Q.E.P. Co., Inc. is a leading designer, manufacturer and distributor of a broad range of best-in-class flooring installation solutions for commercial and home improvement projects worldwide. QEP offers a comprehensive line of specialty installation tools, adhesives, and underlayment. QEP sells its products throughout the world to home improvement retail centers, and professional specialty distribution outlets, under brand names including QEP®, LASH®, ROBERTS®, Capitol®, Premix-Marbletite® (PMM), Brutus® and Homelux®.

QEP is headquartered in Boca Raton, Florida with offices in Canada and Asia. Please visit our website at [www.qepcorporate.com](http://www.qepcorporate.com).

## Forward-Looking Statements

All statements contained in this press release, other than statements of historical facts, may constitute forward-looking statements within the meaning of the federal securities laws. These statements can be identified by words such as "expects," "plans," "projects," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning. These forward-looking statements include, but are not limited to, (i) statements regarding (a) pending legal proceedings and/or administrative matters, (b) exposure of the Company to significant fines and penalties if the Company fails to comply with certain environmental laws or approval requirements and (c) the inability to obtain components and products as required or to develop alternative sources, if and as required in the future and (ii) statements under the section titled "Competitive Business Conditions, the Issuer's Competitive Position in the Industry, and Methods of Competition." Any forward-looking statements contained herein are based on current expectations and beliefs, and are subject to a number of risks and uncertainties, including risks related to the following: challenges presented by (i) scarcity and rising cost for raw materials, (ii) shifts in global sourcing patterns, and (iii) general inflationary pressures, economic conditions, sales growth, price increases, maintaining and improving profitability, product development and marketing, operating expenses, cost savings, the successful completion of acquisitions and dispositions, acquisition integration, operational synergy realization, global sourcing, political uncertainty, cash flow, debt and currency exchange rates, including as a result of (A) the imposition and changes to tariffs, including the effects of tariffs on goods imported from China and Vietnam, which countries the Company relies on for the manufacturing and importation of many of the Company's flooring installation tool products and related accessories, and tariffs on all steel and aluminum imports into the United States, (B) trade policies affecting macroeconomic conditions and/or (C) retaliatory trade actions taken by global trading partners. Forward-looking statements may also be adversely affected by general market factors, competitive product development, product availability, federal and state regulations and legislation, manufacturing issues that may arise, patent positions and litigation, among other factors. The forward-looking statements contained in this Annual Report speak only as of the date the statements were made, and the Company does not undertake any obligation to update forward-looking statements, except as required by law.

***-Financial Information Follows-***

**Q.E.P. CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands except per share data)

	<b>For the Year Ended</b>	
	<b>February 28, 2025</b>	<b>February 29, 2024</b>
Net sales	\$ 243,831	\$ 251,986
Cost of goods sold	157,262	169,989
<b>Gross profit</b>	<b>86,569</b>	<b>81,997</b>
<b>Operating expenses:</b>		
Shipping	27,199	28,129
General and administrative	24,705	26,135
Selling and marketing	14,428	13,633
Other (income) expense, net	423	796
Total operating expenses	66,755	68,693
<b>Operating income</b>	<b>19,814</b>	<b>13,304</b>
Interest income (expense), net	876	(1,386)
<b>Income before provision for income taxes</b>	<b>20,690</b>	<b>11,918</b>
Provision for income taxes	4,979	2,787
<b>Net income from continuing operations</b>	<b>15,711</b>	<b>9,131</b>
Gain (loss) from discontinued operations, net of tax	542	(13,839)
<b>Net income (loss)</b>	<b>\$ 16,253</b>	<b>\$ (4,708)</b>
<b>Basic earnings (loss) per share:</b>		
From continuing operations	\$ 4.78	\$ 2.73
From discontinued operations	0.17	(4.14)
<b>Basic earnings (loss) per share</b>	<b>\$ 4.95</b>	<b>\$ (1.41)</b>
<b>Diluted earnings (loss) per share:</b>		
From continuing operations	\$ 4.78	\$ 2.73
From discontinued operations	0.16	(4.13)
<b>Diluted earnings (loss) per share</b>	<b>\$ 4.94</b>	<b>\$ (1.40)</b>
<b>Weighted average number of common shares outstanding:</b>		
Basic	3,286	3,343
Diluted	3,290	3,350



**Q.E.P. CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except par values)

	February 28, 2025	February 29, 2024
<b>ASSETS</b>		
Cash	\$ 28,552	\$ 22,369
Accounts receivable, less allowance for credit losses of \$221 and \$134 at February 28, 2025 and February 29, 2024, respectively	31,752	30,338
Inventories, net	36,595	29,913
Prepaid expenses and other current assets	2,781	7,491
Prepaid income taxes	1,544	1,375
Discontinued operations	-	693
<b>Current assets</b>	<b>101,224</b>	<b>92,179</b>
Property and equipment, net	13,044	9,894
Right of use operating lease assets	21,520	19,852
Deferred income taxes, net	1,996	2,548
Intangibles, net	1	99
Other assets	489	1,276
<b>Total assets</b>	<b>\$ 138,274</b>	<b>\$ 125,848</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Trade accounts payable	\$ 15,569	\$ 14,438
Accrued liabilities	15,251	13,352
Current operating lease liabilities	2,887	3,210
Lines of credit	105	601
Current maturities of debt	9	74
Discontinued operations	-	479
<b>Current liabilities</b>	<b>33,821</b>	<b>32,154</b>
Long term debt	10	-
Non-current operating lease liabilities	21,084	19,855
Other long term liabilities	427	1,209
<b>Total liabilities</b>	<b>55,342</b>	<b>53,218</b>
Preferred stock, 2,500 shares authorized, \$1.00 par value; 0 shares issued and outstanding at February 28, 2025 and February 29, 2024, respectively	-	-
Common stock, 20,000 shares authorized, \$.001 par value; 4,005 shares issued: 3,255 and 3,286 shares outstanding at February 28, 2025 and February 29, 2024, respectively	4	4
Additional paid-in capital	10,361	11,901
Retained earnings	85,544	73,211
Treasury stock, 750 and 719 shares held at cost at February 28, 2025 and February 29, 2024, respectively	(10,377)	(9,517)
Accumulated other comprehensive income	(2,600)	(2,969)
<b>Shareholders' equity</b>	<b>82,932</b>	<b>72,630</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 138,274</b>	<b>\$ 125,848</b>



**Q.E.P. CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

	<b>For the Year Ended</b>	
	<b>February 28, 2025</b>	<b>February 29, 2024</b>
<b>Operating activities:</b>		
Net income (loss)	\$ 16,253	\$ (4,708)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,385	2,656
Loss on disposal of businesses	468	9,278
(Gain)/Loss on sale of property	(2)	34
Gain from insurance recoveries	-	(134)
Proceeds from settlement of insurance claims	-	537
Impairment, net of gain on lease modification	(164)	1,221
Impairment of long-lived asset	85	-
Other non-cash adjustments	95	317
Changes in assets and liabilities:		
Accounts receivable	(811)	5,098
Inventories	(8,364)	21,295
Prepaid expenses and other assets	3,162	4,568
Trade accounts payable and accrued liabilities	629	(10,682)
<b>Net cash provided by operating activities</b>	<b>12,736</b>	<b>29,480</b>
<b>Investing activities:</b>		
Capital expenditures	(4,549)	(3,808)
Proceeds from sale of businesses	4,859	32,842
Proceeds from sale of property	2	108
Proceeds from settlement of insurance claims	-	285
<b>Net cash provided by investing activities</b>	<b>312</b>	<b>29,427</b>
<b>Financing activities:</b>		
Net repayments under lines of credit	(479)	(30,549)
Net repayments of term loan facilities	-	(7,250)
Repurchase of equity-based awards	(1,540)	-
Purchase of treasury stock	(833)	(227)
Principal payments on finance leases	(83)	(108)
Dividends paid	(3,920)	(3,286)
<b>Net cash used in financing activities</b>	<b>(6,855)</b>	<b>(41,420)</b>
Effect of exchange rate changes on cash	(10)	(114)
<b>Net increase in cash</b>	<b>6,183</b>	<b>17,373</b>
Cash at beginning of period	22,369	3,060
Cash at beginning of the period from discontinued operations	-	1,936
<b>Cash at end of period</b>	<b>\$ 28,552</b>	<b>\$ 22,369</b>



**Q.E.P. CO., INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In thousands, except shares data)

	Preferred Stock		Common Stock		Paid-in	Retained	Treasury	Accumulated Other Comprehensive	Total
	Shares	Amount	Shares	Amount	Capital	Earnings	Stock	Income	Shareholders' Equity
<b>Balance at February 28, 2023</b>	-	\$ -	4,005,370	\$ 4	\$ 11,449	\$ 81,205	\$ (9,410)	\$ (5,408)	\$ 77,840
Net loss						(4,708)			(4,708)
Reclassification of currency translation adjustments to earnings								2,376	2,376
Unrealized currency translation adjustments								63	63
Purchase of treasury stock							(107)		(107)
Stock-based compensation expense					452				452
Dividends paid						(3,286)			(3,286)
<b>Balance at February 29, 2024</b>	-	-	4,005,370	\$ 4	\$ 11,901	\$ 73,211	\$ (9,517)	\$ (2,969)	\$ 72,630
Net income						16,253			16,253
Reclassification of currency translation adjustments to earnings								698	698
Unrealized currency translation adjustments								(329)	(329)
Purchase of treasury stock							(860)		(860)
Repurchase of equity-based awards					(1,540)				(1,540)
Dividends paid						(3,920)			(3,920)
<b>Balance at February 28, 2025</b>	-	\$ -	4,005,370	\$ 4	\$ 10,361	\$ 85,544	\$ (10,377)	\$ (2,600)	\$ 82,932