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Q.E.P. CO., INC. REPORTS FISCAL 2026 FIRST QUARTER FINANCIAL RESULTS AND DECLARES SECOND QUARTER CASH DIVIDEND

BOCA RATON, FLORIDA — July 15, 2025 — Q.E.P. CO., INC. (OTCQX: QEPC) (the "Company" or "QEP") today announced its financial results for the first quarter ended May 31, 2025 and declared its second quarter cash dividend.

Results of Operations

Net sales for the quarter ended May 31, 2025 were $61.5 million, down $2.0 million or 3.1% from $63.5 million reported for the first quarter of fiscal 2025. The slight decline in net sales was primarily due to the ongoing softness in home improvement spending due to elevated interest rates and macroeconomic uncertainty.

Gross profit for the first quarter of fiscal 2026 increased $0.2 million or 0.1% to $22.7 million, up from $22.5 million for the same period in the prior year. As a percentage of net sales, gross margin improved to 36.9% in the first quarter of fiscal 2026, up from 35.4% in the first quarter of fiscal 2025, primarily due to the sell-through of inventory purchased before recent tariff increases. This improvement may be temporary, as future gross margins are expected to be impacted by higher landed costs resulting from newly imposed tariffs.

"Despite persistent economic headwinds, the first quarter results demonstrate the strength and resiliency of our business," said Len Gould, President and Chief Executive Officer. "This is a reflection of the hard work of our people throughout QEP, and their efforts are to be applauded."

Gould continued, "We continue to proactively expand and enhance our domestic manufacturing footprint and our sourcing capabilities. Earlier this week the Grand Opening of our latest adhesive production facility in Dalton, Georgia was held. This completed a multi-year effort to bring new technology and enhanced capacity to our lineup, along with the ability to 'in-house' formerly purchased items, which represents a major milestone for the Company, and a true win for our customers."

Operating expenses totaled $16.9 million or 27.4% of net sales versus $17.3 million or 27.2% of net sales in the prior year period, reflecting lower variable expenses tied to sales volumes.

Interest income from the Company's invested cash balances was $0.2 million, unchanged from the prior year.

The provision for income taxes as a percentage of income before taxes was 26% compared to 28% in the first quarter of fiscal 2025.

Net income was $4.4 million or $1.36 per diluted share, as compared to $4.5 million or $1.34 per diluted share for the prior year period. Excluding discontinued operations, adjusted net income for the first quarter of the prior year was $3.9 million or $1.17 per diluted share.

Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations for the first quarter of fiscal 2026 was $6.1 million or 10.0% of net sales, up from $5.6 million or 8.8% of net sales in the first quarter of fiscal 2025.

		For the Three Months	
		May 31, 2025	May 31, 2024
Net income from continuing operations		$ 4,444	$ 3,903
Add:	Interest (income) expense, net	(178)	(183)
	Provision for income taxes	1,561	1,508
	Depreciation and amortization	369	338
	Gain on sale of business	(71)	-
EBITDA, as adjusted		$ 6,125	$ 5,566

Cash provided by operating activities during the first quarter of fiscal 2026 was $2.6 million, compared to $6.1 million in the comparable fiscal 2025 period, reflecting a strategic inventory build in anticipation of potential tariff impacts. In the first quarter of fiscal 2026, the Company used its cash from operations, along with proceeds from the sale of a business, to fund capital expenditures, repurchase stock, return capital to stockholders through dividends and increase cash balances. In the first quarter of fiscal 2025, cash provided by operations, along with proceeds from the sale of businesses, was used to repurchase stock and increase the Company's cash surplus.

As of May 31, 2025, working capital totaled $70.2 million, compared to $67.4 million at the end of fiscal 2025. Aggregate available cash, net of outstanding debt at May 31, 2025 was $30.4 million, up from $28.4 million at the end of fiscal 2025.

Cash Dividend Declaration

QEP's Board of Directors declared a quarterly cash dividend of $0.20 per share on its common stock, payable on August 28, 2025 to stockholders of record as of August 1, 2025, which reflects QEP's ongoing commitment to returning value to stockholders.

The Company welcomes investor inquiries via email at 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 other offices in the United States, Canada and Asia. Please visit our website at 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 herein 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)
(Unaudited)

	For the Three Months Ended	
	May 31, 2025	May 31, 2024
Net sales	$ 61,528	$ 63,524
Cost of goods sold	38,850	41,021
Gross profit	**22,678**	**22,503**
Operating expenses:		
Shipping	6,874	7,081
General and administrative	6,166	6,284
Selling and marketing	3,927	3,905
Other (income) expense, net	(116)	5
Total operating expenses	16,851	17,275
Operating income	**5,827**	**5,228**
Interest income (expense), net	178	183
Income before provision for income taxes	**6,005**	**5,411**
Provision for income taxes	1,561	1,508
Net income from continuing operations	**4,444**	**3,903**
Gain from discontinued operations, net of tax	-	565
Net income	**$ 4,444**	**$ 4,468**
Basic earnings per share:		
From continuing operations	$ 1.36	$ 1.17
From discontinued operations	-	0.17
Basic earnings per share	**$ 1.36**	**$ 1.34**
Diluted earnings per share:		
From continuing operations	$ 1.36	$ 1.17
From discontinued operations	-	0.17
Diluted earnings per share	**$ 1.36**	**$ 1.34**
Weighted average number of common shares outstanding:		
Basic	3,257	3,323
Diluted	3,257	3,334

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

	May 31, 2025 (Unaudited)	February 28, 2025 (Audited)
ASSETS		
Cash	$ 30,479	$ 28,552
Accounts receivable, less allowance for credit losses of $223 and $221 at May 31, 2025 and February 28, 2025, respectively	30,291	31,752
Inventories, net	30,024	36,595
Prepaid expenses and other current assets	2,944	2,781
Prepaid income taxes	19	1,544
Current assets	**93,757**	**101,224**
Property and equipment, net	13,585	13,044
Right of use operating lease assets	21,166	21,520
Deferred income taxes, net	1,996	1,996
Intangibles, net	-	1
Other assets	497	489
Total assets	**$ 131,001**	**$ 138,274**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade accounts payable	$ 7,251	$ 15,569
Accrued liabilities	13,276	15,251
Current operating lease liabilities	2,992	2,887
Lines of credit	21	105
Current maturities of debt	9	9
Current liabilities	**23,549**	**33,821**
Long term debt	7	10
Non-current operating lease liabilities	20,612	21,084
Other long term liabilities	418	427
Total liabilities	**44,586**	**55,342**
Preferred stock, 2,500 shares authorized, $1.00 par value; 0 issued and outstanding at May 31, 2025 and February 28, 2025, respectively	-	-
Common stock, 20,000 shares authorized, $.001 par value; 4,005 shares issued: 3,244 and 3,255 shares outstanding at May 31, 2025 and February 28, 2025, respectively	4	4
Additional paid-in capital	10,361	10,361
Retained earnings	89,338	85,544
Treasury stock, 761 and 750 shares held at cost at May 31, 2025 and February 28, 2025, respectively	(10,905)	(10,377)
Accumulated other comprehensive income	(2,383)	(2,600)
Shareholders' equity	**86,415**	**82,932**
Total liabilities and shareholders' equity	**$ 131,001**	**$ 138,274**

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

	For the Three Months Ended	
	May 31, 2025	May 31, 2024
Operating activities:		
Net income	$ 4,444	$ 4,468
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	369	338
Gain on disposal of businesses	(71)	(516)
Gain on sale of property	(3)	(1)
Other non-cash adjustments	-	44
Changes in assets and liabilities:		
Accounts receivable	236	2,529
Inventories	6,719	491
Prepaid expenses and other assets	248	833
Trade accounts payable and accrued liabilities	(9,320)	(2,135)
Net cash provided by operating activities	**2,622**	**6,051**
Investing activities:		
Capital expenditures	(895)	(679)
Proceeds from sale of businesses	1,374	4,292
Proceeds from sale of property	2	1
Net cash provided by investing activities	**481**	**3,614**
Financing activities:		
Net repayments under lines of credit	(87)	(394)
Repurchase of equity-based awards	-	(1,183)
Purchase of treasury stock	(441)	(30)
Principal payments on finance leases	(2)	(28)
Dividends paid	(650)	-
Net cash used in financing activities	**(1,180)**	**(1,635)**
Effect of exchange rate changes on cash	4	9
Net increase in cash	**1,927**	**8,039**
Cash at beginning of period	28,552	22,369
Cash at end of period	**$ 30,479**	**$ 30,408**

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 Shareholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Stock	Income	Equity
Balance at February 29, 2024	-	$ -	4,005,370	$ 4	$11,901	$ 73,211	$ (9,517)	$ (2,969)	$ 72,630
Net Income						4,468			4,468
Unrealized currency translation adjustments								(1)	(1)
Purchase of treasury stock							(377)		(377)
Repurchase of equity-based awards					(1,183)				(1,183)
Balance at May 31, 2024	-	$ -	4,005,370	$ 4	$ 10,718	$ 77,679	$ (9,894)	$ (2,970)	$ 75,537

	Preferred Stock		Common Stock		Paid-in	Retained	Treasury	Accumulated Other Comprehensive	Total Shareholders
	Shares	Amount	Shares	Amount	Capital	Earnings	Stock	Income	Equity
Balance at February 28, 2025	-	$ -	4,005,370	$ 4	$10,361	$ 85,544	$(10,377)	$ (2,600)	$ 82,932
Net Income						4,444			4,444
Unrealized currency translation adjustments								217	217
Purchase of treasury stock							(528)		(528)
Dividends paid						(650)			(650)
Balance at May 31, 2025	-	$ -	4,005,370	$ 4	$ 10,361	$ 89,338	$(10,905)	$ (2,383)	$ 86,415