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

BOCA RATON, FLORIDA — October 15, 2025 — Q.E.P. CO., INC. (OTCQX: QEPC) (the "Company" or "QEP") today reported its consolidated results of operations for the first six months and second quarter of fiscal year 2026, which ended on August 31, 2025.

Results of Operations

Net sales for the six months ended August 31, 2025 were $119.2 million, down $6.9 million or 5.5% from $126.1 million reported in the same period of fiscal 2025. Net sales for the second quarter ended August 31, 2025 were $57.7 million, down $4.9 million or 7.8% from $62.6 million reported in the second quarter of fiscal 2025. Net sales through the first six months of fiscal 2026 continue to be adversely impacted by elevated interest rates and consumer caution amid ongoing economic uncertainty, which have constrained home improvement spending.

Gross profit for the first six months of fiscal 2026 was $43.3 million compared to $44.8 million in the corresponding fiscal 2025 period, down $1.5 million or 3.4%. Gross profit for the second quarter of fiscal 2026 was $20.6 million compared to $22.3 million for the second quarter of fiscal 2025, down $1.7 million or 7.6%. As a percentage of net sales, gross margin for the first six months and second quarter of fiscal 2026 was 36.3% and 35.7%, respectively, up from 35.5% and 35.6% in the same periods of the prior fiscal year. The Company has maintained its gross margin as a percentage of net sales principally through the sell-through of inventory purchased before recent tariff increases. Current inventory values reflect the incremental tariff cost that will cycle through gross margin in the coming months.

"Thank you to the 350 QEP Associates who wake up every day to serve our customers." said Len Gould, President and Chief Executive Officer. "Despite tariff variabilities and a challenging economic environment, we continue to fill orders at or near 100% levels, while shipping 100% on time." Gould continued, "QEP has transformed itself mightily over the course of the past few years. Our balance sheet has never been stronger. We remain absolutely laser focused on fast tracking innovation throughout our business, all while continuing to invest in our domestic manufacturing base."

Operating expenses totaled $32.9 million and $16.0 million for the first six months and second quarter of fiscal 2026, respectively, or 27.6% and 27.8% of net sales in those periods, compared to $34.5 million and $17.2 million, respectively, or 27.3% and 27.5% of net sales in the comparable fiscal 2025 periods. The reduction in operating expenses reflects lower variable freight costs and personnel-related expenses.

Interest income from the Company's invested cash was $0.4 million and $0.2 million for the first six months and second quarter of fiscal 2026, respectively, relatively unchanged from the comparable fiscal 2025 periods.

The provision for income taxes as a percentage of income before taxes was 26.0% for both the first six months and second quarter of fiscal 2026 versus 28.0% in each of the corresponding fiscal 2025 periods.

Net income from continuing operations for the first six months and second quarter of fiscal 2026 was $8.0 million and $3.5 million, respectively, or $2.45 and $1.09, respectively, per diluted share. For the comparable periods of fiscal 2025, net income from continuing operations was $7.7 million and $3.8 million, respectively, or $2.34 and $1.17, respectively, per diluted share.

Earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations, as adjusted, for the first six months and second quarter of fiscal 2026 was $11.1 million and $5.0 million, respectively, or 9.3% and 8.6% of net sales, respectively. For the comparable periods of fiscal 2025, EBITDA was $11.0 million and $5.5 million, respectively, or 8.7% of net sales each period.

		For the Three Months Ended		For the Six Months Ended	
		August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Net income from continuing operations		$ 3,538	$ 3,832	$ 7,982	$ 7,735
Add:	Interest (income) expense, net	(240)	(223)	(417)	(406)
	Provision for income taxes	1,244	1,495	2,805	3,003
	Depreciation and amortization	439	348	807	686
	Gain on sale of busniess	-	-	(71)	-
EBITDA, as adjusted		$ 4,981	$ 5,452	$ 11,106	$ 11,018

Cash provided by operations during the first six months of fiscal 2026 was $8.8 million, compared to $11.2 million in the first six months of fiscal 2025, reflecting payments to suppliers for the strategic inventory increase in anticipation of tariff implementation. In the first six months of fiscal 2026, cash provided by operations, along with proceeds from the sale of a business, was used to fund capital expenditures, repurchase stock, return capital to stockholders through dividends, and increase cash balances. In the first six months of fiscal 2025, cash provided by operations, along with proceeds from the sale of businesses, was used to fund capital expenditures, pay dividends, repurchase stock and increase the Company's cash surplus.

As of August 31, 2025, working capital totaled $72.3 million, compared to $67.4 million at the end of fiscal 2025. Aggregate available cash, net of outstanding debt, as of August 31, 2025 was $34.3 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 November 26, 2025 to stockholders of record as of November 3, 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		For the Six Months Ended	
	August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
Net sales	$ 57,663	$ 62,559	$ 119,191	$ 126,084
Cost of goods sold	37,072	40,271	75,922	81,292
Gross profit	**20,591**	**22,288**	**43,269**	**44,792**
Operating expenses:				
Shipping	6,653	6,909	13,528	13,989
General and administrative	6,012	6,952	12,178	13,236
Selling and marketing	3,431	3,278	7,357	7,184
Other (income) expense, net	(47)	45	(164)	51
Total operating expenses	16,049	17,184	32,899	34,460
Operating income	**4,542**	**5,104**	**10,370**	**10,332**
Interest income (expense), net	240	223	417	406
Income before provision for income taxes	**4,782**	**5,327**	**10,787**	**10,738**
Provision for income taxes	1,244	1,495	2,805	3,003
Net income from continuing operations	**3,538**	**3,832**	**7,982**	**7,735**
Gain from discontinued operations, net of tax	300	(27)	300	538
Net income	**$ 3,838**	**$ 3,805**	**$ 8,282**	**$ 8,273**
Basic earnings per share:				
From continuing operations	1.09	1.17	2.45	2.34
From discontinued operations	0.09	(0.01)	0.09	0.17
Basic earnings per share	**1.18**	**1.16**	**2.54**	**2.51**
Diluted earnings per share:				
From continuing operations	1.09	1.17	2.45	2.34
From discontinued operations	0.09	(0.01)	0.09	0.16
Diluted earnings per share	**1.18**	**1.16**	**2.54**	**2.50**
Weighted average number of common shares outstanding:				
Basic	3,255	3,276	3,256	3,300
Diluted	3,255	3,280	3,256	3,307

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

	August 31, 2025 (Unaudited)	February 28, 2025 (Audited)
ASSETS		
Cash	$ 34,367	$ 28,552
Accounts receivable, less allowance for credit losses of $70 and $223 at August 31, 2025 and February 28, 2025, respectively	28,854	31,752
Inventories, net	32,909	36,595
Prepaid expenses and other current assets	1,926	2,781
Prepaid income taxes	764	1,544
Current assets	**98,820**	**101,224**
Property and equipment, net	14,643	13,044
Right of use operating lease assets	20,593	21,520
Deferred income taxes, net	1,996	1,996
Intangibles, net	-	1
Other assets	491	489
Total assets	**$ 136,543**	**$ 138,274**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade accounts payable	$ 9,109	$ 15,569
Accrued liabilities	14,423	15,251
Current operating lease liabilities	2,927	2,887
Lines of credit	40	105
Current maturities of debt	9	9
Current liabilities	**26,508**	**33,821**
Long term debt	5	10
Non-current operating lease liabilities	20,025	21,084
Other long term liabilities	408	427
Total liabilities	**46,946**	**55,342**
Preferred stock, 2,500 shares authorized, $1.00 par value; 0 issued and outstanding at August 31, 2025 and February 28, respectively	-	-
Common stock, 20,000 shares authorized, $.001 par value; 4,005 shares issued: 3,244 and 3,255 shares outstanding at August 31, 2025 and February 28, 2025, respectively	4	4
Additional paid-in capital	10,361	10,361
Retained earnings	92,528	85,544
Treasury stock, 761 and 750 shares held at cost at August 31, 2025 and February 28, 2025, respectively	(10,905)	(10,377)
Accumulated other comprehensive income	(2,391)	(2,600)
Shareholders' equity	**89,597**	**82,932**
Total liabilities and shareholders' equity	**$ 136,543**	**$ 138,274**

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

	For the Six Months Ended August 31, 2025	For the Six Months Ended August 31, 2024
Operating activities:		
Net income	$ 8,282	$ 8,273
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	807	686
Gain on disposal of businesses	(476)	(512)
Gain on sale of property	(4)	(1)
Impairment of right of use operating lease asset		85
Other non-cash adjustments	(153)	82
Changes in assets and liabilities:		
Accounts receivable	1,833	103
Inventories	3,829	(2,233)
Prepaid expenses and other assets	1,688	1,678
Trade accounts payable and accrued liabilities	(7,034)	3,019
Net cash provided by operating activities	**8,772**	**11,180**
Investing activities:		
Capital expenditures	(2,392)	(2,121)
Proceeds from sale of businesses	1,374	4,305
Proceeds from sale of property	4	1
Net cash provided by (used in) investing activities	**(1,014)**	**2,185**
Financing activities:		
Net repayments under lines of credit	(70)	(548)
Repurchase of equity-based awards		(1,540)
Purchase of treasury stock	(565)	(403)
Principal payments on finance leases	(5)	(55)
Dividends paid	(1,298)	(3,269)
Net cash used in financing activities	**(1,938)**	**(5,815)**
Effect of exchange rate changes on cash	(5)	25
Net increase in cash	**5,815**	**7,575**
Cash at beginning of period	28,552	22,369
Cash at end of period	**$ 34,367**	**$ 29,944**

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

The following table shows the changes in the shareholders' equity for the six months ended August 31, 2025 and 2024.

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance at February 29, 2024	-	$ -	4,005,370	$ 4	$ 11,901	$ 73,211	$ (9,517)	$ (2,969)	$ 72,630
Net income						8,273			8,273
Unrealized currency translation adjustments								102	102
Repurchase of equity-based awards					(1,540)				(1,540)
Purchase of treasury stock							(491)		(491)
Dividends paid						(3,269)			(3,269)
Balance at August 31, 2024	-	$ -	4,005,370	$ 4	$ 10,361	$ 78,215	$(10,008)	$ (2,867)	$ 75,705

	Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance at February 28, 2025	-	$ -	4,005,370	$ 4	$ 10,361	$ 85,544	$(10,377)	$ (2,600)	$ 82,932
Net income						8,282			8,282
Unrealized currency translation adjustments								209	209
Purchase of treasury stock							(528)		(528)
Dividends paid						(1,298)			(1,298)
Balance at August 31, 2025	-	$ -	4,005,370	$ 4	$ 10,361	$ 92,528	$(10,905)	$ (2,391)	$ 89,597