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Q.E.P. CO., INC. REPORTS FISCAL 2026 FULL YEAR FINANCIAL RESULTS

BOCA RATON, FLORIDA — June 1, 2026 — Q.E.P. CO., INC. (OTCQX: QEPC) (the “Company” or “QEP”) today reported financial results for its fiscal year ended February 28, 2026.

Net sales for fiscal 2026 were \$233.7 million, compared to \$243.8 million for fiscal 2025, a decrease of \$10.1 million, or 4.1%. The decrease primarily reflected continued softness in home improvement spending, which the Company believes was influenced by elevated interest rates, inflationary pressures and broader macroeconomic uncertainty. The Company continued to invest in its sales organization and customer development initiatives during fiscal 2026.

Gross profit for fiscal 2026 was \$82.6 million, compared to \$86.6 million in the prior year, a decrease of \$4.0 million or 4.5%. As a percentage of net sales, gross margin was 35.4% in fiscal 2026, compared to 35.5% in fiscal 2025. Gross margin during fiscal 2026 reflected the impact of increased tariffs, which were partially offset by inventory purchases made prior to tariff implementation.

Operating expenses were \$64.5 million, or 27.6% of net sales, for fiscal 2026, compared to \$66.8 million, or 27.4% of net sales, in fiscal 2025. The decrease in operating expenses primarily reflected lower variable freight costs and reduced administrative expenses, which were partially offset by continued investments in sales and marketing personnel and infrastructure.

Operating income for fiscal 2026 was \$18.2 million, compared to \$19.8 million for fiscal 2025.

Interest income, net, was \$0.9 million for both fiscal 2026 and fiscal 2025.

The provision for income taxes as a percentage of income before taxes was 22.5% for fiscal 2026, compared to 24.1% for fiscal 2025.

Net income for fiscal 2026 was \$15.8 million, or \$4.90 per diluted share, compared to \$16.3 million, or \$4.94 per diluted share, for fiscal 2025. Net income from continuing operations for fiscal 2026 was \$14.8 million, or \$4.59 per diluted share, compared to \$15.7 million, or \$4.78 per diluted share, for fiscal 2025.

Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) from continuing operations for fiscal 2026 was \$19.8 million, or 8.5% of net sales, compared to \$22.2 million, or 9.1% of net sales, for fiscal 2025. Adjusted EBITDA is a non-GAAP financial measure. A reconciliation of adjusted EBITDA to net income from continuing operations is included in this press release.



	For the Year Ended	
	February 28, 2026	February 28, 2025
Net income from continuing operations	\$ 14,760	\$ 15,711
Add: Interest income, net	(868)	(876)
Provision for income taxes	4,273	4,979
Depreciation and amortization	1,727	1,385
(Gain) Loss on sale of business	(71)	958
EBITDA, as adjusted	<u>\$ 19,821</u>	<u>\$ 22,157</u>

Cash provided by operating activities during fiscal 2026 was \$14.3 million, compared to \$12.7 million in fiscal 2025. Operating cash flow during fiscal 2026 primarily reflected the timing impact of inventory purchases made ahead of tariff increases during the prior fiscal year and related supplier payments during fiscal 2026.

During fiscal 2026, the Company used cash generated from operations, together with proceeds from business divestitures, to fund capital expenditures, repurchase shares of common stock, pay dividends and increase cash balances.

As of February 28, 2026, working capital was \$75.5 million, compared to \$67.4 million at February 28, 2025. The Company ended fiscal 2026 with a net cash position of \$34.1 million, compared to \$28.4 million at the end of fiscal 2025.

"Throughout fiscal 2026, we delivered strong operating results and our team did an incredible job engaging with customers and growing Pro market share. I would like to thank them for their hard work and dedication," said Len Gould, President & Chief Executive Officer. "Additionally, this past fiscal year, our capital allocation strategy enabled us to return value to shareholders through dividends and share repurchases."

Mr. Gould added, "Our year-end results are in line with expectations. Our industry leading ROBERTS® and QEP® brands continue to grow share with the Pro despite tremendous consumer uncertainty and housing affordability pressure.

We will continue to lean into innovation and unrivaled service, as it is clearly resonating with our customers and end-users alike."

The Company welcomes investor inquiries via email at ir@qep.com.

About QEP

Founded in 1979, Q.E.P. Co., Inc. designs, manufactures and distributes a broad range of flooring installation solutions for commercial and home improvement projects. QEP offers a comprehensive line of specialty installation tools, adhesives, and underlayment products sold through home improvement retailers, and professional distribution channels, under brands including **QEP®**, **LASH®**, **ROBERTS®**, **Capitol®**, **Premix-Marbletite® (PMM)**, **Brutus®** and **Homelux®**.



QEP is headquartered in Boca Raton, Florida and has operations in the United States, Canada and Asia. Additional information is available at www.qepcorporate.com.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally may be identified by words such as “expects,” “plans,” “projects,” “may,” “will,” “believes,” “anticipates,” “intends,” “estimates,” “could,” “should,” and similar expressions.

Forward-looking statements are based on current expectations, estimates and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties include, among others: general economic conditions; conditions in the home improvement and construction markets; inflationary pressures; tariffs, trade policies and uncertainty relating to the potential recovery of certain tariffs previously paid under the International Emergency Economic Powers Act (“IEEPA”) including tariffs affecting goods imported from China and Vietnam; global sourcing and supply chain disruptions; raw material and transportation costs; competitive conditions; customer demand; the Company’s ability to maintain and develop customer relationships; foreign currency fluctuations; litigation and regulatory matters; the successful integration of acquisitions and completion of divestitures; and other risks and uncertainties described from time to time in the Company’s public filings and disclosures.

Forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update or revise any 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)

	For the Year Ended	
	February 28, 2026	February 28, 2025
Net sales	\$ 233,715	\$ 243,831
Cost of goods sold	151,076	157,262
Gross profit	82,639	86,569
Operating expenses:		
Shipping	26,616	27,199
General and administrative	23,171	24,705
Selling and marketing	14,903	14,428
Other (income) expense, net	(216)	423
Total operating expenses	64,474	66,755
Operating income	18,165	19,814
Interest income, net	868	876
Income before provision for income taxes	19,033	20,690
Provision for income taxes	4,273	4,979
Net income from continuing operations	14,760	15,711
Gain from discontinued operations, net of tax	1,011	542
Net income	\$ 15,771	\$ 16,253
Basic earnings per share:		
From continuing operations	\$ 4.59	\$ 4.78
From discontinued operations	0.31	0.17
Basic earnings per share	\$ 4.90	\$ 4.95
Diluted earnings per share:		
From continuing operations	\$ 4.59	\$ 4.78
From discontinued operations	0.31	0.16
Diluted earnings per share	\$ 4.90	\$ 4.94
Weighted average number of common shares outstanding:		
Basic	3,219	3,286
Diluted	3,219	3,290



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

	February 28, 2026	February 28, 2025
ASSETS		
Cash	\$ 34,092	\$ 28,552
Accounts receivable, less allowance for credit losses of \$63 and \$221 at February 28, 2026 and 2025, respectively	29,154	31,752
Inventories, net	33,324	36,595
Prepaid expenses and other current assets	2,680	2,781
Prepaid income taxes	2,424	1,544
Current assets	101,674	101,224
Property and equipment, net	14,245	13,044
Right of use operating lease assets	19,614	21,520
Deferred income taxes, net	834	1,996
Intangibles, net	-	1
Other assets	975	489
Total assets	\$ 137,342	\$ 138,274
LIABILITIES AND SHAREHOLDERS' EQUITY		
Trade accounts payable	\$ 10,569	\$ 15,569
Accrued liabilities	12,855	15,251
Current operating lease liabilities	2,775	2,887
Lines of credit	11	105
Current maturities of debt	14	9
Current liabilities	26,224	33,821
Long-term debt	7	10
Non-current operating lease liabilities	18,970	21,084
Other long-term liabilities	437	427
Total liabilities	45,638	55,342
Preferred stock, 2,500 shares authorized, \$1.00 par value; 0 shares issued and outstanding at February 28, 2026 and 2025, respectively	-	-
Common stock, 20,000 shares authorized, \$.001 par value; 4,005 shares issued: 3,133 and 3,255 shares outstanding at February 28, 2026 and 2025, respectively	4	4
Additional paid-in capital	10,361	10,361
Retained earnings	98,741	85,544
Treasury stock, 872 and 750 shares held at cost at February 28, 2026 and 2025, respectively	(15,033)	(10,377)
Accumulated other comprehensive income	(2,369)	(2,600)
Shareholders' equity	91,704	82,932
Total liabilities and shareholders' equity	\$ 137,342	\$ 138,274



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

	For the Year Ended	
	February 28, 2026	February 28, 2025
Operating activities:		
Net income	\$ 15,771	\$ 16,253
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,727	1,385
(Gain) loss on disposal of businesses	(1,404)	468
Gain on sale of property	(4)	(2)
Impairment, net of gain on lease modification	-	(164)
Impairment of long-lived asset	-	85
Other non-cash adjustments	(173)	95
Changes in assets and liabilities:		
Accounts receivable	1,557	(811)
Inventories	3,435	(8,364)
Prepaid expenses and other assets	3,454	3,162
Trade accounts payable and accrued liabilities	(10,064)	629
Net cash provided by operating activities	14,299	12,736
Investing activities:		
Capital expenditures	(2,899)	(4,549)
Proceeds from sale of businesses	1,374	4,859
Proceeds from sale of property	4	2
Note Receivable	143	-
Net cash provided by (used in) investing activities	(1,378)	312
Financing activities:		
Net repayments under lines of credit	(99)	(479)
Repurchase of equity-based awards	-	(1,540)
Purchase of treasury stock	(4,694)	(833)
Principal payments on finance leases	(10)	(83)
Dividends paid	(2,574)	(3,920)
Net cash used in financing activities	(7,377)	(6,855)
Effect of exchange rate changes on cash	(4)	(10)
Net increase in cash	5,540	6,183
Cash at beginning of period	28,552	22,369
Cash at end of period	\$ 34,092	\$ 28,552



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

	Preferred Stock		Common Stock		Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated	Total Shareholders' Equity
	Shares	Amount	Shares	Amount				Other Comprehensive Income	
Balance at February 29, 2024	-	\$ -	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)
Balance at February 28, 2025	-	-	4,005,370	4	10,361	85,544	(10,377)	(2,600)	82,932
Net income						15,771			15,771
Reclassification of currency translation adjustments to earnings								(71)	(71)
Unrealized currency translation adjustments								302	302
Purchase of treasury stock							(4,656)		(4,656)
Dividends paid						(2,574)			(2,574)
Balance at February 28, 2026	-	\$ -	4,005,370	\$ 4	\$ 10,361	\$ 98,741	\$ (15,033)	\$ (2,369)	\$ 91,704