

**Q.E.P. CO., INC.**  
a Delaware corporation

**1001 Broken Sound Parkway, NW, Suite A**  
**Boca Raton, FL 33487**

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Telephone: 561-994-5550  
Corporate Website: [www.qepcorporate.com](http://www.qepcorporate.com)  
Company Email: [ir@qep.com](mailto:ir@qep.com)

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SIC Code: 3420

**Annual Report**  
**For the period ending: February 28, 2026**  
(the "Reporting Period")

The number of shares outstanding of our Common Stock was 3,133,833 as of February 28, 2026.

The number of shares outstanding of our Common Stock was 3,255,334 as of February 29, 2025.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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All information contained in this Annual Report has been compiled to fulfill the disclosure requirements of OTC Markets Group, Inc. and Rule 15c2-11 under the Securities Exchange Act of 1934. The captions contained herein correspond to the sequential format as set forth in the applicable disclosure guidelines of OTC Markets Group, Inc. All dollar amounts are presented in thousands except par values.

### **Forward-Looking Statements**

*This Annual Report contains forward-looking statements. All statements contained in this Annual Report, 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 modification of 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, uncertainty relating to the potential recovery of certain tariffs previously paid under the International Emergency Economic Powers Act ("IEEPA"), 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.*

## **PART A GENERAL COMPANY INFORMATION**

**Item 1 The exact name of the issuer and its predecessor (if any).**

Q.E.P. Co., Inc. ("QEP", the "Company", "we", "us", or "our")

**Item 2 The address of the issuer's principal executive offices and principal place of business:**

**Principal Executive Offices:**

1001 Broken Sound Parkway, NW, Suite A  
Boca Raton, FL 33487

Telephone: 561-994-5550

Facsimile: 561-994-1530

Corporate Website: [www.qepcorporate.com](http://www.qepcorporate.com)

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**Investor Relations Representatives:**

Enos Brown, Executive Vice President, Chief Financial Officer & Treasurer (Email: ebrown@qep.com); or  
Adam Morgan, Chief Legal & Administrative Officer (Email: amorgan@qep.com)

Q.E.P. Co., Inc.  
1001 Broken Sound Parkway, NW, Suite A  
Boca Raton, FL 33487  
Telephone: 561-994-5550  
Facsimile: 561-994-1530

Check box if principal executive office and principal place of business are the same address:

**Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization.**

Jurisdiction of incorporation: Delaware (Active)  
Date of incorporation: August 5, 1996 (founded in 1979)

**PART B SHARE STRUCTURE**

**Item 4 Exact title and class of securities outstanding.**

**A. Common Stock**

**Title:** Q.E.P. Co., Inc.  
**Class:** Common Stock, \$0.001 par value  
**CUSIP:** 74727K 102  
**Trading Symbol:** QEPC

**B. Preferred Stock (authorized, but no shares outstanding)**

**Title:** Q.E.P. Co., Inc.  
**Class:** Preferred Stock, \$1.00 par value  
**CUSIP:** N/A  
**Trading Symbol:** N/A

**Item 5 Par or stated value and description of the security.**

**A. Par or Stated Value.**

**Common Stock:** \$0.001 par value  
**Preferred Stock:** \$1.00 par value

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**B. Common or Preferred Stock.**

**1. Common Stock dividend, voting and preemptive rights:**

**Cash dividend:** Cash dividends may be paid on shares of Common Stock when and if declared by the Company's Board of Directors. On December 3, 2024, the Company announced its adoption of a regular quarterly cash dividend policy. The most recent cash dividend was \$0.22 per share paid on May 28, 2026 to stockholders of record on May 1, 2026.

**Stock dividend:** Stock dividends may be paid on shares of Common Stock when and if declared by the Company's Board of Directors. Stock dividends are not declared with any defined regularity. The most recent stock dividend was a 5% stock dividend distributed on February 19, 2021.

**Voting rights:** Each share is entitled to one vote.

**Preemptive Rights:** None.

**2. Preferred Stock dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.**

N/A—no shares of Preferred Stock issued and outstanding

**3. Describe any other material rights of common or preferred stockholders.**

N/A

**4. Describe any provision in the issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.**

The Company has a classified (also known as "staggered") board of directors, which is divided into three classes. The directors in each class serve for a three-year term, with one class being elected each year by the Company's stockholders. This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of the Company because of the potential difficulty for stockholders to replace a majority of the directors. As of May 29, 2026, the board of directors consisted of two Class I directors and two Class III directors.

**Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized.**

The following table sets forth information for each class of equity securities of the Company as of the end of the Company's last two fiscal years ended February 28, 2026 and February 28, 2025, respectively.

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**Securities Authorized and Outstanding**

<b>Class</b>	<b>As of</b>	<b>Number of Shares Authorized</b>	<b>Number of Shares Outstanding</b>	<b>Freely Tradable Shares (public float)</b>	<b>Total Number of Beneficial Stockholders<sup>(1)</sup></b>	<b>Total Number of Stockholders of Record<sup>(2)</sup></b>
Common Stock	Year ended 2/28/2026	20,000,000	3,133,833	3,133,833	2,511	11
Common Stock	Year ended 2/28/2025	20,000,000	3,255,334	3,255,334	2,408	11
Preferred Stock	Year ended 2/28/2026	2,500,000	0	0	0	0
Preferred Stock	Year ended 2/28/2025	2,500,000	0	0	0	0

(1) Estimate of individual participants represented by security position listings who beneficially own at least 100 shares of the Company's Common Stock.

(2) Excludes holders who hold their shares in street name.

**Item 7 Name and address of the transfer agent.**

Mail correspondence:

Computershare Limited  
c/o Computershare Investor Services  
P.O. Box 43078  
Providence, RI 02940-3078

Overnight correspondence:

Computershare Limited  
150 Royall Street, Suite 101  
Canton, MA 02021

Telephone:

Shareholder Services: 800-962-4284  
Shareholder Services - International: 781-575-3120  
TTD for Hearing impaired: 800-231-5469  
Shareholder website: <http://www.computershare.com/investor>  
Shareholder online inquiries: <https://www-us.computershare.com/investor/contact>

Computershare Limited is currently registered under the Securities Exchange Act of 1934 as an authorized transfer agent subject to regulation by the U.S. Securities and Exchange Commission.

**PART C BUSINESS INFORMATION**

**Item 8 Nature of the issuer's business.**

**A. Business Development.**

1. **Form of organization:** Corporation (Delaware)
2. **Year organized:** 1996 (founded in 1979)
3. **Fiscal year end date:** Last day of February
4. **Bankruptcy, receivership or any similar proceedings:** None
5. **Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets:**

On September 20, 2023, the Company sold certain assets of its *Harris Flooring Group* to Marquis Industries Inc., a subsidiary of Live Ventures Incorporated (Nasdaq: LIVE), in a transaction valued at approximately \$7,558,000. The purchased assets included the Naturally Aged Flooring™, Harris®, Kraus® and Heritage Mill® brands in North America, as well as related inventory and associated domain names and websites.

On September 28, 2023, the Company sold certain machinery and equipment at its Johnson City, Tennessee manufacturing facility in an online auction. On September 29, 2023, the Company sold its manufacturing facility in Johnson City, Tennessee to Hatley Properties, LLC in a transaction valued at \$5,300,000.

On October 4, 2023, the Company sold its business in the United Kingdom by selling all of the outstanding shares of Q.E.P. U.K. Limited to QEP UK Holdings Limited led by Paul Boyce in a transaction valued at approximately £12,000,000 (\$14,500,000). Mr. Boyce previously served as the Company's CEO of International Operations and as a member of its Board of Directors.

On February 29, 2024, the Company sold its business in Australia and New Zealand by selling substantially all of the assets of Q.E.P. Aust. Pty. Limited and Q.E.P. NZ Limited (collectively, the "ANZ Business") to QEP Australasia Pty. Limited led by Bruce Maclaren and Tony Lei in a transaction valued at approximately AUD 14,050,000 (\$9,100,000). Mr. Maclaren previously served as the Managing Director of the ANZ Business.

Effective February 28, 2025, the Company sold its business in France by selling all of the outstanding shares of PRCI, S.A.S. to Spear & Jackson Group Limited and Neill France, S.A. in a transaction valued at €1,400,000 (\$1,453,000).

6. **Default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring us to make payments:** During the quarters ended August 31 and November 30, 2024 and February 28, 2026, the Company dissolved certain of its inactive subsidiaries. Although such dissolutions would have constituted a technical event of default under the Company's Fifth Amended and Restated Loan Agreement with Bank of America N.A., Bank of America N.A. has waived or agreed to waive any default.
7. **Any change of control:** None

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8. **Any increase of ten percent (10%) or more of the same class of equity securities:** [None](#)
9. **Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:**
- a. **Stock Splits (including stock splits in the form of a stock dividend) and/or stock dividends:**
    - i. [No stock splits in the last three years](#)
    - ii. [No stock dividend in the last three years](#)
  - b. **Recapitalizations:** [None](#)
  - c. **Mergers and Acquisitions:** (during the three-year period ended February 28, 2026 and during the subsequent period ending with the filing of this Report): [None](#)
  - d. **Spin-offs:** [None](#)
  - e. **Reorganizations:**

The Company began the process of restructuring its Canadian operating subsidiary, Roberts Company Canada Limited, on June 29, 2020 under the Companies' Creditor Arrangement Act (CCAA). The CCAA filing was necessitated by the Canadian subsidiary's lack of liquidity, which was further exacerbated by the negative impact of the COVID-19 pandemic. The subsidiary substantially completed its reorganization as of February 28, 2021, and the CCAA proceedings formally terminated as of May 1, 2023. As of February 28, 2023, there was no restructuring liability.

10. **Any delisting of the issuer's securities by any securities exchange:** [None.](#)
11. **Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator:**
- a. **Legal proceedings and/or administrative matters:**

The Company and certain of its subsidiaries are involved in various disputes and proceedings that arise from time to time in the ordinary course of our business.

We record accruals for loss contingencies to the extent that we conclude their occurrence is probable and any related damages are estimable. If a range of liability is probable and estimable and some amount within the range appears to be a better estimate than any other amount within the range, we accrue that amount. If a range of liability is probable and estimable and no amount appears to be a better estimate than any other amount within the range, we accrue the minimum of such probable range. These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions.

While we do not believe any of our current legal proceedings will have a material adverse effect on our financial position or results of operations, litigation is inherently unpredictable,

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and excessive verdicts do occur. Although we may believe we have substantial defenses in these matters, we could in the future incur judgments or enter into settlements that could have a material adverse effect on our consolidated financial position or results of operations of the Company in any particular period.

The Company is subject to federal, state and local laws, and regulations governing water discharges, hazardous and solid waste, air quality, and other environmental matters (“Environmental Laws”). The Company also must obtain and comply with a wide variety of environmental registrations, licenses, permits, and other approvals in conducting its operations (“Approval Requirements”). Failure to comply with Environmental Laws or Approval Requirements may expose the Company to significant fines or penalties.

The Company’s management is not aware of any conditions requiring remedial action that, if enforced under Environmental Laws or Approval Requirements, would have a material adverse effect on the Company. The Company regularly evaluates its operations for environmental compliance to identify potential environmental exposures and for its compliance with regulatory requirements, but cannot provide assurance that future liabilities or costs will not arise.

Premix-Marbletite Manufacturing Co. (“Premix”), a subsidiary of the Company, is a co-defendant in thirty-eight (38) cases, where the plaintiffs are seeking unspecified damages due to alleged exposure to asbestos-containing products manufactured by Premix more than 30 years ago. Imperial Industries Inc. (“Imperial”), Premix’s parent company, is also named as a co-defendant in eight (8) of these suits. Insurance carriers that provide umbrella/excess coverage have, under a reservation of rights, appointed outside counsel to represent and defend Premix and Imperial. These policies do not include a deductible or self-insured retention. Based on prior settlements and case outcomes, Premix and Imperial believe adequate insurance coverage exists for the pending claims where counsel has been appointed.

From time to time, the Company is involved in routine litigation arising in the ordinary course of business. Based on currently available information, management does not believe that the outcome of any such proceedings will have a material adverse impact on the Company.

The Company maintains cash deposits that may exceed federally insured limits at certain financial institutions and is therefore subject to credit risk. Management monitors the financial stability of such institutions.

- b. **Trading suspensions by a securities regulator:** None
- c. **International Emergency Economic Powers Act (IEEPA) Tariffs**

During fiscal 2026, certain goods imported into the United States were subject to tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”). On February 20, 2026, the U.S. Supreme Court ruled that tariffs imposed under IEEPA were not authorized under the statute. In addition, on March 4, 2026, the U.S. Court of International Trade ordered U.S. Customs and Border Protection (“CBP”) to begin processing refunds of certain duties collected under IEEPA. On April 20, 2026, CBP commenced processing an initial phase of refunds relating to certain unliquidated entries.

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The Company is currently evaluating the extent to which it may be eligible for refunds of tariffs previously paid under IEEPA. Significant uncertainty remains regarding the scope, timing and ultimate amount of any potential refunds, including whether refunds will be available for all affected entries. Accordingly, no amounts have been recognized in the accompanying financial statements related to any potential tariff recovery.

**B. Business of Issuer.**

**Who We Are**

Founded in 1979, QEP is a leading designer, manufacturer and distributor of a broad range of best-in-class flooring installation solutions for commercial and home improvement projects. QEP is headquartered in Boca Raton, Florida with offices in the United States, Canada and Asia.

**What We Do**

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®.

**Organization**

Following the divestiture of the majority of its foreign operations, which are presented within discontinued operations in the financial statements, the Company now reports under a single financial segment.

**Acquisitions**

Our business strategy includes, from time to time, the acquisition of complementary businesses financed by a combination of internally generated funds, debt and/or the issuance of shares of Common Stock. Our consolidated financial statements and results of operations reflect the acquired business after the completion of the acquisition and are not restated. We account for acquired businesses using the acquisition method of accounting which requires that the assets acquired and liabilities assumed be recorded at the date of acquisition at their respective fair values. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill.

**Our History**

**1. Primary and secondary SIC Codes:**

Primary:

3420: Cutlery, Hand Tools & General Hardware

Secondary:

3423: Hand and Edge Tools, Except Machine Tools and Handsaws

3429: Hardware, Not elsewhere classified

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**2. Has the issuer never conducted operations, in the development stage, or currently conducting operations?**

The Company has been conducting operations continuously since being founded in 1979.

**3. Has the issuer at any time been a “shell company”<sup>2</sup>?**

No.

<sup>2</sup>For the purpose of this section, a “shell company” means an issuer, other than a business combination related shell company, as defined by Securities Act Rule 405, or an asset-backed issuer, as defined by Item 1101(b) of Regulation AB, that has:

(1) No or nominal operations; and

(2) Either:

(A) No or nominal assets;

(B) Assets consisting solely of cash and cash equivalents; or

(C) Assets consisting of any amount of cash and cash equivalents and nominal other assets.

**4. The names and contact information of any parent, subsidiary, or affiliate of the issuer, its business purpose, method of operation, ownership, and whether it is included in the financial statements of the issuer:**

As of February 28, 2026, Q.E.P. Co., Inc. was the parent company and 100% owner of the following domestic and foreign subsidiaries, all of which are consolidated in its financial statements and can be contacted at c/o Q.E.P. Co., Inc., 1001 Broken Sound Parkway, NW, Boca Raton, FL 33487, (561) 994-5550.

**Q.E.P. Co., Inc. and Subsidiaries**

<b>Name</b>	<b>Relationship</b>	<b>Business Purpose</b>	<b>Method of Operation</b>	<b>Ownership</b>	<b>Included in Issuer's Consolidated Financial Statements</b>
<b>DOMESTIC COMPANIES</b>					
Q.E.P. Co., Inc.	Parent	Manufacture and distribution of flooring installation tools, adhesives and flooring-related accessories	Corporation (Delaware)	This is the Issuer	Yes
Imperial Industries, Inc.	Subsidiary	Parent of Premix-Marbletite Manufacturing Co.	Corporation (Delaware)	Parent (100%)	Yes
Premix-Marbletite Manufacturing Co.	Subsidiary	Manufacture of pool finishes, stucco, plaster and roof tile mortars	Corporation (Florida)	Imperial Industries (100%)	Yes
Q.E.P. Zocalis Holding LLC	Subsidiary	Non-operating subsidiary	Limited Liability Company (Delaware)	Parent (100%)	Yes
Roberts Consolidated Industries, Inc.	Subsidiary	Non-operating subsidiary	Corporation (Delaware)	Parent (100%)	Yes

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Roberts Capitol, Inc.	Subsidiary	Non-operating subsidiary	Corporation (Florida)	Roberts Consolidated Industries (100%)	Yes
Roberts Holding International, Inc.	Subsidiary	Non-operating subsidiary	Corporation (Delaware)	Roberts Consolidated Industries (100%)	Yes

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<b>Name</b>	<b>Relationship</b>	<b>Business Purpose</b>	<b>Method of Operation</b>	<b>Ownership</b>	<b>Included in Issuer's Consolidated Financial Statements</b>
<b>FOREIGN COMPANIES</b>					
Q.E.P. Aust. Pty. Ltd.	Subsidiary	Non-operating subsidiary	Limited Company (Australia)	Parent (100%)	Yes
Roberts Company Canada Limited	Subsidiary	Manufacture and distribution of flooring Installation tools, adhesives and related accessories in Canada	Limited Company (Canada)	Roberts Consolidated Industries, Inc. (100%)	Yes
QEP Germany GmbH	Subsidiary	Non-operating subsidiary	Corporation (Germany)	Parent (100%)	Yes
Q.E.P. Co., HK Limited/Shanghai Regional Office	Subsidiary	Sourcing flooring tool products in Asia	Limited Company (Hong Kong)	Parent (100%)	Yes
QEP Roberts Mexicana S.A. de C.V.	Subsidiary	Non-operating subsidiary	Corporation (Mexico)	Parent (100%)	Yes
Q.E.P. Holding B.V.	Subsidiary	Non-operating subsidiary	Corporation (The Netherlands)	Parent (100%)	Yes
Roberts Holland B.V.	Subsidiary	Non-operating subsidiary	Corporation (The Netherlands)	Q.E.P. Holding B.V. (100%)	Yes
Q.E.P. Co. N.Z. Limited	Subsidiary	Non-operating subsidiary	Limited Company (New Zealand)	Parent (100%)	Yes

\* Effective February 28, 2025, the Company sold all of the outstanding shares of PRCI, S.A.S. to Spear & Jackson Group Limited and Neill France, S.A. in a transaction valued at €1,400,000 (\$1,453,000).

**5. The effect of existing or probable governmental regulations on the business.**

See response to Question 7 below.

**6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities were borne directly by customers.**

N/A.

**7. Costs and effects of compliance with environmental laws (federal, state and local).**

The Company is subject to Environmental Laws and also must obtain and comply with Approval Requirements (as defined above). Failure to comply with Environmental Laws or Approval Requirements may expose the Company to significant fines and penalties.

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The Company's management is not aware of any conditions requiring remedial action that, if enforced under Environmental Laws or Approval Requirements, would have a material adverse effect on the Company. The Company regularly evaluates its operations to identify potential environmental exposures and for its compliance with regulatory requirements, but can give no assurance that it will not incur any material costs or liability in the future.

**8. The number of total employees and number of full-time employees.**

	<u>Total</u>	<u>Full-time</u>
Employees as of May 29, 2026	343	310

**Item 9 Nature of products or services offered.**

**A. Principal products or services, and their markets.**

Flooring installation tools, adhesives and flooring-related accessories are sold throughout the world to home improvement retail centers and professional specialty distribution outlets.

**B. Distribution methods of the products or services.**

The Company's specialty tools and related products are currently sold through: (i) the Company's sales staff; (ii) independent manufacturing representatives; (iii) outside salaried and commissioned sales representatives; (iv) an in-house telemarketing sales force; and (v) e-commerce.

**C. Status of any publicly announced new product or service.**

N/A.

**D. Competitive business conditions, the issuer's competitive position in the industry, and methods of competition.**

The Company believes that competition in the home improvement flooring product market is based primarily on product quality, delivery capabilities, brand name recognition, availability of retail shelf space and price. The Company believes that its competitive strengths are its product quality, its wide range of products, delivery capabilities, brand recognition and strong customer relationships. The Company faces competition largely on a product-by-product basis from numerous manufacturing and distribution companies. The Company believes that the diversity of its product portfolio, among other things, allows it to compete effectively, although some competitors may sell larger quantities of a particular product than the Company.

The Company is aware of competitors that may have greater financial, marketing and other resources. As the Company continues to expand its presence within existing markets, it may encounter increased competition, which could adversely affect gross margins.

Although the Company believes that its diversified product line, brand recognition and customer service will continue to offer benefits not otherwise available to the Company's customers from foreign manufacturers, the Company could experience competition from

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one or more foreign manufacturers which now serve as suppliers to the Company. If one or more of the Company's larger customers were to begin purchasing products previously supplied by the Company directly from foreign manufacturers, the Company's business would be adversely affected. Increased competition from these manufacturers or others could result in lower sales, price reductions or loss of market share, each of which would have an adverse effect on the Company's results of operations.

**E. Sources and availability of raw materials and the names of principal suppliers.**

The Company has multiple sources of supply for nearly all raw materials and finished products purchased from suppliers, and is not dependent on a single supplier for more than 10% of such purchases. Certain raw materials representing less than 10% of purchases are available only from a single supplier or a limited number of suppliers. The inability to obtain components and products as required, or to develop alternative sources, if and as required in the future, could result in delays or reductions in product shipments, which in turn could have an adverse effect on the Company's business, financial condition, and results of operations.

**F. Dependence on one or a few major customers.**

The Company's customer base includes a concentration of home improvement retailers in each of its primary markets. One such customer accounted for approximately 70% and 68% of net sales from continuing operations in the fiscal years ended February 28, 2026 and February 28, 2025, respectively, and approximately 72% and 70% of accounts receivable at February 28, 2026 and February 28, 2025, respectively.

**G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration.**

We own various trademarks, licenses and patents associated with our business that range in original length from 15 years to perpetual. We do not own or lease any franchises and are not subject to any concessions. The Company's workforce is not unionized.

The Company previously was a party to a written agreement pursuant to which it paid monthly royalties to a third party in connection with the Company's LASH<sup>®</sup> tile leveling system products. The agreement expired in December 2025.

The Company previously received royalties from a third party based on their net sales of the Company's tile leveling system products, which ceased in April 2024.

**H. The need for any government approval of principal products or services and the status of any requested government approvals.**

N/A.

**Item 10 Nature and extent of the issuer's facilities.**

The Company's principal executive office is located in Boca Raton, Florida. We currently lease office and equipment space in nine facilities in four states and three countries representing approximately 635,000 square feet, that are used for a variety of business purposes including administrative offices, manufacturing, warehousing and distribution, and other functions. The terms of the leases vary from

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month-to-month to terms expiring in 2033.

We believe our facilities are generally well maintained, in good operating condition and adequate for our present and foreseeable business needs.

**PART D MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION**

**Item 11 Company Insiders (Officers, Directors and Control Persons).**

**A. Directors and Executive Officers.**

1. **Directors.** The directors of the Company as well as certain information about them are as follows:

<b>Name</b>	<b>Position with Company</b>	<b>Director Since</b>
Lewis Gould	Executive Chairman; Chairman of the Board of Directors	1979
Leonard Gould, MBA	President and Chief Executive Officer; Director	1999
Martin Cooperman	Director	2010
Robert Costello	Director	2023

For privacy reasons, the business addresses of the Company's non-employee directors have been excluded from the above table. All correspondence to the Company's directors may be sent to any director in care of the Company's Corporate Headquarters at 1001 Broken Sound Parkway, NW, Suite A, Boca Raton, FL 33487.

The following information is provided regarding the Company's directors:

**Lewis Gould**, age 83, has served as the Chairman of the Company's Board of Directors from the Company's inception in 1979. Mr. Gould currently serves as the Executive Chairman of the Company. He previously served as the Company's Chief Executive Officer from its inception until August 2018 and from December 2018 to July 2020.

**Leonard Gould, MBA**, age 57, has served as a director of the Company since 1999. Mr. Gould has served as the Company's President & Chief Executive Officer, since January 2021. From May 2008 to January 2021, he served as the Company's President. Mr. Gould is the son of Lewis Gould.

**Martin Cooperman**, age 73, has served as a director of the Company since 2010 and as a member of its Audit Committee since April 2021. Mr. Cooperman has been a Principal at MEC Consulting since 2012. From 2011 until 2012, he was a Managing Partner at Geller & Company. From 1975 until 2010, Mr. Cooperman worked for Grant Thornton LLP, a global accounting, tax and advisory services firm, serving most recently as its Northeast Region Managing Partner and as a member of the firm's Senior Leadership Team.

**Robert Costello**, age 60, has served as a director and as a member of the Audit Committee of the Company since 2023. Mr. Costello is a Partner and General Counsel of TTC Equity Partners, a private investment firm, since January 2020. Prior to TTC, Mr. Costello served as General Counsel of Whitesell International from 2012 through

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December 2019.

**2. Executive Officers.**

The executive officers of the Company as of May 29, 2026 as well as certain biographical information about the executive officers who are not directors are as follows:

<b>Name &amp; Business Address</b>	<b>Position with Company</b>	<b>Officer Since</b>
<b>Lewis Gould</b> Q.E.P. Co., Inc. 1001 Broken Sound Parkway, NW Boca Raton, FL 33487	Executive Chairman	1979
<b>Leonard Gould</b> Q.E.P. Co., Inc. 1001 Broken Sound Parkway, NW Boca Raton, FL 33487	President & Chief Executive Officer	1995
<b>Enos Brown</b> Q.E.P. Co., Inc. 1001 Broken Sound Parkway, NW Boca Raton, FL 33487	Executive Vice President, Chief Financial Officer & Treasurer	2009

The following information is provided regarding the Company's executive officer not already described herein:

**Enos Brown**, age 63, became Executive Vice President, Chief Financial Officer & Treasurer of the Company in July 2020. Mr. Brown joined the Company in 2002 and has held various senior financial positions of increasing responsibility with the Company.

**3. Equity Ownership of Directors and Executive Officers.**

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Lewis Gould <sup>1</sup>	1,509,805	48.2%
Leonard Gould <sup>1</sup>	82,891	2.6%
All other Directors and Executive Officers as a group	N/A	Less than 1%

<sup>1</sup>Messrs. Gould's address is the Company's address at 1001 Broken Sound Parkway, NW, Suite A, Boca Raton, FL 33487.

**4. Compensation of Directors and Executive Officers.**

The following table sets forth information concerning the compensation paid during the last

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fiscal year by the Company to its directors and executive officers as a group:

**Summary Compensation Schedule**

Name	Fiscal Year	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Salaries (\$)	Bonuses (\$)	Fees Earned or Paid in Stock (\$) <sup>(2)</sup>	Stock Awards (\$)	All Other Compensation <sup>(2)</sup>	Total (\$)
Non-Employee Directors (2 in total)	2026	180,000						180,000
Executive Officers <sup>(3)</sup> (3 in total)	2026		2,078,450	2,582,200			92,046	4,752,696

<sup>(1)</sup> Directors who are employed by the Company do not receive any separate compensation for service on the Board of Directors. As of February 28, 2026, each non-employee Director receives an annual retainer of \$75,000. In addition, non-employee directors receive \$1,000 for up to two meetings of the Board of Directors they attend per year.

<sup>(2)</sup> The Company pays for or reimburses directors' travel, lodging and other reasonable out-of-pocket expenses in connection with attendance at Board, Committee and Stockholder meetings.

<sup>(3)</sup> The Company has determined that disclosure of executive officer compensation information on an aggregate basis is sufficient to an understanding of the Company's compensation practices and that individualized disclosure would not contribute materially to investor understanding. The Company's Executive Chairman and the Company's President & Chief Executive Officer, each have an Employment Agreement with the Company. No other officer has an Employment Agreement. Certain of the Company's executive officers are parties to a Severance Agreement with the Company. Copies of the agreements referenced in this Note have been filed previously as Exhibits (see Item 17, below).

**B. Other Control Persons.**

None.

**C. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:**

1. **A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses).**

None.

2. **The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities.**

None.

3. **A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity**

Q.E.P. Co., Inc.  
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**Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated.**

None.

4. **The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.**

None.

- D. Disclosure of Family Relationships<sup>3</sup>. Describe any family relationships among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities.**

The Company's President and Chief Executive Officer and member of the Board of Directors, Leonard Gould, is the son of the Company's Executive Chairman and Chairman of the Board of Directors, Lewis Gould. The Company's Vice President Business Process Improvement, Lauraleigh Gould, is the wife of Leonard Gould, the daughter-in-law of Lewis Gould and the mother of Ben Gould. The Company's Marketing Communications Coordinator, Ben Gould, is the son of Leonard and Lauraleigh Gould and the grandson of Lewis Gould.

- E. Disclosure of Related Party Transactions. Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person<sup>4</sup> had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:**

---

<sup>3</sup>The term "family relationship" means any relationship by blood, marriage or adoption, not more remote than first cousin.

<sup>4</sup> The term "related person" means any director, executive officer, nominee for director, or beneficial owner of more than five percent (5%) of any class of the issuer's equity securities, immediate family members of any such person, and any person (other than a tenant or employee) sharing the household of any such person. "Immediate family members" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

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The Company employs the following individuals who are related to the Company's Executive Chairman and President & Chief Executive Officer:

<u>Name</u>	<u>Title</u>	<u>Nature of Relationship</u>
Lauraleigh Gould	Vice President Business Process Improvement	Wife of Leonard Gould and daughter-in-law of Lewis Gould and Susan Gould
Joseph Santinello	Manager, Store Operations	Brother-in-law of Leonard Gould
Ben Gould	Marketing Communications Coordinator	Son of Leonard Gould and grandson of Lewis Gould

Related parties were paid a total of \$0.5 million in each of fiscal year 2026 and fiscal year 2025, respectively. Pursuant to a Board resolution, the Company may repurchase up to \$240,000 per annum of shares of its outstanding common stock from the Company's recently deceased Assistant Secretary, Susan Gould, the mother of Leonard Gould, at a price per share equal to the closing price of the common stock on the date of repurchase. Pursuant to this resolution, the Company repurchased shares having an aggregate purchase price of \$0.1 million and \$0.2 million during fiscal 2026 and fiscal 2025, respectively. On August 31, 2025, this repurchase plan was terminated.

During the quarter ended November 30, 2025, the Company repurchased 100,000 shares of its common stock from Lewis Gould, the Company's Founder, Executive Chairman and Chairman of the Board, and, at the time, a beneficial owner of approximately 49.5% of the Company's outstanding common stock (the "Transaction"). Mr. Gould was the direct seller in the Transaction and received all proceeds therefrom.

Because of Mr. Gould's positions with the Company and his direct financial interest in the Transaction, the Board of Directors established a special committee comprised solely of independent directors to review, evaluate and approve or reject the Transaction, as appropriate.

The special committee conducted its review in consultation with management and the Company's outside legal counsel, in a manner intended to be consistent with applicable OTCQX disclosure standards, U.S. GAAP related-party disclosure principles, and the Company's corporate governance practices. Following its review, the special committee approved the Transaction, including a purchase price of \$37.61 per share. The Transaction was subsequently consummated pursuant to that approval.

**F. Disclosure of Conflicts of Interest.**

None.

**Item 12 Financial information for the issuer's most recent fiscal period.**

The Company's audited consolidated financial statements for the fiscal year ended February 28, 2026 are incorporated herein by reference and filed through the OTC Disclosure and News Service, available at [www.otcm Markets.com](http://www.otcm Markets.com).

The consolidated financial statements include the following:

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- (1) consolidated balance sheet;
- (2) consolidated statements of income;
- (3) consolidated statements of comprehensive income;
- (4) consolidated statements of cash flows;
- (5) consolidated statements of changes in equity;
- (6) notes to consolidated financial statements; and
- (7) independent auditor's report

**Item 13            Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.**

The Company's audited consolidated financial statements for the fiscal years ended February 28, 2026 and February 29, 2025, are incorporated herein by reference from the Company's 2026 and 2025 Annual Reports filed separately through the OTC Disclosure and News Service, available at [www.otcmarkets.com](http://www.otcmarkets.com).

The audited consolidated financial statements include the following:

- (1) consolidated balance sheets;
- (2) consolidated statements of income;
- (3) consolidated statements of comprehensive income;
- (4) consolidated statements of cash flows;
- (5) consolidated statements of changes in equity;
- (6) notes to consolidated financial statements; and
- (7) independent auditor's report.

**Item 14            The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:**

**1. Investment Banker.**

None

**2. Promoter.**

None

**3. Securities Counsel.**

ANTHONY LINDER & CACOMANOLIS, PLLC  
1700 Palm Beach Lakes Boulevard, Suite 820  
West Palm Beach, FL 33401  
Phone: 844-281-2857  
Email: [lanthony@anthonypllc.com](mailto:lanthony@anthonypllc.com)

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**4. Auditor.**

Preparation of the Company's financial statements is the responsibility of the Company's management. The Company's outside audit firm, Grant Thornton LLP ("Grant Thornton"), is responsible for expressing an opinion on these financial statements based on its audit.

Grant Thornton has confirmed to the Company that Grant Thornton and its personnel are licensed to practice public accounting in all states in which the Company performs audit procedures. According to Grant Thornton, it is one of the ten largest certified public accounting and consulting firms in the United States. Grant Thornton is subject to required periodic inspection by the Public Company Accounting Oversight Board.

Auditor contact information:

**Grant Thornton LLP**  
1301 International Parkway, Suite 300  
Fort Lauderdale, FL 33323  
Phone: 954 768 9900  
Email: David.Kraynick@us.gt.com

**5. Public Relations Consultant.**

None.

**6. Investor Relations Consultant.**

None.

**7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the name, address, telephone number and email address of each advisor.**

N/A.

**Item 15 Management's Discussion and Analysis or Plan of Operation.**

**A. Plan of Operation.**

This item is not applicable as the Company had revenues in each of the last two fiscal years.

**B. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Founded in 1979, Q.E.P. Co., Inc. is a leading designer, manufacturer and distributor of a broad range of best-in-class flooring and installation solutions for commercial and home improvement projects. 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),

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Brutus®, and Homelux®.

QEP is headquartered in Boca Raton, Florida with offices in the United States, Canada, and Asia.

## **Results of Operations**

### **Fiscal 2026 as compared to Fiscal 2025**

#### **Net Sales**

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**

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**

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, 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.

#### **Liquidity and Capital Resources**

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

**Q.E.P. Co., Inc.**  
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timing impact of inventory purchases made ahead of tariff increases during 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 divestiture, 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.

**C. Off-Balance Sheet Arrangements.**

As of February 28, 2026, the Company did not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

**PART E      ISSUANCE HISTORY**

**Item 16      List of securities offerings and shares issued for services in the past two years.**

**A. Issuances of Equity Securities.** The following table sets forth information concerning the equity securities of Q.E.P. Co., Inc. issued during the fiscal years ended February 28, 2026 and February 29, 2025, respectively, and during the current fiscal year through the filing of this Annual Report:

**COMMON STOCK ISSUED**

<b>Date</b>	<b>Nature of Offering</b>	<b>Party Shares Issued to</b>	<b>Number of Shares Issued</b>	<b>Trading Status of Shares</b>	<b>Certificates Issued with Restrictive Legends</b>
N/A	N/A	N/A	N/A	N/A	N/A

**B. Promissory Notes**

N/A

**PART F      EXHIBITS**

**Item 17      Material Contracts.**

All of the following agreements are incorporated herein by reference to the Company's Initial Disclosure Statement for the fiscal year ended February 28, 2021 except for Item 17E., which was incorporated by reference to the Company's Quarterly Report for the quarterly period ended November 30, 2021, Item 17F., which was incorporated by reference to the Company's Quarterly Report for the quarterly period ended November 30, 2022, Item 17G., which was incorporated by reference to the Company's Annual Report for the fiscal year ended February 28, 2023, Item 17.H., which was incorporated by reference to the Company's Quarterly Report for the quarterly period ended August 31, 2023, and Item 17.I., which

**Q.E.P. Co., Inc.**  
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**For the Fiscal Year Ended February 28, 2026**

was incorporated by reference to the Company's Annual Report for the fiscal year ended February 29, 2024.

- A. Employment Agreement dated May 1, 2002 by and between Lewis Gould and the Company.
- B. Employment Agreement dated October 20, 2010 by and between Leonard Gould and the Company.
- C. Fifth Amended and Restated Loan Agreement dated as of February 15, 2021 by and among the Company, certain affiliates of the Company, Bank of America N.A. and Bank of America as agent.
- D. Form of Severance Agreement between the Company and certain of its executive officers.
- E. Amendment No. 2 to Fifth Amended and Restated Loan and Security Agreement and Joinder of Australian Borrower dated as of November 22, 2021 by and among Q.E.P. Co., Inc. certain affiliates of the company, and Bank of America, N.A.
- F. Amendment No. 3 to Fifth Amended and Restated Loan and Security Agreement and Joinder of Australian Borrower dated as of November 28, 2022 by and among Q.E.P. Co., Inc. certain affiliates of the company, and Bank of America, N.A.
- G. Amendment No. 4 to Fifth Amended and Restated Loan and Security Agreement and Joinder of Australian Borrower dated as of May 16, 2023 by and among Q.E.P. Co., Inc. certain affiliates of the company, and Bank of America, N.A.
- H. Amendment No. 5 to Fifth Amended and Restated Loan and Security Agreement and Joinder of Australian Borrower dated as of September 29, 2023 by and among Q.E.P. Co., Inc. certain affiliates of the company, and Bank of America, N.A.
- I. Amendment No. 6 to Fifth Amended and Restated Loan and Security Agreement, Waiver, Consent and Release dated as of February 29, 2024 by and among Q.E.P. Co., Inc. certain affiliates of the company, and Bank of America, N.A.

**Item 18      Articles of Incorporation and Bylaws.**

All of the following agreements are incorporated herein by reference to the Company's Initial Disclosure Statement for the fiscal year ended February 28, 2021.

- A. Certificate of Incorporation of the Company filed on August 5, 1996, as amended.
- B. Second Amended and Restated Bylaws of the Company (as amended and restated on October 5, 2019).

**Q.E.P. Co., Inc.**  
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**Item 19 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

<b>Issuer and Affiliated Purchaser Purchases of Equity Securities</b>				
<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as part of Publicly Announced Plans or Programs</b>	<b>Maximum Number (or Approximate Dollar Value) of Shares that may yet be Purchased Under Plans or Programs</b>
<b>Month 1</b> (December 1 to December 30)	0	N/A	N/A	N/A
<b>Month 2</b> (January 1 to January 31)	1,660	\$35.80	N/A	N/A
<b>Month 3</b> (February 1 to February 28)	0	N/A	N/A	N/A

**Item 20 Issuer's Certifications.**

Please see Exhibits 20.A and 20.B on the following pages of this Annual Report.

**Q.E.P. Co., Inc.**  
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**For the Fiscal Year Ended February 28, 2026**

**EXHIBIT 20.A**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Leonard Gould, President and Chief Executive Officer of Q.E.P. Co., Inc., certify that:

1. I have reviewed this Annual Report of Q.E.P. Co., Inc.;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Date: May 29, 2026

/s/ Leonard Gould

Leonard Gould

President & Chief Executive Officer

**Q.E.P. Co., Inc.**  
**Annual Report**  
**For the Fiscal Year Ended February 28, 2026**

**EXHIBIT 20.B**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Enos Brown, Executive Vice President, Chief Financial Officer & Treasurer, of Q.E.P. Co., Inc., certify that:

1. I have reviewed this Annual Report of Q.E.P. Co., Inc.;
2. Based on my knowledge, this Annual Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Annual Report; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Annual Report.

Date: May 29, 2026

/s/ Enos Brown  
Enos Brown  
Executive Vice President, Chief Financial Officer  
& Treasurer

# **Q.E.P. CO., INC. AND SUBSIDIARIES**

**Consolidated Financial Statements  
For the Years Ended February 28, 2026 and February 28, 2025**

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**GRANT THORNTON LLP**

1301 International Parkway, Suite 200  
Fort Lauderdale, FL 33323-2874

**D** +1 954 768 9900  
**F** +1 954 768 9908

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Q.E.P. Co., Inc.

**Opinion**

We have audited the consolidated financial statements of Q.E.P. Co., Inc. (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of February 28, 2026 and 2025, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Grant Thornton LLP*

Fort Lauderdale, Florida  
May 22, 2026

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

	February 28, 2026	February 28, 2025
<b>ASSETS</b>		
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
<b>Current assets</b>	<b>101,674</b>	<b>101,224</b>
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
<b>Total assets</b>	<b>\$ 137,342</b>	<b>\$ 138,274</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
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
<b>Current liabilities</b>	<b>26,224</b>	<b>33,821</b>
Long-term debt	7	10
Non-current operating lease liabilities	18,970	21,084
Other long-term liabilities	437	427
<b>Total liabilities</b>	<b>45,638</b>	<b>55,342</b>
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)
<b>Shareholders' equity</b>	<b>91,704</b>	<b>82,932</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 137,342</b>	<b>\$ 138,274</b>

*The accompanying notes are an integral part of these financial statements.*

**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
<b>Gross profit</b>	<b>82,639</b>	<b>86,569</b>
<b>Operating expenses:</b>		
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
<b>Operating income</b>	<b>18,165</b>	<b>19,814</b>
Interest income, net	868	876
<b>Income before provision for income taxes</b>	<b>19,033</b>	<b>20,690</b>
Provision for income taxes	4,273	4,979
<b>Net income from continuing operations</b>	<b>14,760</b>	<b>15,711</b>
Gain from discontinued operations, net of tax	1,011	542
<b>Net income</b>	<b>\$ 15,771</b>	<b>\$ 16,253</b>
<b>Basic earnings per share:</b>		
From continuing operations	\$ 4.59	\$ 4.78
From discontinued operations	0.31	0.17
<b>Basic earnings per share</b>	<b>\$ 4.90</b>	<b>\$ 4.95</b>
<b>Diluted earnings per share:</b>		
From continuing operations	\$ 4.59	\$ 4.78
From discontinued operations	0.31	0.16
<b>Diluted earnings per share</b>	<b>\$ 4.90</b>	<b>\$ 4.94</b>
<b>Weighted average number of common shares outstanding:</b>		
Basic	3,219	3,286
Diluted	3,219	3,290

*The accompanying notes are an integral part of these financial statements.*

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

	For the Year Ended	
	February 28, 2026	February 28, 2025
Net income	\$ 15,771	\$ 16,253
Reclassification of currency translation adjustments to earnings	(71)	698
Unrealized currency translation adjustments	302	(329)
<b>Comprehensive income</b>	<b><u>\$ 16,002</u></b>	<b><u>\$ 16,622</u></b>

*The accompanying notes are an integral part of these financial statements.*

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

	For the Year Ended	
	February 28, 2026	February 28, 2025
<b>Operating activities:</b>		
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
<b>Net cash provided by operating activities</b>	<b>14,299</b>	<b>12,736</b>
<b>Investing activities:</b>		
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	-
<b>Net cash provided by (used in) investing activities</b>	<b>(1,378)</b>	<b>312</b>
<b>Financing activities:</b>		
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)
<b>Net cash used in financing activities</b>	<b>(7,377)</b>	<b>(6,855)</b>
Effect of exchange rate changes on cash	(4)	(10)
<b>Net increase in cash</b>	<b>5,540</b>	<b>6,183</b>
Cash at beginning of period	28,552	22,369
<b>Cash at end of period</b>	<b>\$ 34,092</b>	<b>\$ 28,552</b>

*The accompanying notes are an integral part of these financial statements.*

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

	Preferred Stock		Common Stock		Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount	Shares	Amount					
<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
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)
<b>Balance at February 28, 2026</b>	-	\$ -	4,005,370	\$ 4	\$ 10,361	\$ 98,741	\$ (15,033)	\$ (2,369)	\$ 91,704

*The accompanying notes are an integral part of these financial statements.*

**Q.E.P. CO., INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. DESCRIPTION OF BUSINESS**

Founded in 1979, Q.E.P. Co., Inc. (“QEP” or the “Company”) is a leading designer, manufacturer and distributor of a broad range of best-in-class flooring installation solutions for commercial and home improvement projects. 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 facilities in the United States, Canada and Asia.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

The consolidated financial statements include the accounts of Q.E.P. Co., Inc. and its wholly owned subsidiaries, after eliminating all significant inter-company accounts and transactions.

***Discontinued operations***

The Company presents discontinued operations when there is a disposal of a component group or a group of components that represents a strategic shift that will have a major effect on the Company’s operations and financial results. At the end of fiscal year 2024, the Company entered into separate agreements for the divestiture of the Harris Flooring Group in North America, and the businesses in the United Kingdom, Australia and New Zealand. See Note 3 for additional information.

***Accounts Receivable***

The Company’s accounts receivable principally are due from home improvement retailers and professional specialty distributors. Credit is extended based on an evaluation of a customer’s financial condition and collateral is not required. Accounts receivable are due at various times based on each customer’s selling arrangements and credit worthiness. The outstanding balances are stated net of allowance for credit losses. The Company determines its allowance for credit losses by considering a number of factors, including the extent to which trade accounts receivable are past due, loss history, customers’ ability to pay, and the general condition of the economy and the industry as a whole. Uncollectible accounts are written off against the allowance. Payments subsequently received on such receivables are credited to the allowance for credit losses.

***Note Receivable***

The Company’s note receivable is initially recognized at fair value. The Company does not subsequently adjust the fair value of these notes receivable unless it is determined that the note receivable is impaired. As with its accounts receivable allowance, the Company considers the issuer’s financial condition, payment history, general market conditions and other relevant factors when assessing the collectability of the note and records an allowance for credit losses when collection of the note or portion of it does not appear likely. Interest income is recognized as earned.

On October 2025, the Company issued a note receivable to QEP UK Holdings Limited in the amount 0.7 million pound sterling at a variable interest rate equal to the Bank of England interest rate plus 2%, payable in 36 months. At February 28, 2026, the interest rate was 5.75%, and the note receivable had a residual

balance of \$0.8 million, with a current balance of \$0.4 million, included in prepaid expenses and other current assets, and a long-term balance of \$0.4 million, included in other assets. Please refer to footnote 3 Discontinued Operations for further information on the note.

### ***Inventories***

Inventories are stated at the lower of standard cost and net realizable value, which approximates the lower of cost on a first-in, first-out basis and net realizable value. Standard costs include the manufacturing or purchase costs of a product, as well as related freight, duties and fees.

### ***Property and Equipment***

Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over the assets estimated service lives. Leasehold improvements and assets held under finance leases are amortized over their expected useful life or the remaining life of the respective lease, whichever is shorter.

The following are the estimated lives of the Company's property and equipment:

Machinery and warehouse equipment	3 to 30 years
Furniture and computer equipment	3 to 10 years
Leasehold improvements	2 to 10 years

Maintenance and repairs are charged to expense. Significant renewals and betterments are capitalized. When property is sold, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in results of operations for the period.

### ***Impairment of Long-Lived Assets***

The Company evaluates its property and equipment for impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability is measured by a comparison of the carrying amount to its fair value. If an asset is considered to be impaired, the impairment to be recognized is the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

### ***Income Taxes***

Deferred income taxes are based on the estimated future tax effects of differences between the financial statement and tax basis of assets and liabilities, and on available net operating loss carry forwards. Deferred income tax provisions and benefits are based on changes to the basis of assets or liabilities from year to year. In providing for deferred taxes, the Company considers tax regulations of the jurisdictions in which it operates, estimates of future taxable income and available tax planning strategies. If tax regulations, operating results or the ability to implement tax-planning strategies vary, adjustments to the carrying value of deferred tax assets and liabilities may be required.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position upon examination. For tax positions meeting the "more-likely-than-not" threshold, the amount recognized in the financial statements generally is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority as adjusted for future economic uncertainties. Penalties and interest on the Company's reserve for uncertain tax positions are included in provision for income taxes.

### ***Intangible Assets***

The Company evaluates indefinite lived intangibles for impairment annually or whenever events or circumstances indicate that the fair value of a reporting unit may not exceed its carrying amount. The Company amortizes the cost of other intangibles over their estimated useful lives and tests such items for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If the Company determines that an intangible asset is impaired, it is written down to its fair value.

### ***Leases***

Lease agreements represent contracts that convey the right to control the use of an asset, which include warehouse, office space, equipment and vehicles. The Company classifies leases at their inception as operating, unless the occurrence of conditions listed in ASC 842 - *Leases* requires classification as a finance lease.

Right of use assets and lease liabilities are measured at commencement date at the present value of the future minimum lease payments over the lease term. Minimum lease payments include fixed, and variable lease payments depending on an index or rate, as determined at the lease inception date. Variable lease payments not based on an index or rate are not included in the capitalized base, as they cannot be reasonably estimated. These variable lease payments are recognized as incurred and they consist primarily of common area maintenance, property taxes and charges based on usage.

The Company uses an incremental borrowing rate to determine the present value of lease payments, since the implicit rate is not readily determinable for the majority of the contracts. The rate is determined on an annual basis.

Lease terms include any renewal option that the Company is reasonably certain to exercise. This determination is made based on market factors or other strategic considerations. The Company's leases have remaining lease terms of one to 18 years, with options that can extend the lease term for a period of 5 years.

Some of the Company's leases include periodical adjustments to rental payments due to inflation or other step increases. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

The Company subleased parking space to third parties. The sublease agreements were classified as operating leases.

### ***Earnings Per Share***

Basic earnings per share are computed based on weighted average shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of common and dilutive common stock equivalent shares outstanding during the period. Dilutive common stock equivalent shares consist of the dilutive effect of stock option and restricted stock awards. For periods in which the Company reports net losses, dilutive common stock equivalent shares outstanding are not included in the calculation of diluted loss per share, because they are anti-dilutive. Net income from continuing operation was used as a control number to determine whether common stock equivalent shares were dilutive or antidilutive.

Basic and diluted earnings per share for prior periods are retrospectively adjusted as a consequence of a change in capital structure, for example stock dividends and stock splits.

### ***Fair Value of Financial Instruments***

The carrying amount of financial instruments, including cash, accounts receivable, note receivable, accounts payable, accrued liabilities, lines of credit and notes payable, approximate fair value due to the

short maturity, variable interest rates and other terms of these instruments.

### ***Foreign Currencies***

The consolidated financial statements are presented in US Dollars. The financial statements of subsidiaries outside the United States are measured using the local currency as the functional currency. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Translation adjustments resulting from this process are charged or credited to equity. Revenues and expenses are translated at average rates of exchange prevailing during each month of the year. Gains and losses on foreign currency transactions are included in general and administrative expenses. Foreign currency transactions resulted in a gain of less than \$0.1 million and a loss of \$0.1 million for the years ended February 28, 2026 and 2025, respectively.

### ***Revenue Recognition***

Revenue recognition is evaluated through the following five steps: 1) identification of the contracts with customers; 2) identification of the performance obligations in the contracts; 3) determination of the transaction price; 4) allocation of the transaction price to the performance obligations in the contract; and 5) recognition of revenue as or when performance obligations are satisfied.

Revenue is recognized at a point in time when title and control to merchandise has passed to the customer, typically when shipped. The significant majority of the Company's contracts with its customers are for standard product sales under standard ship and bill arrangements and are generally accounted for as having a single performance obligation and the transaction price is agreed upon in the contract. Contracts do not have significant financing components and payment terms do not exceed one year from the date of the sale. Adjustments for price adjustments, rebates, allowances, and certain advertising and promotional costs are variable consideration and are recorded as a reduction of product sales revenue in the same period the related product sales are recorded. The Company does not incur significant credit losses from contracts with customers. The Company establishes reserves for returns and allowances based on current and historical information and trends. Net sales have been reduced by such amounts. Taxes collected from customers and remitted to governmental authorities are excluded from revenues.

### ***Shipping Costs***

The Company treats shipping and handling activities that occur after control of the product transfers as fulfillment activities, and therefore, does not account for shipping and handling costs as a separate performance obligation. Shipping costs to customers are expensed as incurred and included in shipping expenses. Shipping costs billed to customers are included in net sales.

### ***Advertising Allowances and Costs***

Advertising allowances are expensed as incurred and totaled, excluding discontinued operations, \$0.3 million in each of the years ended February 28, 2026 and 2025. In return, the Company's products are advertised in various forms of media on a local, regional or national level. The Company's products are also displayed on in-store signage and the Company receives the benefit of advertising its products directly to professional contractors. The Company is not able to reasonably estimate the fair value of the benefit received under these arrangements. Accordingly, the Company accounts for these promotional funds as a reduction to the selling price and the costs are included in net sales.

Advertising costs are expensed as incurred and totaled, excluding discontinued operations, \$0.4 million and \$0.6 million for the years ended February 28, 2026 and 2025, respectively. These costs are recorded in selling and marketing expenses and primarily consist of advertising in trade publications and social media platforms.

### ***Warranty Costs***

The Company provides for estimated product warranty expenses when it sells the related product. Since warranty estimates are forecasts that are based on the best available information, mostly historical claims experience, the claims costs may differ from amounts provided. The warranty accrual was \$0.3 million and \$0.4 million at February 28, 2026 and 2025, respectively. This accrual represents management's best estimate of its probable future liability for warranty claims related to its products, including wood, laminate, adhesives, and tools, based on a lag analysis of historical warranty claims made and paid.

### ***Use of Estimates***

In preparing financial statements, management is required to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and of the revenues and expenses during the reporting period. Significant estimates include the valuation of deferred income taxes, impairment evaluation of other intangible assets and long-lived assets, inventory valuation and product warranty reserves, the allowance for credit losses, and the fair value of assets acquired and liabilities assumed in business combinations. Actual results could differ from those estimates.

### ***Comprehensive Income***

Comprehensive income includes net income as currently reported and also considers the effect of additional economic events that are not required to be recorded in determining net income but that are reported as a separate component of shareholders' equity. The Company's balance in comprehensive income is derived from currency translation adjustments.

### ***New Accounting Standards***

In November 2023, the FASB issued ASU No. 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*", which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This guidance should be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The disclosure requirements included in ASU No. 2023-07 are required for all public entities, including entities with a single reportable segment. ASU No. 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and early adoption is permitted. The Company adopted ASU No. 2023-07 in the fourth quarter of fiscal 2025. The adoption of this guidance resulted in additional financial statement disclosures and had no impact to the Company's consolidated balance sheets, consolidated statements of operations, or consolidated statements of cash flows. See Note 6 which includes the disclosures resulting from the adoption of this guidance.

In December 2023, the FASB released ASU No. 2023-09 "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*" which enhances income tax disclosures, primarily related to the rate reconciliation and income tax paid information. Other provisions included in this update require to disaggregate income (loss) from continuing operations before income tax expense between domestic and foreign and income tax expense (benefit) from continuing operations to be disaggregated by federal (national), state, and foreign. This guidance should be applied prospectively, but a retrospective approach is also permitted. This update is effective for public business entities in the fiscal year beginning after December 15, 2024. The Company adopted ASU No. 2023-09 on a prospective basis in the fourth quarter of fiscal year 2026. The adoption of this guidance resulted in additional financial statement disclosures and had no impact to the Company's consolidated balance sheets, consolidated statements of operations, or consolidated statements of cash flows. See Note 14 which includes the disclosures resulting from the

adoption of this guidance.

In November 2024, the FASB released ASU No. 2024-03 “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses”, which requires to disaggregate, in the notes to financial statements, certain information related to costs and expenses from their relevant expense caption. Companies will need to disclose employee compensation, purchase of inventory, depreciation and amortization, and selling expenses, as well as additional qualitative disclosures about the nature of these expenses. Also, in January 2025, the FASB released ASU No. 2025-01 “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date”, which clarified the effective date of ASU 2024-03. This guidance can be applied prospectively or retrospectively. This update is effective for public business entities in the fiscal year beginning after December 15, 2027. The Company is assessing what impact this new standard will have on its financial statements.

Recent accounting pronouncements adopted or pending adoption not discussed above are either not applicable or are not expected to have a material impact on our consolidated financial condition, results of operations, or cash flows.

### **3. DISCONTINUED OPERATIONS**

In fiscal year 2024 the Company completed a portfolio transformation, which included the divestiture of the Company’s Harris Flooring Group and international operations in the United Kingdom, Australia, and New Zealand. These divested operations have been classified as discontinued operations in our Consolidated Balance Sheets and Consolidated Statements of Operations for all periods presented.

In fiscal year 2026 QEP UK Holdings Limited, the buyer of the United Kingdom operations, agreed to reimburse the Company 0.7 million pound sterling of additional consideration for the sale of the United Kingdom operations. This amount represents the Company’s portion of the settlement of a business interruption claim before the divestiture.

The Company’s Consolidated Statements of Shareholders’ Equity, Consolidated Statements of Comprehensive Income, and Consolidated Statements of Cash Flows combine results of continuing and discontinued operations.

There were no major classes of asset or liabilities of the discontinued operations at February 28, 2026 and 2025.

The following is a summary of the operating results and the net loss on disposal of Harris Flooring Group, United Kingdom Group, and Australia / New Zealand business, which are included in discontinued operations as of February 28, 2026 and 2025 (in thousands):

	For the Year Ended February 28, 2026		
	Harris Flooring Group	United Kingdom Group	Total
Net sales	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>
Gain on divestiture of discontinued operations	405	928	1,333
<b>Net income before provision for income taxes</b>	<b>405</b>	<b>928</b>	<b>1,333</b>
Provision for income taxes	98	224	322
<b>Income from discontinued operations</b>	<b>\$ 307</b>	<b>\$ 704</b>	<b>\$ 1,011</b>

	For the Year Ended February 28, 2025		
	Harris Flooring Group	Australia/ New Zealand	Total
Net sales	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating expenses:</b>			
General and administrative	-	(15)	(15)
Total operating expenses	-	(15)	(15)
<b>Operating income from discontinued operations</b>	<b>-</b>	<b>15</b>	<b>15</b>
Gain (loss) on divestiture of discontinued operations	(156)	645	489
<b>Net income (loss) before provision for income taxes</b>	<b>(156)</b>	<b>660</b>	<b>504</b>
Benefit for income taxes	(38)	-	(38)
<b>Income (loss) from discontinued operations</b>	<b>\$ (118)</b>	<b>\$ 660</b>	<b>\$ 542</b>

There were no depreciation and amortization expenses, nor capital expenditures related to discontinued operations in either of the fiscal years ended February 28, 2026 and 2025.

#### 4. SALE OF BUSINESS

On March 24, 2025, the Company completed the sale of its wholly owned subsidiary PRCI, S.A.S., a distributor of tile and plumbing tools in France. The sale was through a stock purchase transaction valued at 1.4 million Euros, effective on February 28, 2025. The Company recognized a loss of \$1.0 million, recorded in other (income) expense, net in the consolidated statement of operations, within operating income.

#### 5. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income, after deducting preferred stock dividends, by the weighted average number of shares of common stock outstanding. Diluted earnings per share is computed by dividing net income by the weighted average number of shares of common and dilutive common stock equivalent shares outstanding. The Company did not pay a preferred stock dividend in any of the periods presented. There were no anti-dilutive common stock equivalent shares in either of the fiscal years ended February 28, 2026 and 2025.

The following is a reconciliation of the number of shares used in the basic and diluted computation of earnings per share (in thousands):

	For the Year Ended	
	February 28, 2026	February 28, 2025
Weighted average number of common shares outstanding - basic	3,219	3,286
Dilution from stock options and restricted stock diluted	-	4
Weighted average number of common shares outstanding - diluted	<u>3,219</u>	<u>3,290</u>

#### 6. SEGMENT INFORMATION

The Company defines its segments based on how internally reported financial information is monitored by the chief operating decision maker ("CODM"), the Company's President & Chief Executive Officer, to analyze financial performance, make decisions, and allocate resources. For reporting purposes, the Company's operating segments meet the criteria to be aggregated into a single reportable segment due to quantitative threshold and similar nature of its operations.

The Company has offices in the United States ("U.S."), Canada and Asia, with most of its consolidated revenues generated, and majority of total assets located in the U.S. The Company designs, manufactures and distributes flooring installation solutions for home improvement and commercial projects, offering a comprehensive line of specialty flooring installation tools, adhesives, and underlayment.

The Company's CODM allocates resources and assesses performance based on operating income and net income which is included in the accompanying consolidated statements of operations. In addition, CODM uses earnings before interest, taxes, depreciation, and amortization, non-GAAP measures. Actual results throughout the year are compared against prior year and annual budget amounts.

The operating segment financial information regularly reviewed by the CODM, including assets, revenue, gross profit, operating expenses, and non-cash items are presented on a consolidated basis in the same amount and using the same captions as those included in the consolidated statements of operations,

consolidated balance sheets, and consolidated statements of cash flows. There are no additional segment expense categories regularly provided to the CODM. Therefore, there are also no amounts classified as other segment items requiring disclosure.

The following table presents total assets, classified by geography (in thousands):

	February 28, 2026	February 28, 2025
Total assets- in the U.S.	\$ 126,075	\$ 127,025
Total assets- outside the U.S.	11,267	11,249
Total assets	<u>\$ 137,342</u>	<u>\$ 138,274</u>

The following table presents third-party net sales, classified by geography (in thousands):

	For the Year Ended	
	February 28, 2026	February 28, 2025
Net sales- in the U.S.	\$ 215,629	\$ 222,158
Net sales- outside the U.S.	18,086	21,673
Net sales	<u>\$ 233,715</u>	<u>\$ 243,831</u>

The following table presents third-party net sales, classified by major product categories (in thousands):

	For the Year Ended	
	February 28, 2026	February 28, 2025
Flooring installation tools	\$ 94,014	\$ 99,130
Spacers	54,409	54,431
Adhesives	48,632	46,911
Underlayment	12,490	13,631
Powders	17,320	19,246
Other	6,850	10,482
Net sales	<u>\$ 233,715</u>	<u>\$ 243,831</u>

## 7. INVENTORIES

Inventories consisted of the following (in thousands):

	February 28, 2026	February 28, 2025
Finished goods	\$ 28,162	\$ 30,888
Raw materials and work-in-process	5,162	5,707
Total inventory, net	<u>\$ 33,324</u>	<u>\$ 36,595</u>

## 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following (in thousands):

	February 28, 2026	February 28, 2025
Machinery and warehouse equipment	\$ 21,287	\$ 18,773
Building and leasehold improvements	5,781	5,442
Office furniture, equipment and computer equipment	9,852	9,673
Finance leases	40	28
	<u>36,960</u>	<u>33,916</u>
Less: Accumulated depreciation and amortization	<u>(22,715)</u>	<u>(20,872)</u>
Property and equipment, net	<u>\$ 14,245</u>	<u>\$ 13,044</u>

Depreciation expense of property and equipment was \$1.7 million and \$1.4 million the years ended February 28, 2026 and 2025, respectively.

## 9. LEASES

Right of use assets and lease liabilities presented in the balance sheet as follows (in thousands):

		February 28, 2026	February 28, 2025
Consolidated balance sheets classification			
Assets			
Operating	Right of use operating lease assets	\$ 19,614	\$ 21,520
Finance (1)	Property and equipment, net	34	25
Total lease assets		<u>\$ 19,648</u>	<u>\$ 21,545</u>
Liabilities			
Current			
Operating	Current operating lease liabilities	\$ 2,775	\$ 2,887
Finance	Current maturities of debt	14	9
Non-current			
Operating	Non-current operating lease liabilities	18,970	21,084
Finance	Long term debt	7	10
Total lease liabilities		<u>\$ 21,766</u>	<u>\$ 23,990</u>

(1) Finance Lease assets are recorded net of accumulated amortization of less than \$0.1 million at February 28, 2026 and 2025, each.

The components of lease cost consisted of the following (in thousands):

	For the Year Ended February 28, 2026				
	Cost of goods sold	Shipping	General and administrative	Sales and marketing	Total
Operating					
Lease cost	\$ 2,311	\$ 1,179	\$ 307	\$ 8	\$ 3,805
Short term lease cost	36	119	4	-	159
Variable lease cost	415	515	190	-	1,120
Sublease Income	-	(10)	-	-	(10)
Total operating expenses	<u>\$ 2,762</u>	<u>\$ 1,803</u>	<u>\$ 501</u>	<u>\$ 8</u>	<u>\$ 5,074</u>

	For the Year Ended February 28, 2026			
	Cost of goods sold	Shipping	Interest expense, net	Total
Finance				
Amortization of ROU asset	\$ 1	\$ 3	\$ -	\$ 4
Interest on lease liabilities	-	-	1	1
Total finance expenses	<u>\$ 1</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 5</u>

	For the Year Ended February 28, 2025				
	Cost of goods sold	Shipping	General and administrative	Sales and marketing	Total
Operating					
Lease cost	\$ 1,850	\$ 1,381	\$ 333	\$ 11	\$ 3,575
Short term lease cost	36	162	8	-	206
Variable lease cost	519	583	213	-	1,315
Total operating expenses	<u>\$ 2,405</u>	<u>\$ 2,126</u>	<u>\$ 554</u>	<u>\$ 11</u>	<u>\$ 5,096</u>

	For the Year Ended February 28, 2025			
	Shipping	General and administrative	Interest expense, net	Total
Finance				
Amortization of ROU asset	\$ 6	\$ 71	\$ -	\$ 77
Interest on lease liabilities	-	-	2	2
Total finance expenses	<u>\$ 6</u>	<u>\$ 71</u>	<u>\$ 2</u>	<u>\$ 79</u>

During fiscal year ended February 28, 2025, the Company identified the divestiture of Harris Flooring Group and the consequent change in use, along with a decline in market demand as impairment triggering events for the right-of-use asset of the vacant Moorpark facility. The Company had listed the property for sublease. Consequently, the Company performed an impairment assessment based on the most updated market conditions under the assumption that the facility will be sublet. This analysis resulted in the recognition of a non-cash impairment loss of \$0.1 million, recorded within other (income) expense, net. Additionally, in February 2025, the Company negotiated a rent abatement with the landlord, which resulted in a gain on lease modification of \$0.3 million, recorded in other (income) expense, net. During

fiscal year 2026, no additional impairment was necessary as prior impairments had already reduced the net asset balance for this property to zero. Additionally, the Company will not make further attempts to sublet the facility since the rent agreement will expire at the end of April 2026.

Maturities of lease liabilities consist of the following (in thousands):

Year Ending February 28,	Operating Leases	Finance Leases	Total
2027	\$ 3,829	\$ 15	\$ 3,844
2028	3,723	4	3,727
2029	3,450	3	3,453
2030	3,398	-	3,398
2031	3,425	-	3,425
Thereafter	8,923	-	8,923
Total lease payments	26,748	22	\$ 26,770
Less: amount representing interest	5,003	1	
Present value of lease liabilities	\$ 21,745	\$ 21	

There were no leases commenced after February 28, 2026 that created rights and obligations for the Company.

Lease term and discount rates are as follows:

	February 28, 2026	February 28, 2025
Weighted average remaining lease term (years):		
Operating	7.94	8.63
Finance	1.91	2.07
Weighted average discount rate		
Operating	5.27%	5.25%
Finance	6.82%	6.05%

Supplemental cash flow information related to leases consists of the following (in thousands):

	For the Year Ended	
	February 28, 2026	February 28, 2025
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flow from operating leases	\$ 4,134	\$ 4,278
Operating cash flow from finance leases	1	2
Financing cash flow from finance leases	10	83
Right of use assets obtained in exchange for lease obligations		
Operating leases	\$ 433	\$ 4,948
Finance leases	12	28

## 10. INTANGIBLE ASSETS

A reconciliation of the beginning and ending balances of other intangible assets is as follows (in thousands):

	Gross Carrying Amounts of Other Intangibles	
	Total	Trademarks
Balance at February 28, 2025	\$ 128	\$ 128
Removal of fully amortized trademarks	(128)	(128)
Balance at February 28, 2026	\$ -	\$ -

Other intangible assets, which are subject to amortization, are as follows (in thousands):

	Remaining Weighted Average Useful Life	February 28, 2026			February 28, 2025		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks	-	\$ -	\$ -	\$ -	\$ 128	\$ (127)	\$ 1
		\$ -	\$ -	\$ -	\$ 128	\$ (127)	\$ 1

Amortization expense related to intangible assets was less than \$0.1 million in each of the years ended February 28, 2026 and 2025. During the second quarter of fiscal year 2025, the Company recorded a net impairment of \$0.1 million for its Porta-Nail trademark, as a result of the discontinuation of products sold under the trademark. The impairment expense is included in other (income) expense, net in the consolidated statement of operations.

Estimated remaining amortization expense is zero for each of the fiscal years in the five-year period ending February 2031 and thereafter.

## 11. DEBT

Debt consists of the following (in thousands):

	February 28, 2026	February 28, 2025
Lines of Credit:		
North America revolving credit facility	\$ 11	\$ 105
	\$ 11	\$ 105
Long-term debt:		
Finance leases	\$ 21	\$ 19
	21	19
Less current installments	14	9
	\$ 7	\$ 10

The aggregate maturities of long-term debt, excluding finance leases, is zero for each of the fiscal years in the five-year period ending February 2031 and thereafter.

Interest paid for all debt was \$0.3 million for each of the years ended February 28, 2026 and 2025.

### **General**

The Company has a Loan and Security Agreement (“Loan Agreement”) with a domestic financial institution to provide an asset based revolving credit facility and term loans.

On February 25, 2025, the Company received consent of its lending institution, Bank of America, N.A., to the sale of its wholly owned subsidiary PRCI, S.A.S. and the dissolution of its Australian and New Zealand subsidiaries. The agreement waived certain covenants, released all claims on the divested assets, and approved the PRCI transaction under the Fifth Amended and Restated Loan and Security Agreement dated February 15, 2021.

### **Revolving Credit Facilities**

The Company is allowed to borrow a maximum of \$65.0 million under the revolving credit facility based on a percentage of eligible North America accounts receivable and inventories. The interest rate applicable to the revolving credit facility is equal to a range of the Contract Rate associated with the borrowed currency plus 1.50% to 2.00% for advances with fixed maturities. The Contract Rate varies with fluctuations in money market conditions and may not be less than 0.0%.

The Loan Agreement permits the Company to allocate the maximum revolving credit facility between its US and Canada revolving credit facilities, is collateralized by substantially all of the Company’s assets, requires the Company to maintain certain financial covenants, prohibits the Company from incurring certain additional indebtedness without the lender’s prior agreement, limits certain investments, advances, loans and treasury stock purchases, restricts substantial asset sales and certain capital expenditures, and limits the payment of dividends.

At February 28, 2026, the interest rate under the North America revolving credit facility was 4.95%, the Company had borrowed less than \$0.1 million, and \$35.7 million was available for future borrowings, net of \$1.3 million in outstanding letters of credit and other reserves. At February 28, 2025, the interest rate under the North America revolving credit facility was 5.70%, the Company had borrowed \$0.1 million, and \$34.7 million was available for future borrowings, net of \$3.0 million in outstanding letters of credit and other reserves.

## **12. CONTINGENCIES**

The Company is subject to federal, state and local laws, regulations and ordinances regarding water discharges, hazardous and solid waste management, air quality, and other environmental matters (together, “Environmental Laws”). The Company also must obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals in conducting its operations (together, “Approval Requirements”). Failure to comply with Environmental Laws or Approval Requirements may expose the Company to significant fines and penalties.

The Company’s management is not aware of any situation requiring remedial action by the Company that, because of liability under Environmental Laws or Approval Requirements, would have a material adverse effect on the Company as a whole. The Company continually evaluates its operations to identify potential environmental exposures and for its compliance with regulatory requirements, but can give no assurance that it will not incur any material costs or liability in the future.

Premix-Marbletite Manufacturing Co. (“Premix”), a subsidiary of the Company, is a co-defendant in 38 cases, where the plaintiffs are seeking unspecified damages due to injuries allegedly sustained as a result of exposure to products containing asbestos, which, in the case of Premix, were manufactured in excess

of thirty years ago. Imperial Industries Inc. (“Imperial”), Premix’s parent company, is named as a co-defendant in eight of those cases. Insurance carriers that provide umbrella/excess coverage for these pending cases have, under a reservation of rights, appointed outside counsel to represent and defend Premix and Imperial. These policies are not subject to a deductible or self-insured retention. Premix and Imperial believe that, based on past settlements and outcomes of asbestos cases, there should be adequate insurance coverage for these pending cases where the insurance carriers have appointed counsel to defend Premix and Imperial’s rights.

The Company is otherwise involved in litigation from time to time in the ordinary course of its business. Based on information currently available to management, the Company does not believe that the outcome of any legal proceeding in which the Company is involved will have a material adverse impact on the Company.

***Contractual obligations***

In March 2022, the Company entered into an agreement pursuant to which it is required to make monthly royalty fee payments until December 2025. There are no more obligations that the Company is required to pay under this agreement for fiscal year 2026 and thereafter.

***International Emergency Economic Powers Act (IEEPA) tariffs***

Starting at the end of fiscal year 2025, certain goods imported into the United States were subject to tariffs imposed under the International Emergency Economic Powers Act (“IEEPA”). On February 20, 2026, the U.S. Supreme Court ruled that these tariffs were not lawful under the IEEPA statute. In addition, on March 4, 2026, the U.S. Court of International Trade ruled that U.S. Customs and Border Protection (“CBP”) must refund duties imposed under IEEPA. On April 20, 2026, CBP commenced processing the first phase of refunds for IEEPA duties limited to certain unliquidated entries. There is still significant uncertainty regarding how and when the amounts collected under this statute will be refunded. The Company is evaluating its eligibility for tariff refunds. Any recovery remains uncertain and has not been recognized.

**13. EMPLOYEE BENEFIT PLANS**

The Company and certain of its subsidiaries offer defined contribution benefit plans to employees. These plans provide for voluntary contributions by employees and matching contributions by the Company, subject to certain limitations. The Company made matching contributions totaling \$0.3 million in each of the years ended February 28, 2026 and 2025.

**14. INCOME TAXES**

Income before provision for income taxes consisted of the following (in thousands) for the years ended:

	February 28, 2026	February 28, 2025
United States	\$ 17,780	\$ 20,245
Foreign	1,253	445
Income before provision for income taxes	<u>\$ 19,033</u>	<u>\$ 20,690</u>

The components of the provision for income taxes are as follows (in thousands) for the years ended:

	February 28, 2026	February 28, 2025
Current:		
Federal	\$ 2,477	\$ 3,586
State	732	803
	<u>3,209</u>	<u>4,389</u>
Deferred:		
Federal	962	558
State	102	32
	<u>1,064</u>	<u>590</u>
Provision for income taxes	<u>\$ 4,273</u>	<u>\$ 4,979</u>

The tables below for the year ended February 28, 2026 provide the updated requirements for ASU 2023-09.

The following is a reconciliation of income taxes at the federal statutory rate to the actual tax expense as well as the effective tax rate (in thousands):

	February 28, 2026	
	Amount	%
U.S. federal statutory income tax rate	\$ 3,997	21.0%
Nondeductible items	23	0.1%
Effect of cross-border tax laws		
-Global intangible low taxed income	129	0.7%
Other adjustments	(13)	-0.1%
Changes in valuation allowance	(273)	-1.4%
Domestic state & local income taxes, net of federal income tax effect	626	3.3%
Foreign tax effects		
Canada		
-Statutory tax rate difference	69	0.4%
-Changes in valuation allowance	(334)	-1.8%
-Other adjustments	2	0.1%
Worldwide changes in unrecognized tax benefits	47	0.2%
Total	<u>\$ 4,273</u>	<u>22.5%</u>

Income taxes paid (net of refunds) consisted of the following (in thousands) for the year ended:

	February 28, 2026
Federal	\$ 3,343
Domestic state and local:	
California	238
Florida	293
Pennsylvania	215
Other U.S. state and local	152
Foreign	-
Total	<u>\$ 4,241</u>

As previously disclosed for the year ended February 28, 2025, prior to the adoption of ASU 2023-09, the following is a reconciliation of income taxes at the federal statutory rate to the actual tax expense as well as the effective tax rate (in thousands):

	February 28, 2025	
	Amount	%
Provision for income taxes at the federal statutory rate	\$ 4,345	21.0%
State and local income taxes, net of federal tax benefit	665	3.2%
Foreign tax rate differential	113	0.5%
Tax valuation allowance	(572)	-2.8%
Net change in FIN 48 reserve	5	0.0%
Other	423	2.2%
Actual provision for income taxes	<u>\$ 4,979</u>	<u>24.1%</u>

Cash paid for income taxes in the year ended February 28, 2025 was \$3.9 million.

The tax effects of temporary differences which give rise to deferred tax assets / (liabilities) are as follows (in thousands):

	February 28, 2026	February 28, 2025
Deferred Tax Assets:		
Net operating losses and foreign tax credit carry forwards	\$ 16,797	\$ 17,195
Inventories	1,274	1,045
Intangible assets	142	210
Accrued expenses	1,576	1,818
Other	7	139
	<u>19,796</u>	<u>20,407</u>
Less: valuation allowance on net operating losses	<u>(15,917)</u>	<u>(16,345)</u>
Total deferred tax assets	<u>3,879</u>	<u>4,062</u>
Deferred Tax Liabilities:		
Property and equipment	(2,500)	(1,597)
Prepaid expenses	(116)	(102)
Other	(429)	(367)
Total deferred tax liabilities	<u>(3,045)</u>	<u>(2,066)</u>
Net Deferred Tax Asset	<u>\$ 834</u>	<u>\$ 1,996</u>

The Company has gross net operating loss carry forwards principally from acquisitions of \$52.3 million that will begin to expire in 2027. Realization of these loss carry forwards is subject to limitation as a result of ownership changes. Accordingly, the Company has recorded a valuation allowance of \$12.2 million as it is unlikely that these losses will be utilized due to the limitation. The Company also has US foreign tax credit carry forwards of \$0.2 million that begin to expire in 2026, and \$2.2 million of capital loss carry forwards that begin to expire in 2029. The Company has established a full valuation allowance for the foreign tax credit carry forwards and the capital loss carry forwards because it may not be able to claim a benefit for these items in the future.

As of the end of fiscal year 2026, the Company has a valuation allowance of \$3.0 million for the deferred tax assets related to its operations in Canada. Management believes that it is more likely than not the benefit of these deferred tax assets will not be realized due to the incurred and expected losses for its operations in Canada. The Company has \$11.4 million of Canadian gross net operating loss carry forwards that will begin to expire in 2036.

A reconciliation of the beginning and ending balances of unrecognized tax benefits included in other long-term liabilities in the accompanying consolidated balance sheets are as follows (in thousands) for the years ended:

	February 28, 2026	February 28, 2025
Unrecognized tax benefits, beginning of year	\$ 352	\$ 312
Additions based on tax position related to current year	113	131
Reductions for tax positions of prior years	(53)	(91)
Unrecognized tax benefits, end of year	<u>\$ 412</u>	<u>\$ 352</u>

The Company is subject to income taxes in US federal and state jurisdictions, and in various foreign jurisdictions. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. The Company is not subject to US federal income tax examinations by tax authorities for the year ended February 28, 2022, and prior years.

## **15. SIGNIFICANT CUSTOMER AND VENDOR INFORMATION**

The Company's customer base includes a concentration of home improvement retailers in each of its primary markets. One such customer accounted for approximately 70% and 68% of net sales from continuing operations in the years ended February 28, 2026 and 2025, respectively, and approximately 72% and 70% of accounts receivable at February 28, 2026 and 2025, respectively.

The Company has multiple sources of supply for nearly all raw materials and finished products purchased from suppliers. One supplier accounted for approximately 18% of such purchases from continuing operations. Certain raw materials representing less than 10% of purchases are available only from a single supplier or a limited number of suppliers. The inability to obtain components and products as required, or to develop alternative sources, if and as required in the future, could result in delays or reductions in product shipments, which in turn could have an adverse effect on the Company's business, financial condition, and results of operations.

## **16. SHAREHOLDERS EQUITY**

### ***Common Stock***

On January 14, 2026, the Company's Board of Directors declared a special cash dividend of \$0.20 per share on the common stock of the Company. The cash dividend of approximately \$0.6 million was paid on February 26, 2026 to shareholders of record as of the close of business on February 3, 2026.

On October 15, 2025, the Company's Board of Directors declared a special cash dividend of \$0.20 per share on the common stock of the Company. The cash dividend of approximately \$0.7 million was paid on November 26, 2025 to shareholders of record as of the close of business on November 3, 2025.

On July 11, 2025, the Company's Board of Directors declared a special cash dividend of \$0.20 per share on the common stock of the Company. The cash dividend of approximately \$0.7 million was paid on August 28, 2025 to shareholders of record as of the close of business on August 1, 2025.

On April 15, 2025, the Company's Board of Directors declared a special cash dividend of \$0.20 per share on the common stock of the Company. The cash dividend of approximately \$0.7 million was paid on May 28, 2025 to shareholders of record as of the close of business on May 1, 2025.

On December 3, 2024, the Company's Board of Directors declared a special cash dividend of \$0.20 per share on the common stock of the Company. The cash dividend of approximately \$0.6 million was paid on February 28, 2025 to shareholders of record as of the close of business on February 3, 2025.

On May 15, 2024, the Company's Board of Directors declared a special cash dividend of \$1.00 per share on the common stock of the Company. The cash dividend of approximately \$3.3 million was paid on June 26, 2024 to shareholders of record as of the close of business on May 31, 2024.

### ***Preferred Stock***

#### ***Series A***

500,000 of the Company's 2,500,000 authorized shares of preferred stock, \$1 par value per share, are designated as Series A Preferred Stock. The holder of each share of Series A Preferred Stock is entitled to receive, before any dividends on the Company's common stock, cumulative dividends equal to the prime

interest rate less 1-1/4%, payable in semiannual installments.

The Company may redeem any or all of the shares of Series A Preferred Stock at a price per share of \$1.00 plus an amount equal to any accrued but unpaid dividends. The Series A Preferred Stock has no voting rights, but does have a liquidation preference equal to \$1.00 plus accrued and unpaid dividends. At February 28, 2026 and 2025 there were no outstanding shares of Series A Preferred Stock.

#### ***Series B***

1,000,000 of the Company's 2,500,000 authorized shares of preferred stock, \$1 par value per share, are designated as Series B Preferred Stock. The holder of each share of Series B Preferred Stock is entitled to receive a non-cumulative dividend at the rate of \$0.05 per share per annum, payable annually, before any dividend on the common stock. The Company may redeem any or all of the shares of Series B Preferred Stock at a price per share of \$1.00. The Series B Preferred Stock has no voting rights. At February 28, 2026 and 2025 there were no outstanding shares of Series B Preferred stock.

#### ***Series C***

1,000,000 of the Company's 2,500,000 authorized shares of preferred stock, \$1 par value per share, are designated as Series C Preferred Stock. The holder of each share of Series C Preferred Stock is entitled to receive, before any dividends on the Company's common stock, cumulative dividends at the rate of \$0.035 per share per annum, payable in annual installments. The Series C Preferred Stock has no voting rights, but does have a liquidation preference equal to \$1.00 plus accrued and unpaid dividends. At February 28, 2026 and 2025 there were no outstanding shares of Series C Preferred stock.

#### ***Treasury Stock***

The Company has purchased from time to time shares of its common stock to be held in treasury. At February 28, 2026 the number of shares held in treasury was 871,537 at an aggregate cost of \$15.0 million. In fiscal year 2026, the Company purchased 121,500 shares of common stock at an aggregate cost of \$4.7 million. In fiscal year 2025, the Company purchased 30,547 shares of common stock at an aggregate cost of \$0.9 million.

## **17. STOCK PLANS**

The Company has removed from registration all of the previously registered shares of common stock under a previously adopted stock plan and, therefore, is no longer issuing stock options under the stock plan.

In June 2024, the President & Chief Executive Officer elected to exercise the option to purchase 15,750 shares at an exercise price of \$8.86. The purchase price was \$33.11 per share.

At February 28, 2026 and 2025 there were no options outstanding.

In May 2024, the Company repurchased 54,376 fully vested shares of restricted common stock from its nonemployee directors. The purchase price of the shares was \$21.75 per share.

## **18. RELATED PARTY TRANSACTIONS**

During fiscal years 2026 and 2025, the Company employed certain individuals who are related to the Company's Executive Chairman or the President & Chief Executive Officer. These individuals were paid a total of \$0.5 million in each of the years ended February 28, 2026 and 2025. Pursuant to a Board resolution the Company may repurchase up to \$240,000 per annum of shares of its outstanding common stock from one of these individuals at a price per share equal to the closing price of the common stock on the date of repurchase. Pursuant to this resolution, the Company repurchased 3,000 shares in the year ended

February 28, 2026, at a cost of \$0.1 million, and repurchased 6,000 shares in the year ended February 28, 2025, at a cost of \$0.2 million. On August 31, 2025, this repurchase plan was terminated.

In November 2025, the Company repurchased 100,000 shares of its common stock from Lewis Gould, the Company's Founder, Executive Chairman and Chairman of the Board of Directors, and a controlling interest shareholder of the Company's outstanding common stock. The aggregate purchase price was approximately \$3.8 million, based on a purchase price of \$37.61 per share, which was paid in cash.

Because Mr. Gould is a related party, the repurchase constituted a related-party transaction. The transaction was reviewed and approved by a special committee of the Company's Board of Directors comprised solely of independent directors. In approving the transaction, the special committee considered, among other factors, the Company's financial condition and liquidity and recent market trading information for the Company's common stock.

The shares repurchased were recorded as treasury stock and reflected as a reduction of stockholders' equity. The Company has no continuing payment obligations or other commitments to Mr. Gould arising from this transaction.

## **19. SUBSEQUENT EVENTS**

In preparing the accompanying consolidated financial statements, the Company evaluated the period through May 22, 2026, the date the financial statements were available to be issued, for material subsequent events requiring recognition or disclosure.

On April 15, 2026, the Board of Directors of the Company declared a cash dividend of \$0.22 per share on its common stock. The dividend is payable on May 28, 2026 to shareholders of record as of the close of business on May 1, 2026.

On May 13, 2026, the Company received refunds of approximately \$0.9M related to previously paid tariffs imposed under IEEPA. The underlying rulings and administrative processes related to the refunds occurred subsequent to the balance sheet date, therefore no amounts were recognized as of the year ended February 28, 2026. The Company is continuing to evaluate additional refund claims and related matters with U.S. Customs and Border Protection. The ultimate amount and timing of any additional recoveries remain subject to administrative review and other uncertainties.