

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

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

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

SIC Code: [3420](#)

Annual Report
For the period ending: February 28, 2023
(the "Reporting Period")

The number of shares outstanding of our Common Stock was 3,293,000 as of February 28, 2023.

The number of shares outstanding of our Common Stock was 3,307,000 as of February 28, 2022.

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 of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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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, statements regarding emergence of the world from the COVID-19 pandemic and the Company's belief that it is positioned to respond to evolving uncertainties related thereto, the Company's shifting of its focus to new challenges presented by (i) scarcity and rising cost for raw materials and transcontinental freight, (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, acquisition integration, operational synergy realization, global sourcing, political uncertainty, cash flow, debt and currency exchange rates. Any forward-looking statements contained herein are based on current expectations and beliefs, and are subject to a number of risks and uncertainties. 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.

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

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)

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Telephone: 561-994-5550
Facsimile: 561-994-1530

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

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, \$.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

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. Cash dividends are not declared with any defined regularity. The most recent cash dividend was \$0.05 per share, paid on August 18, 2021.

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.

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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 currently consists of six members, divided into three classes of two Class I, Class II and Class III directors. The directors in each class each serve for a three-year term, 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 it generally makes it more difficult for stockholders to replace a majority of the 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, 2023 and February 28, 2022, respectively.

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Securities Authorized and Outstanding

Class	As of	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (public float)	Total Number of Beneficial Stockholders⁽¹⁾	Total Number of Stockholders of Record⁽²⁾
Common Stock	Year ended 2/28/2023	20,000,000	3,293,000	3,293,000	2,917	16
Common Stock	Year ended 2/28/2022	20,000,000	3,307,000	3,307,000	2,917	14
Preferred Stock	Year ended 2/28/2023	2,500,000	0	0	0	0
Preferred Stock	Year ended 2/28/2022	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:

Toll: 781-575-3120
Toll Free: 800-962-4284
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
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:** None
6. **Default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring us to make payments:** During the quarter ended November 30, 2021, 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. waived any default.
7. **Any change of control:** None
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. Last Common Stock dividend distributed on February 19, 2021
 - b. **Recapitalizations:** None
 - c. **Mergers and Acquisitions:** (during the three-year period ended February 28, 2023 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

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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, 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, 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"), an indirect subsidiary of the Company, is

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a co-defendant in 47 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 30 years ago. Imperial Industries Inc. ("Imperial"), Premix's parent company and the Company's direct subsidiary, is named as a co-defendant in 17 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.

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.

b. Trading suspensions by a securities regulator: None

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 and installation solutions for commercial and home improvement projects worldwide. QEP is headquartered in Boca Raton, Florida with other offices in the United States, Canada, Europe, Asia, Australia and New Zealand.

What We Do

QEP offers a comprehensive line of specialty installation tools, adhesives, and underlayment as well as a complete line of hardwood, luxury vinyl, and modular carpet tile. QEP sells its products throughout the world to home improvement retail centers, professional specialty distribution outlets, and flooring dealers under brand names including QEP®, LASH®, ROBERTS®, Vitrex®, Brutus®, PRCI®, Plasplugs®, Tomecanic®, Premix-Marbletite® (PMM), Homelux®, Capitol® and XPSfoam™. Brand names featured under QEP's Harris Flooring Group® include Harris®, Kraus® and Naturally Aged Flooring™.

Organization

The Company operates in three business segments: North America, Europe and Australia/New Zealand. Management has chosen to organize the segments into geographic areas, with each segment being the responsibility of a segment manager. Each segment markets and sells to home improvement retailers, professional specialty distributors and flooring dealers. The Europe segment is composed of operations in the UK, France and Germany while the North America segment is made up of operations in the United States and Canada. The performance of the business is evaluated at the segment level. Cash, debt and income taxes generally are managed centrally. Accordingly, the Company evaluates performance of its segments based on operating earnings exclusive of financing

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activities and income taxes.

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

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

The Company has been conducting operations continuously since its organization in 1996.

3. Has the issuer at any time been a “shell company” pursuant to Securities Act Rule 405?

No.

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:

Q.E.P. Co., Inc. is 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.

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

Name	Relationship	Business Purpose	Method of Operation	Ownership	Included in Issuer's Consolidated Financial Statements
DOMESTIC COMPANIES					
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
QEP-California, Inc.	Subsidiary	Non-operating subsidiary	Corporation (California)	Parent (100%)	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
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
QEP – Tennessee, Inc.	Subsidiary	Non-operating subsidiary	Corporation (Florida)	Parent (100%)	Yes
Faus Group, Inc.	Subsidiary	Non-operating subsidiary	Corporation (Georgia)	Parent (100%)	Yes
AC Products Co.	Subsidiary	Manufacture of ceramic accessories	Corporation (Ohio)	Parent (100%)	Yes

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Name	Relationship	Business Purpose	Method of Operation	Ownership	Included in Issuer's Consolidated Financial Statements
FOREIGN COMPANIES					
Q.E.P. Aust. Pty. Ltd.	Subsidiary	Distribution of flooring, installation tools, adhesives and flooring-related accessories in Australia	Limited Company (Australia)	Parent (100%)	Yes
Roberts Company Canada Limited	Subsidiary	Manufacture and distribution of flooring, Installation tools, adhesives and flooring-related accessories in Canada	Limited Company (Canada)	Roberts Consolidated Industries, Inc.(100%)	Yes
P.R.C.I., S.A.S.	Subsidiary	Distribution of flooring, installation tools, adhesives and flooring-related accessories in France	France	Parent (100%)	Yes
QEP Germany GmbH	Subsidiary	Distribution of flooring, installation tools, adhesives and flooring-related accessories in Germany	Corporation (Germany)	Parent (100%)	Yes
Q.E.P. Co., HK Limited/Shanghai Regional Office	Subsidiary	Sourcing flooring and 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	Distribution of flooring, installation tools, adhesives and flooring-related accessories in New Zealand	Limited Company (New Zealand)	Parent (100%)	Yes
Q.E.P. Spain Flooring and Industrial Solutions, S.L.	Subsidiary	Non-operating subsidiary	Corporation (Spain)	Parent (100%)	Yes

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Q.E.P. Co. U.K. Limited	Subsidiary	Manufacture and distribution of flooring, installation tools, adhesives and flooring-related accessories in the United Kingdom	Limited Company (United Kingdom)	Parent (100%)	Yes
Homelux Benelux B.V.	Subsidiary	Non-operating subsidiary	Limited Company (The Netherlands)	Q.E.P. Co. U.K. Limited (100%)	Yes
Roberts U.K. Limited	Subsidiary	Non-operating subsidiary	Limited Company (United Kingdom)	Q.E.P. Co. U.K. Limited (100%)	Yes
Tile Accessories Limited	Subsidiary	Manufacture and distribution of installation tools and flooring-related accessories in the United Kingdom	Limited Company (United Kingdom)	Q.E.P. Co. U.K. Limited (100%)	Yes
Vitrex Limited	Subsidiary	Non-operating subsidiary	Limited Company (United Kingdom)	Q.E.P. Co. U.K. Limited (100%)	Yes
XPS Foam Limited	Subsidiary	Manufacture and distribution of flooring underlayment	Limited Company (United Kingdom)	Q.E.P. Co. U.K. Limited (100%)	Yes

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 (as defined above). The Company 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.

The Company's management is not aware of any situation requiring remedial action by the Company that, because of liability under any 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

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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 30, 2023	714	684

Item 9 Nature of products or services offered.

A. Principal products or services, and their markets.

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

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 a number of competitors that may have greater financial, marketing and other resources than the Company. The Company is continuing to penetrate more markets within the countries it currently serves and, as a result, the Company may experience competition from foreign companies, which could adversely affect the Company's gross margins on its international sales.

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

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customers from foreign manufacturers, the Company could experience competition from 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 43% and 39% of net sales in fiscal years 2023 and 2022, respectively, and approximately 44% and 47% of accounts receivable at February 28, 2023 and February 28, 2022, 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 is party to a written agreement with a third party to whom it pays a monthly royalty for the Company's LASH® tile leveling system products.

The Company is party to an agreement with a third party from whom it receives royalties on the net sales of the Company's tile leveling system products.

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 operate 46 facilities in six states and seven countries that are used for a variety of business purposes including

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administrative offices, manufacturing, warehousing and distribution, and other functions.

We own a 295,000 square foot manufacturing and office facility in Johnson City, Tennessee, which is on approximately 48 acres.

We lease office and equipment space in 45 facilities representing approximately 1,400,000 square feet in five states and seven countries. The terms of the leases vary from month-to-month to terms expiring in 2032.

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:

Name	Position with Company	Director Since
Lewis Gould	Executive Chairman	1979
Leonard Gould	President and CEO, The Americas; Director	1999
Paul Boyce	Chief Executive Officer of International Operations; Director	2020
David Kreilein	Director	2006
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 80, 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. Mr. Gould is the father of Leonard Gould.

Leonard Gould, age 54, has served as a director of the Company since 1999 and as a member of its Audit Committee since April 2021. Mr. Gould has served as the Company's President & Chief Executive Officer, The Americas, since January 2021. From May 2008 to January 2021, he served as the Company's President. Mr. Gould is the son of Lewis

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Gould.

Paul Boyce, age 56, has served as a director of the Company since March 2020. Mr. Boyce has served as the Company's Chief Executive Officer of International Operations since January 2021. From March 2020 to January 2021, he served as the Company's President of International Operations and European CEO. From 2009 to 2019, he served as the Company's European CEO.

Martin Cooperman, age 70, 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.

David Kreilein, age 65, has served as a director of the Company since 2006 and as a member of its Audit Committee since April 2021. Mr. Kreilein has been a Managing Director at Pacific Avenue Capital Partners, a private equity firm, since April 2021. From March 2018 to March 2021, Mr. Kreilein was a Managing Director of Monroe Capital LLC. From August 2010 to December 2017, he was a Managing Director of Centre Lane Partners.

Robert Costello, age 57, has served as a director 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 December 2019.

Mr. James (Tony) Hair resigned from the Company's Board of Directors, effective January 16, 2023. Mr. Hair's resignation letter indicated that his decision was not the result of any disagreement with the Company's operations, policies or practices.

2. Executive Officers.

The executive officers of the Company as of May 30, 2023 as well as certain biographical information about the executive officers who are not directors are as follows:

<u>Name & Business Address</u>	<u>Position with Company</u>	<u>Officer Since</u>
Lewis Gould Q.E.P. Co., Inc. 1001 Broken Sound Parkway, NW Boca Raton, FL 33487	Executive Chairman	1979
Leonard Gould Q.E.P. Co., Inc. 1001 Broken Sound Parkway, NW Boca Raton, FL 33487	President & Chief Executive Officer, The Americas, Director	1995
Paul Boyce Q.E.P. Co. U.K. Ltd. The Malsters Wetmore Road Burton Upon Trent	Chief Executive Officer of International Operations, Director	2009

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<u>Name & Business Address</u>	<u>Position with Company</u>	<u>Officer Since</u>
Staffordshire DE14 1LS United Kingdom		
Enos Brown 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 60, 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.

<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Lewis Gould ¹	1,610,205	48.9%
All Directors and Executive Officers as a group	N/A	Less than 1%

¹Mr. 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 fiscal year by the Company to its directors and executive officers as a group:

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Summary Compensation Schedule

Name	Fiscal Year	Fees Earned or Paid in Cash (\$)⁽¹⁾	Salaries (\$)	Bonuses (\$)	Fees Earned or Paid in Stock (\$)⁽²⁾	Stock Awards (\$)⁽²⁾	All Other Compensation⁽³⁾	Total (\$)
Non-Employee Directors ⁽⁵⁾ (3 in total)	2023	\$70,000	N/A	N/A	\$185,200	N/A	N/A	\$255,200
Executive Officers ⁽⁴⁾ (4 in total)	2023	N/A	\$2,559,990	\$1,100,000	N/A	N/A	\$62,128	\$3,722,118

(1) Directors who are employed by the Company do not receive any separate compensation for service on the Board of Directors. As of February 28, 2023, each non-employee Director receives an annual retainer of \$30,000 and a grant of 5,000 shares (up from 3,000 the prior year) of restricted stock. In addition, non-employee directors receive \$1,000 for each meeting of the Board of Directors they attend.

(2) Represents the dollar amount recognized for financial statement reporting purposes for the fiscal year ended February 28, 2023, of restricted stock awards granted in and prior to fiscal year 2023.

(3) 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.

(4) The Company has determined that compensation information regarding the executive officers as a group is sufficient to an understanding of the Company and that providing confidential information as to each individual executive officer would not contribute materially to an understanding of the Company. The Company's Executive Chairman and the Company's President & Chief Executive Officer, The Americas, 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 18, below).

(5) Includes compensation to James (Tony) Hair who resigned from the Company's Board of Directors effective January 16, 2023.

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.**

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None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity 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.** 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, The Americas, 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 Corporate Secretary, Susan Gould, is the former wife of Lewis Gould and mother of Leonard Gould. The Company's Vice President Business Process Improvement, Lauraleigh Gould, is the wife of Leonard Gould and the daughter-in-law of Lewis Gould and Susan 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 had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:

During fiscal years 2022 and 2021, the Company employed the following individuals who are related to the Company's Executive Chairman and President & Chief Executive Officer, The Americas:

<u>Name</u>	<u>Title</u>	<u>Nature of Relationship</u>
Susan Gould	Corporate Secretary	Former wife of Lewis Gould and mother of Leonard Gould
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

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These individuals were paid a total \$0.4 million in each of fiscal years 2023 and 2022, respectively. Pursuant to a Board resolution, the Company may repurchase up to \$240,000 per annum of shares of its outstanding common stock from Susan 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 8,000 shares in fiscal 2023 at a cost of \$0.2 million and did not repurchase any shares in fiscal 2022.

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, 2023 are incorporated herein by reference and filed through the OTC Disclosure and News Service, available at www.otcm Markets.com.

The consolidated financial statements include the following:

- (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, 2023 and February 28, 2022, are incorporated herein by reference from the Company's 2023 and 2022 Annual Reports filed separately through the OTC Disclosure and News Service, available at www.otcm Markets.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.

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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 L.G. PLLC
625 N Flagler Drive, #600
West Palm Beach, FL 33401
Phone: 561 514-0936, ext. 101
Email: lanthony@anthonypllc.com

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.

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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 worldwide. QEP offers a comprehensive line of specialty installation tools, adhesives, and underlayment as well as a complete line of hardwood, luxury vinyl, and modular carpet tile. QEP sells its products throughout the world to home improvement retail centers, professional specialty distribution outlets, and flooring dealers under brand names including QEP®, LASH®, ROBERTS®, Vitrex®, Brutus®, PRCI®, Plasplugs®, Tomecanic®, Premix-Marbletite® (PMM), Homelux®, Capitol® and XPS Foam™. Brand names featured under QEP's Harris Flooring Group® include Harris®, Kraus® and Naturally Aged Flooring™.

QEP is headquartered in Boca Raton, Florida with offices in Canada, Europe, Asia, Australia and New Zealand.

Results of Operations

Fiscal 2023 as compared to Fiscal 2022

Net Sales

Net sales for the twelve months ended February 28, 2023 ("fiscal 2023", or the "fiscal 2023 period") were \$433.7 million compared to \$445.5 million for the twelve months ended February 28, 2022 ("fiscal 2022", or the "fiscal 2022 period"), a decrease of \$11.8 million or 2.7%.

The fiscal 2023 decrease in net sales compared to fiscal 2022 period was primarily due to lower sales volume in the latter half of the year, principally in the Company's North America flooring business, and the currency translation impact of the strong U.S. Dollar in the current fiscal period, which were only partially offset by year-over-year product price increases to customers.

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Gross Profit

Gross profit for fiscal 2023 was \$114.0 million compared to \$120.7 million in fiscal 2022, a decrease of \$6.7 million or 5.6%. As a percentage of net sales, gross profit decreased to 26.7% in the fiscal 2023 period from 27.1% in the fiscal 2022 period.

The decrease in absolute gross margin and gross margin as a percentage of net sales was due to increased inbound freight and other product cost increases during the earlier part of the fiscal 2023 that have not been fully recovered through customer price increases and other cost reduction initiatives.

Operating Expenses

Operating expenses for fiscal 2023 and fiscal 2022 were \$110.1 million or 25.4% of net sales and \$106.9 million or 24.0% of net sales, respectively. The increase in operating expenses was due to increased outbound freight costs which resulted from higher fuel costs. Additionally, the Company had higher personnel and marketing costs, including marketing displays and samples, to support recently launched flooring product lines.

The increase in interest expense during fiscal 2023 period as compared to fiscal 2022 was due to an increase in borrowings under the Company's credit facilities and higher interest rates during the current fiscal year.

The provision for income taxes as a percentage of income before taxes was 104.4% for fiscal 2023, as compared to 23.4% for fiscal 2022. Fiscal 2023 includes a full valuation allowance on operating losses generated by the Company's Canadian operation.

Net loss for the fiscal 2023 was \$0.1 million or \$0.02 per diluted share, as compared to net income of \$9.6 million or \$2.88 per diluted share for the fiscal 2023 period.

Liquidity and Capital Resources

Cash used in operating activities during fiscal 2023 was \$0.1 million as compared to \$11.0 million in the fiscal 2022 period, principally reflecting the payment to suppliers for the purchase of inventory and lower operating income in the current period. During the fiscal 2023 period, borrowings under the Company's lines of credit were used to fund operating activities and capital expenditures. In the fiscal 2022 cash used by operations reflects the investment in inventory to mitigate the impact of supply chain disruptions during the year.

Working capital as of February 28, 2023 was \$55.0 million compared to \$55.0 million at the end of fiscal 2022. Aggregate debt, net of available cash balances at the end of fiscal 2023, was \$33.5 million or 43.0% of equity, an increase of \$0.1 million compared to \$33.4 million or 42.0% of equity at the end of fiscal 2022.

C. Off-Balance Sheet Arrangements.

As of February 28, 2023, 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

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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, 2023 and February 28, 2022, respectively, and during the current fiscal year through the filing of this Annual Report:

COMMON STOCK ISSUED

Date	Nature of Offering	Party Shares Issued to	Number of Shares Issued	Trading Status of Shares	Certificates Issued with Restrictive Legends
December 9, 2022	Restricted Stock Grant	Outside Directors	9,000	Restricted	No

B. Promissory Notes

During fiscal 2021, the Company entered into a convertible subordinated promissory note with the Company's current Executive Chairman. The note provided the Company with \$1.5 million of additional liquidity, had a maturity date of January 2024, and was subordinate to the Company's domestic financial institution. The note could have been converted to shares of common stock of the Company at the Executive Chairman's election at a conversion rate based on the outstanding principal and interest divided by the closing price of the Company's common stock on the date of conversion. Interest on the note was payable quarterly in arrears at an annual interest rate of 12.5%. The convertible subordinated promissory note was extinguished in February 2022.

During fiscal 2021, the Company's Canadian subsidiary entered into a promissory note in the amount of CAD 2.3 million (\$1.8 million) in connection with the Plan of Compromise and Arrangement pursuant to the Companies' Creditors Arrangement Act. The note incurred no interest and required 18 monthly equal payments commencing on January 2021. The note was discounted at the imputed interest rate equal to FILO Loan rate at the month the note was issued, equal to 7.00%. The note was extinguished in July 2022.

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 and, with respect to Item 17F., incorporated by reference to the Company's Quarterly Report for the quarterly period ended November 30, 2021.

- A. Voting Trust Agreement dated August 3, 1996, by and between Lewis Gould and Susan J. Gould, as amended on March 11, 2002 and September 18, 2013

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- B. Employment Agreement dated May 1, 2002 by and between Lewis Gould and the Company.
- C. Employment Agreement dated October 20, 2010 by and between Leonard Gould and the Company.
- D. 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.
- E. Form of Severance Agreement between the Company and certain of its executive officers.
- F. 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.
- G. 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.

The following agreement is filed herewith:

- H. 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.

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).

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Item 19 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

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

Pursuant to a Board resolution, the Company may repurchase up to \$240,000 per annum of shares of its outstanding common stock from Susan 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 8,000 shares in fiscal 2023 at a cost of \$0.2 million and did not repurchase any shares in fiscal 2022.

Item 20 Issuer's Certifications.

Please see Exhibits 21.A and 21.B on the following pages of this Quarterly Report.

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EXHIBIT 21.A

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Leonard Gould, President and Chief Executive Officer, The Americas, of Q.E.P. Co., Inc. (the "Company"), 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 30, 2023

/s/ Leonard Gould
Leonard Gould
President & Chief Executive Officer, The Americas

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EXHIBIT 21.B

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Enos Brown, Executive Vice President, Chief Financial Officer & Treasurer, of Q.E.P. Co., Inc. (the "Company"), 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 30, 2023

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

**AMENDMENT NO. 4 TO FIFTH AMENDED AND RESTATED LOAN AND SECURITY
AGREEMENT AND WAIVER**

This AMENDMENT NO. 4 TO FIFTH AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT AND WAIVER (“***Amendment***”) is made as of May 16, 2023 by and among Q.E.P. CO., INC., a Delaware corporation (the “***Company***”), A C PRODUCTS CO., an Ohio corporation (“***Seller***”), IMPERIAL INDUSTRIES, INC., a Delaware corporation, PREMIX-MARBLETITE MANUFACTURING CO., a Florida corporation, Q.E.P. CO. U.K. LIMITED, incorporated in England and Wales with company number 04988177, QEP - TENNESSEE, INC., a Florida corporation, ROBERTS CAPITOL, INC., a Florida corporation, ROBERTS COMPANY CANADA LIMITED, a corporation amalgamated under the laws of the province of Ontario, Canada, ROBERTS CONSOLIDATED INDUSTRIES, INC., a Delaware corporation, TILE ACCESSORIES LIMITED, incorporated in England and Wales with company number 02442755, XPS FOAM LIMITED, incorporated in England and Wales with company number 07784773, and Q.E.P. AUST. PTY. LIMITED, incorporated in Australia (all of the foregoing, individually and collectively, jointly and severally, “***Borrower***”), the Guarantors party hereto, the financial institutions party to the Loan Agreement referred to below from time to time as lenders (the “***Lenders***”), and BANK OF AMERICA, N.A., as agent and Australian security trustee for the Lenders (in such capacity, “***Agent***”).

WITNESSETH:

WHEREAS, Borrower, the Lenders and Agent have entered into a Fifth Amended and Restated Loan Agreement, dated as of February 15, 2021 (as amended, restated, renewed, extended, substituted, modified or supplemented from time to time, the “***Loan Agreement***”), and various instruments, guaranties, agreements and other documents executed and/or delivered in connection therewith (all of the foregoing, as amended, restated, renewed, extended, substituted, modified or supplemented from time to time, together with the Loan Agreement, collectively, the “***Loan Documents***”); and

WHEREAS, Borrower has requested that Agent and the Lenders agree to amend certain provisions of, and waive a certain Event of Default which has occurred and is continuing under, the Loan Agreement, and Agent and the Lenders are willing to do so, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for good and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** Capitalized terms used and not defined in this Amendment shall have the respective meanings given them in the Loan Agreement.

2. **Acknowledgments.**

(a) ***Acknowledgment of Obligations.*** Borrower hereby acknowledges, confirms and agrees that: (i) as of the close of business on May 12, 2023, Borrower is indebted to Agent and the Lenders in respect of Revolving Advances (including, without limitation, FILO Loans) in the principal amount of \$29,717,922.75, in respect of the Term Loan in the principal amount of \$4,041,678.56 and in respect of LC Obligations in the amount of \$2,900,000, plus interest accrued and accruing thereon, and

plus all fees, costs, expenses and other sums and charges due and owing to Agent and the Lenders under the Loan Agreement and the other Loan Documents, including, without limitation, all costs and expenses (including, without limitation, attorneys' fees and expenses) incurred by Agent and the Lenders under the Loan Agreement or in accordance therewith (all of the foregoing is collectively referred to as the "*Existing Obligations*"); and (ii) as of the date hereof, the Existing Obligations are due and owing by Borrower to Agent and the Lenders without offset, deduction, claim, counterclaim or defense of any kind, nature or description whatsoever.

(b) *Ratification and Confirmation of Liens and Security Interests.* Borrower hereby ratifies and confirms its grant to Agent, for the benefit of the Secured Parties, of the perfected, first priority Liens upon and security interests in its properties and assets heretofore mortgaged, pledged, granted or assigned to Agent, for the benefit of the Secured Parties, under the Loan Documents, and acknowledges, confirms and agrees that such perfected Liens and security interests secure and shall continue to secure the Obligations.

(c) *Acknowledgment of Binding Effect of Loan Agreement and Other Loan Documents.* Borrower hereby acknowledges, confirms and agrees that: (a) the Loan Agreement and each of the other Loan Documents has been duly authorized, executed and delivered to Agent and the Lenders, and each is in full force and effect as of the date hereof; and (b) the covenants, agreements and obligations of Borrower contained in or incurred under each Loan Document to which it is a party constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with the terms and conditions thereof, and Borrower has no offset, deduction, claim, counterclaim or defense of any kind, nature or description whatsoever to the enforcement of any such covenant, agreement, obligation or Loan Document.

(d) *Acknowledgment of Advice of Counsel and Other Matters.* Borrower hereby acknowledges, confirms and agrees that (a) it has been advised by legal counsel of its choosing in the negotiation, execution and delivery of this Amendment and (b) neither Agent nor any Lender has any fiduciary relationship with or duty to Borrower arising out of or in connection with this Amendment and the relationship between Agent and the Lenders, on the one hand, and Borrower, on the other hand, in connection herewith is solely that of creditor and debtor.

3. Amendments to Loan Agreement.

(a) The last sentence of the definition of Applicable Margin now appearing in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"Notwithstanding anything to the contrary contained herein, (a) solely with respect to FILO Loans, each Applicable Margin shall be increased by 125 basis points, and (b) until Borrowers shall have delivered their financial statements for the month ended June 30, 2023 pursuant to Section 10.1.2(b) and the Compliance Certificate required to be delivered concurrently therewith pursuant to Section 10.1.2(c), margins shall be determined as if Level I were applicable."

(b) Section 10.3.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

“10.3.1 Fixed Charge Coverage Ratio. Maintain a Fixed Charge Coverage Ratio for each twelve-month period, determined as of the last day of each month set forth below, of at least the corresponding amount set forth below:

<u>Twelve-Month Period Ending</u>	<u>Fixed Charge Coverage Ratio</u>
February 28, 2023	1.00 to 1.0
March 31, 2023	0.40 to 1.0
April 30, 2023	0.45 to 1.0
May 31, 2023	0.75 to 1.0
June 30, 2023 and the last day of each month thereafter	1.20 to 1.0”

4. **Waiver.**

(a) *Acknowledgment of Event of Default.* Each Loan Party hereby acknowledges, confirms and agrees that Borrower failed to maintain for twelve-month period ended March 31, 2023, a Fixed Charge Coverage Ratio of at least 1.00 to 1.00 (the “***Specified Default***”), and, as a result thereof, an Event of Default has occurred and is continuing under Section 11.1(c) of the Loan Agreement.

(b) *Waiver; Limitation of Waiver.*

(i) As of the Amendment No. 4 Effective Date, Lender hereby waives the Specified Default.

(ii) The waiver set forth in Section 4(a) above shall be limited precisely as written and relates solely to the provisions of the Loan Agreement in the manner and to the extent described above and nothing in this Amendment shall be deemed to: (a) constitute a waiver of compliance by any Loan Party with respect to any other term, provision or condition of the Loan Agreement or any other Loan Document; or (b) prejudice any right or remedy that Agent and the Lenders may now have or may have in the future under or in connection with the Loan Agreement or any other Loan Document.

5. **Representations and Warranties.** To induce Agent and the Lenders to enter into this Amendment, Borrower hereby represents and warrants that each of the representations and warranties contained in the Loan Agreement and the other Loan Documents, as amended hereby, or in any document or instrument delivered pursuant to or in connection with this Amendment, is true and correct as of the date hereof and, taking into account this Amendment, no Default or Event of Default has occurred and is continuing. Borrower hereby further represents and warrants as follows:

(a) *Corporate Power; Authorization; Enforceable Obligations.* The execution, delivery and performance of this Amendment and the transactions contemplated hereby (a) are within the corporate power of Borrower, (b) have been duly authorized by all necessary corporate proceedings, (c) do not conflict with or result in any breach or contravention of any provision of Applicable Law to which Borrower is subject or any judgment, order, writ, injunction, license or permit applicable to Borrower and (d) do not conflict with any provision of the respective organizational documents of Borrower or any agreement or other instrument binding upon Borrower. The execution, delivery and performance of this Amendment will result in valid and legally binding obligations of Borrower

enforceable against Borrower in accordance with the terms and provisions hereof, except as enforceability may be limited by applicable bankruptcy, insolvency and reorganization laws.

(b) *No Litigation.* No litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of Borrower, threatened by or against Borrower with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby.

(c) *Accuracy of Information.* All information (other than projections) provided by Borrower, or any of its agents, is true, correct and complete as of the date provided and does not contain any untrue statement of 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. All projections provided by Borrower from time to time have been prepared in good faith, based on reasonable assumptions in light of the circumstances at such time.

6. **Conditions Precedent.** This Amendment shall become effective upon the date (the “*Amendment No. 4 Effective Date*”) on which Agent shall have received this Amendment, in form and substance satisfactory to Agent, duly authorized, executed and delivered by Borrower, Agent and each Lender.

7. **No Other Modifications.** Except as specifically set forth herein, no other changes or modifications to the Loan Agreement or the other Loan Documents are intended or implied, and, in all other respects, the Loan Agreement and the other Loan Documents shall continue to remain in full force and effect in accordance with their respective terms as of the date hereof and are hereby ratified and confirmed by Borrower and the other Obligor. Except as specifically set forth herein, nothing contained herein shall evidence a waiver by Agent or any Lender of any other provision of the Loan Agreement or the other Loan Documents nor shall anything contained herein be construed as a consent by Agent or any Lender to any transaction other than that specifically consented to herein.

8. **No Third-Party Beneficiaries.** The terms and provisions of this Amendment shall be for the benefit of the parties hereto and their respective successors and assigns. No other person, firm, entity or corporation shall have any right, benefit or interest under this Amendment.

9. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

10. **Counterparts.** This Amendment may be executed in any number of counterparts, all of which shall constitute one and the same agreement, and any party hereto may execute this Amendment by signing and delivering one or more counterparts. Delivery of an executed counterpart of this Amendment electronically or by facsimile shall be effective as delivery of an original executed counterpart of this Amendment.

11. **Costs and Expenses.** Borrower agrees to pay or reimburse Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with this Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to Agent.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written.

Q.E.P. CO., INC., as a Borrower

By  _____

Name: Lewis Gould

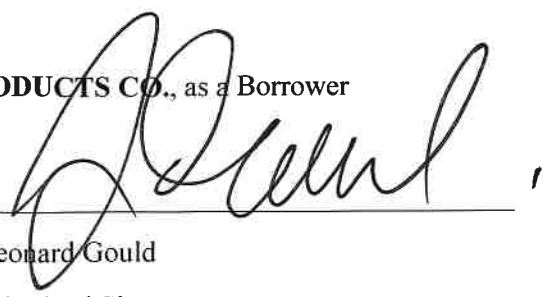
Title: Authorized Signatory

A C PRODUCTS CO., as a Borrower

By: _____

Name: Leonard Gould

Title: Authorized Signatory

A handwritten signature in black ink, appearing to read 'Leonard Gould', is written over a horizontal line. The signature is stylized with large, flowing loops.

IMPERIAL INDUSTRIES, INC., as a Borrower

By: 

Name: Michael Venturelli

Title: Authorized Signatory

**PREMIX-MARBLETITE MANUFACTURING
CO., as a Borrower**

By: _____

Name: Michael Venturelli

Title: Authorized Signatory

Q.E.P. CO. U.K. LIMITED, as a Borrower

By: _____

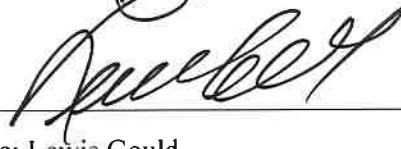
Name: Paul Boyce

Title: Director

*[Signature Page to Amendment No. 4 to Fifth Amended and
Restated Loan and Security Agreement and Waiver]*

QEP – TENNESSEE, INC., as a Borrower

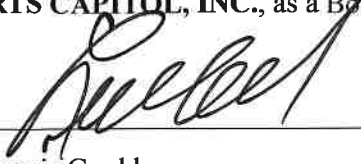
By: _____

A handwritten signature in black ink, appearing to read 'Lewis Gould', written over a horizontal line.

Name: Lewis Gould

Title: Authorized Signatory

ROBERTS CAPITOL, INC., as a Borrower

By: _____

Name: Lewis Gould

Title: Authorized Signatory

ROBERTS COMPANY CANADA LIMITED, as
a Borrower

By: _____

Name: Lewis Gould

Title: Authorized Signatory

**ROBERTS CONSOLIDATED INDUSTRIES,
INC., as a Borrower**

By: _____

Name: Lewis Gould

Title: Authorized Signatory

TILE ACCESSORIES LIMITED, as a Borrower

By:  _____

Name: Paul Boyce

Title: Director

*[Signature Page to Amendment No. 4 to Fifth Amended and
Restated Loan and Security Agreement and Waiver]*

XPS FOAM LIMITED, as a Borrower

By: 

Name: Paul Boyce

Title: Director

*[Signature Page to Amendment No. 4 to Fifth Amended and
Restated Loan and Security Agreement and Waiver]*

Executed by **Q.E.P. Aust. Pty. Limited** ACN
087 683 092 in accordance with Section 127 of
the *Australian Corporations Act 2001*:

Lewis Gould

Director/company secretary

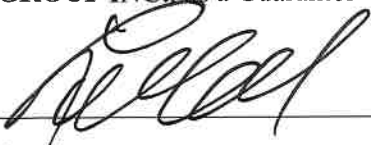
[Signature]

Director

Name of director/company secretary
(BLOCK LETTERS)

Name of director
(BLOCK LETTERS)

FAUS GROUP INC., as a Guarantor

By: _____

Name: Lewis Gould

Title: Authorized Signatory

QEP-CALIFORNIA, INC., as a Guarantor

By: _____

Name: Lewis Gould

Title: Authorized Signatory

**Q.E.P. ZOCALIS HOLDING L.L.C., as a
Guarantor**

By: _____

Name: Lewis Gould

Title: Authorized Signatory

**ROBERTS HOLDING INTERNATIONAL,
INC., as a Guarantor**

By: _____

Name: Lewis Gould

Title: Authorized Signatory

BANK OF AMERICA, N.A., as Agent and a
Lender

By: _____

Name: Jennifer L. Medzi

Title: Senior Vice President

**BANK OF AMERICA, N.A. (acting through its
Canada branch), as a Lender**

By: 

Name: Sylwia Durkiewicz

Title: Vice President