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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Full Year 2019 Results

OVERLAND PARK, KS (March 13, 2020) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$4.7 million and revenues of \$117.3 million for the year ended December 31, 2019. Net loss totaled \$8.1 million and revenues totaled \$101.8 million for the year ended December 31, 2018.

The 15% improvement in revenues during 2019 compared to 2018 was primarily attributable to an acceleration of installment loan revenues. Over the last two years, installment loan originations and volumes have increased as a result of both new and returning customers opting for an installment product instead of a single-pay product. The company's installment loans generally earn a lower yield on a higher principal amount over a term of four to 12 months compared to the typical single-pay loan.

Loan loss rates increased during the year ended December 31, 2019 compared to 2018 as a result of the increase in installment loan originations, which have historically averaged higher loss rates than the single-pay product. The increase in operating expenses year-to-year is largely attributable to higher depreciation and data costs associated with the launch of a new point of sale system, as well as higher marketing costs.

About QC Holdings, Inc.

Headquartered in Lenexa, Kansas, QC Holdings, Inc. is a leading provider of consumer loans in the United States and Canada. In the United States, QC offers various products, including installment, single-pay, open-end credit and title loans, check cashing,

prepaid debit cards and money transfer services, through 246 branches in 13 states at December 31, 2019. In Canada, the company, through its subsidiary Direct Credit Holdings Inc., is engaged in short-term, consumer internet lending in various provinces.

Forward Looking Statement Disclaimer: This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on the company's current expectations and are subject to many risks and uncertainties, which could cause actual results to differ materially from those forward-looking statements. These risks include (1) changes in laws or regulations or governmental interpretations of existing laws and regulations governing consumer protection or short-term lending practices, (2) uncertainties relating to the interpretation, application and promulgation of regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act, including the impact of announced regulations by the Consumer Financial Protection Bureau (CFPB), (3) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (4) uncertainties related to the examination process by the CFPB and indirect rulemaking through the examination process, (5) litigation or regulatory action directed towards us or the short-term consumer loan industry, (6) volatility in our earnings, primarily as a result of fluctuations in loan loss experience and closures of branches, (7) risks associated with our dependence on cash management banking services and the Automated Clearing House for loan collections, (8) negative media reports and public perception of the short-term consumer loan industry and the impact on federal and state legislatures and federal and state regulators, (9) changes in our key management personnel, (10) risks associated with owning and managing non-U.S. businesses, and (11) other various risks. QC will not update any forward-looking statements made in this press release to reflect future events or developments.

(Financial and Statistical Information Follows)

QC Holdings, Inc.
Consolidated Condensed Statements of Operations
(in thousands, except per share amounts)
(Unaudited)

	<u>Quarter Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues				
Consumer loan interest and fees	\$ 29,444	\$ 25,605	\$ 107,046	\$ 92,758
Other	<u>2,778</u>	<u>2,373</u>	<u>10,263</u>	<u>9,033</u>
Total revenues	32,222	27,978	117,309	101,791
Provision for losses	11,870	9,284	41,090	31,152
Operating expenses	<u>13,749</u>	<u>14,354</u>	<u>54,259</u>	<u>52,316</u>
Gross profit	6,603	4,340	21,960	18,323
Corporate and Regional expenses	5,867	5,107	22,273	21,843
Other expense, net	<u>1,261</u>	<u>1,709</u>	<u>4,196</u>	<u>4,207</u>
Loss before income taxes	(525)	(2,476)	(4,509)	(7,727)
Provision for income taxes	<u>201</u>	<u>324</u>	<u>235</u>	<u>335</u>
Net loss	<u>\$ (726)</u>	<u>\$ (2,800)</u>	<u>\$ (4,744)</u>	<u>\$ (8,062)</u>
Loss per share:				
<i>Basic</i>				
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.27)</u>	<u>\$ (0.47)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>	<u>\$ (0.27)</u>	<u>\$ (0.47)</u>
Weighted average number of common shares outstanding:				
Basic	17,333	17,333	17,333	17,333
Diluted	17,333	17,333	17,333	17,333

QC Holdings, Inc.
Consolidated Condensed Balance Sheets
(in thousands)

	December 31, 2019	December 31, 2018
ASSETS	<i>(Unaudited)</i>	
Current assets		
Cash and cash equivalents	\$ 11,470	\$ 12,507
Restricted cash	1,421	1,911
Loans receivable, less allowance for losses of \$8,592 at December 31, 2019 and \$8,116 at December 31, 2018	40,015	36,241
Other current assets	<u>3,585</u>	<u>2,846</u>
Total current assets	56,491	53,505
Non-current loans receivable, less allowance for losses of \$483 at December 31, 2019 and \$50 at December 31, 2018	2,668	290
Property and equipment, net	11,963	10,075
Right-of-use asset, net	22,924	-
Other assets, net	<u>6,153</u>	<u>6,453</u>
Total assets	<u>\$100,199</u>	<u>\$ 70,323</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 9,249	\$ 8,940
Lease liability	4,644	-
Debt due within one year	<u>8,305</u>	<u>7,980</u>
Total current liabilities	22,198	16,920
Long-term debt, less current portion	22,350	11,250
Lease liability	18,906	-
Non-current liabilities	<u>3,545</u>	<u>4,195</u>
Total liabilities	66,999	32,365
Stockholders' equity	<u>33,200</u>	<u>37,958</u>
Total liabilities and stockholders' equity	<u>\$100,199</u>	<u>\$ 70,323</u>

QC Holdings, Inc.
Consolidated Condensed Statements of Cash Flows
(in thousands)
(Unaudited)

	<u>Year Ended</u> <u>December 31,</u> <u>2019</u>	<u>Year Ended</u> <u>December 31,</u> <u>2018</u>
Operating activities:		
Net loss	\$ (4,744)	\$ (8,062)
Adjustments to reconcile net loss to net cash	45,660	36,104
Changes in assets and liabilities	<u>(739)</u>	<u>(728)</u>
Net operating	<u>40,177</u>	<u>27,314</u>
Investing activities:		
Loan activity, net	(46,626)	(34,963)
Capital expenditures	(6,244)	(4,893)
Other	<u>1</u>	<u>785</u>
Net investing	<u>(52,869)</u>	<u>(39,071)</u>
Financing activities:		
Borrowing activity, net	11,100	8,250
Other	<u>-</u>	<u>(53)</u>
Net financing	<u>11,100</u>	<u>8,197</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>65</u>	<u>(99)</u>
Net decrease in cash, cash equivalents and restricted cash	(1,527)	(3,659)
Cash, cash equivalents and restricted cash at beginning of year	<u>14,418</u>	<u>18,077</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 12,891</u>	<u>\$ 14,418</u>