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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports First Quarter 2020 Results

OVERLAND PARK, KS (June 12, 2020) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of \$1.7 million and revenues of \$30.1 million for the three months ended March 31, 2020. Net income totaled \$210,000 and revenues totaled \$26.5 million for the three months ended March 31, 2019.

The 14% improvement in revenues during first quarter 2020 compared to first quarter 2019 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 were higher during the quarter ended March 31, 2020 compared to 2019, reflecting the increase in installment loan originations, which have historically averaged higher loss rates than the single-pay product. In addition, the loss rate in the current quarter includes an increase in the reserve for loan losses as a result of the worldwide COVID-19 pandemic.

The increase in operating expenses quarter-to-quarter is attributable to higher branch-based compensation and marketing. In connection with changes to the income tax laws as a result of the COVID-19 pandemic, the Company expects to utilize net operating loss carrybacks, and recorded a receivable for approximately \$1.2 million during first quarter 2020.

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 March 31, 2020. 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>March 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenues		
Consumer loan interest and fees	\$ 27,395	\$ 24,183
Other	<u>2,732</u>	<u>2,308</u>
Total revenues	30,127	26,491
Provision for losses	8,664	6,306
Operating expenses	<u>14,331</u>	<u>13,752</u>
Gross profit	7,132	6,433
Corporate and Regional expenses	5,228	5,415
Other expense, net	<u>1,360</u>	<u>805</u>
Income before income taxes	544	213
Provision (benefit) for income taxes	<u>(1,203)</u>	<u>3</u>
Net income	<u>\$ 1,747</u>	<u>\$ 210</u>
 Income per share:		
<i>Basic</i>		
Net income	<u>\$ 0.10</u>	<u>\$ 0.01</u>
<i>Diluted</i>		
Net income	<u>\$ 0.10</u>	<u>\$ 0.01</u>
 Weighted average number of common shares outstanding:		
Basic	17,333	17,333
Diluted	17,333	17,333

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

	March 31, 2020	December 31, 2019
ASSETS		
<i>(Unaudited)</i>		
Current assets		
Cash and cash equivalents	\$ 11,428	\$ 11,470
Restricted cash	1,405	1,421
Loans receivable, less allowance for losses of \$8,149 at March 31, 2020 and \$8,592 at December 31, 2019	32,721	40,015
Other current assets	<u>4,428</u>	<u>3,585</u>
Total current assets	49,982	56,491
Non-current loans receivable, less allowance for losses of \$335 at March 31, 2020 and \$483 at December 31, 2019	1,814	2,668
Property and equipment, net	11,764	11,963
Right-of-use asset, net	22,485	22,924
Other assets, net	<u>5,821</u>	<u>6,153</u>
Total assets	<u>\$ 91,866</u>	<u>\$100,199</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 6,127	\$ 9,249
Lease liability	4,482	4,644
Debt due within one year	<u>8,388</u>	<u>8,305</u>
Total current liabilities	18,997	22,198
Long-term debt, less current portion	16,250	22,350
Lease liability	18,619	18,906
Non-current liabilities	<u>3,035</u>	<u>3,545</u>
Total liabilities	56,901	66,999
Stockholders' equity	<u>34,965</u>	<u>33,200</u>
Total liabilities and stockholders' equity	<u>\$ 91,866</u>	<u>\$100,199</u>

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

	Quarter Ended March 31, <u>2020</u>	Quarter Ended March 31, <u>2019</u>
Operating activities:		
Net income	\$ 1,747	\$ 210
Adjustments to reconcile net income to net cash	10,334	7,124
Changes in assets and liabilities	<u>(3,462)</u>	<u>(579)</u>
Net operating	<u>8,619</u>	<u>6,755</u>
Investing activities:		
Loan activity, net	(1,557)	(2,603)
Capital expenditures	(937)	(2,864)
Other	<u>-</u>	<u>-</u>
Net investing	<u>(2,494)</u>	<u>(5,467)</u>
Financing activities:		
Indebtedness activity, net	(6,100)	(3,000)
Other	<u>-</u>	<u>-</u>
Net financing	<u>(6,100)</u>	<u>(3,000)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(83)</u>	<u>35</u>
Net decrease in cash, cash equivalents and restricted cash	(58)	(1,677)
Cash, cash equivalents and restricted cash at beginning of year	<u>12,891</u>	<u>14,418</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 12,833</u>	<u>\$ 12,741</u>