8208 Melrose Drive
Lenexa, KS • 66214
www.qchi.com
OTC PINK Symbol: QCCO

NEWS RELEASE

Contact:
Douglas E. Nickerson (913-234-5154)
Chief Financial Officer

QC Holdings, Inc. Reports Fourth Quarter 2020 Results

Board Declares $0.05 Special Cash Dividend per Common Share

OVERLAND PARK, KS (February 17, 2021) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of $2.9 million and revenues of $97.4 million for the year ended December 31, 2020. For the year ended December 31, 2019, the Company reported a net loss of $4.7 million and revenues of $117.3 million.

The Coronavirus Disease 2019 (COVID-19) has significantly impacted the Company's business during 2020 due to changes in consumer behavior. COVID-19 has dramatically affected business operations, supply chains, business and leisure travel, commodity prices, consumer confidence and business sentiment, and it has resulted in soaring unemployment across the United States. Most states and counties have periodically issued various types of requirements for individuals to stay at home and avoid gatherings. Naturally, these requirements have reduced consumers ability to access stores, restaurants, live sports and other cultural venues, as well as requiring many employees to work from home.

In response to the COVID-19 outbreak, the United States federal government passed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) in late March 2020, which provided an estimated $2 trillion stimulus package to battle the harmful effects of the COVID-19 pandemic. In December 2020, a second coronavirus relief bill (December 2020 Relief Bill) was passed by the federal government that added an additional $1 trillion in relief to the economy. The packages included several elements to assist individuals and companies. With respect to individuals, the CARES Act included, among other things, an expansion of unemployment insurance from three to four months and a temporary unemployment compensation increase of $600 per week, which was in addition to regular state and federal benefits. Further, the CARES Act provided a $1,200 direct payment to many Americans and $500 for each dependent child. The Company believes many of its customers received these direct payments in the second quarter of 2020. Among other things, the December 2020 Relief Bill included a $600 direct payment to many individuals, which started in early January 2021.

Additionally, the CARES Act established a $500 billion lending fund for businesses, cities and states. The Company was not eligible to receive any loans from the federal government under the CARES Act. For businessowners who continue to employ workers through the crisis, the act includes provisions for a deferral of the employer-paid 6.2% Social Security payroll tax until January 1, 2021. Half of the deferred liability would be due on December 31, 2021 with the remainder due December 31, 2022. The Company adopted the payroll tax deferral provisions and has recorded a liability for amounts due in the future. In addition, provisions in the act reduce the limitations on how a company can deduct operating losses from prior tax years by allowing net operating losses from 2018, 2019 and 2020 to be carried back five years to reduce income in a prior tax year, which directly benefited the Company, as discussed below.

The $19.9 million decline in revenues during 2020 compared to 2019 reflects the impact of COVID-19 on consumer behavior. Through the first quarter of 2020, the Company's revenues were up 14% over prior year. During the final three quarters of 2020, however, applications from new and returning customers declined significantly compared to the same prior year quarters as a result of COVID-19, thereby limiting revenue opportunities.

Loan loss rates decreased during 2020 compared to 2019. This decline corresponds to the distribution of the CARES Act stimulus checks that many customers utilized to repay loans, as well as a change in the Company's mix of new and returning customers during the pandemic. The proportion of returning customers to new customers has increased during

COVID-19, which drives a lower loss rate. Returning customers default at a lower rate than new customers due to familiarity with the product and loan requirements.

Operating expenses declined year-to-year as a result of reduced compensation, marketing and volume-driven costs. With declining originations and transactions due to COVID-19, the Company reduced store staffing and, at many locations, store hours. Marketing efforts were limited during second and third quarter 2020 as demand dropped to historically low levels. In addition, the Company reduced its employee count at its headquarters by more than 30%.

During 2020, the Company recorded an income tax benefit for estimated recoveries associated with the net loss carryback provisions of the CARES Act.

Net income during the year ended December 31, 2020 compared to a net loss in 2019 is attributable to (1) reduced operating and administration expenses as noted above, (2) a decline in loan losses that substantially offset the decline in revenues, and (3) the income tax benefit from net operating loss carrybacks under the CARES Act.

The decline in loans receivable during 2020 as a result of COVID-19 permitted the Company to reduce borrowings under its line of credit by nearly $15 million during the year.

Depending on additional relief packages, COVID-19 vaccination success and numerous other evolving factors, the Company does not expect a return to more typical loan demand until, at the earliest, the second half of 2021. Additionally, the Company expects its loan loss rates to be lower than historical levels during the first half of 2021 due to the change in the mix of new and returning customers. These declines, however, are not expected to be as dramatic as the Company experienced during second and third quarters of 2020 because (1) consumers may not receive another round of stimulus relief checks and (2) the cumulative impact of jobs lost and high unemployment will directly affect consumer's ability to repay outstanding loans.

DIVIDEND DECLARATION

The Company's Board of Directors declared a special cash dividend of $0.05 per common share, payable March 18, 2021 to stockholders of record as of March 4, 2021.

- MORE -

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, open-end credit, single-pay and title loans, check cashing, debit cards and money transfer services, through 232 branches in 12 states, and via the internet in 11 states, at December 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) the continuing impact of the COVID-19 pandemic on consumers, the overall economy and the Company, (2) changes in laws or regulations or governmental interpretations of existing laws and regulations governing consumer protection or short-term lending practices, (3) 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), (4) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (5) uncertainties related to the examination process by the CFPB and indirect rulemaking through the examination process, (6) the impact of the 2020 U.S. Presidential election on agency appointments, including the CFPB, and the attitudes of those appointees regarding regulation and enforcement actions, (7) litigation or regulatory action directed towards us or the short-term consumer loan industry, (8) volatility in our earnings, primarily as a result of fluctuations in loan loss experience and closures of branches, (9) risks associated with our dependence on cash management banking services and the Automated Clearing House for loan collections, (10) 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, (11) changes in our key management personnel, (12) risks associated with owning and managing non-U.S. businesses, and (13) 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)

	Quarter Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Revenues				
Consumer loan interest and fees	$ 22,167	$ 29,444	$ 87,867	$ 107,046
Other	2,356	2,778	9,548	10,263
Total revenues	24,523	32,222	97,415	117,309
Provision for losses	7,775	11,870	24,611	41,090
Operating expenses	11,330	13,749	48,253	54,259
Gross profit	5,418	6,603	24,551	21,960
Corporate and Regional expenses	6,003	5,867	19,397	22,273
Other expense, net	761	1,261	3,631	4,196
Income (loss) before income taxes	(1,346)	(525)	1,523	(4,509)
Provision (benefit) for income taxes	13	201	(1,405)	235
Net income (loss)	$ (1,359)	$ (726)	$ 2,928	$ (4,744)
Income (loss) per share:				
Basic				
Net income (loss)	$ (0.08)	$ (0.04)	$ 0.17	$ (0.27)
Diluted				
Net income (loss)	$ (0.08)	$ (0.04)	$ 0.17	$ (0.27)
Weighted average number of common shares outstanding:				
Basic	17,333	17,333	17,333	17,333
Diluted	17,588	17,333	17,542	17,333

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

	December 31, 2020	December 31, 2019
ASSETS	*(Unaudited)*	
Current assets		
Cash and cash equivalents	$ 12,174	$ 11,470
Restricted cash	951	1,421
Loans receivable, less allowance for losses of $6,142 at December 31, 2020 and $8,592 at December 31, 2019	30,662	40,015
Other current assets	4,408	3,585
Total current assets	48,195	56,491
Non-current loans receivable, less allowance for losses of $287 at December 31, 2020 and $483 at December 31, 2019	1,683	2,668
Property and equipment, net	9,557	11,963
Right-of-use asset, net	23,547	22,924
Other assets, net	6,280	6,153
Total assets	$ 89,262	$ 100,199
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	$ 9,987	$ 9,249
Lease liability	4,222	4,644
Debt due within one year	7,928	8,305
Total current liabilities	22,137	22,198
Long-term debt, less current portion	7,500	22,350
Lease liability	19,869	18,906
Non-current liabilities	3,519	3,545
Total liabilities	53,025	66,999
Stockholders' equity	36,237	33,200
Total liabilities and stockholders' equity	$ 89,262	$ 100,199

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

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating activities:		
Net income (loss)	$ 2,928	$ (4,744)
Adjustments to reconcile net income (loss) to net cash	29,812	45,660
Changes in assets and liabilities	1,760	(739)
Net operating	34,500	40,177
Investing activities:		
Loan activity, net	(16,196)	(46,626)
Capital expenditures	(2,542)	(6,244)
Other	-	1
Net investing	(18,738)	(52,869)
Financing activities:		
Borrowing activity, net	(15,564)	11,100
Other	-	-
Net financing	(15,564)	11,100
Effect of exchange rate changes on cash, cash equivalents and restricted cash	36	65
Net increase (decrease) in cash, cash equivalents and restricted cash	234	(1,527)
Cash, cash equivalents and restricted cash at beginning of year	12,891	14,418
Cash, cash equivalents and restricted cash at end of year	$ 13,125	$ 12,891

# # #