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NEWS RELEASE

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QC Holdings, Inc. Reports First Quarter 2021 Results

OVERLAND PARK, KS (May 26, 2021) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of \$2.6 million and revenues of \$22.9 million for the three months ended March 31, 2021. Net income totaled \$1.7 million and revenues totaled \$30.1 million for the three months ended March 31, 2020.

The Coronavirus Disease 2019 (COVID-19) continues to significantly impact the Company's business due to changes in consumer behavior. 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, a second coronavirus relief bill in December 2020 and the American Rescue Plan in March 2021. The packages included several elements to assist individuals and companies. With respect to individuals, each relief bill included, among other things, expanded unemployment insurance compensation and direct stimulus payments to many Americans and their dependent children. The Company believes many of its customers received these direct payments.

As set forth in the CARES Act, the Company adopted the Social Security payroll tax deferral provisions and recorded a liability as of December 31, 2020 for amounts due in December 2021 and December 2022. In addition, provisions in the CARES Act allowed the Company to carryback net operating losses to reduce income in a prior tax year, which directly benefited the Company in first quarter 2020.

The \$7.2 million decline in revenues during first quarter 2021 compared to 2020 reflects the impact of COVID-19 on consumer behavior. Applications from new and

returning customers declined significantly compared to the same prior year period as a result of COVID-19, thereby limiting revenue opportunities.

Loan loss rates decreased from 28.8% in first quarter 2020 to 15.3% during first quarter 2021. This decline corresponds to the distribution of COVID-19 relief bill stimulus checks to consumers, 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 quarter-to-quarter 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 first quarter 2021 as demand dropped due to stimulus payments. The Company's corporate expenses dropped from prior year's first quarter primarily due to lower compensation resulting from a 30% reduction in the employee count at the Company's headquarters during 2020.

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

The decline in loans receivable during 2020 and first quarter 2021 as a result of COVID-19 permitted the Company to reduce borrowings under its line of credit by more than \$16.2 million since March 31, 2020.

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 consumers' ability to repay outstanding loans.

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 March 31, 2021. 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)

	<u>Quarter Ended</u>	
	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Consumer loan interest and fees	\$ 20,391	\$ 27,395
Other	<u>2,491</u>	<u>2,732</u>
Total revenues	22,882	30,127
Provision for losses	3,502	8,664
Operating expenses	<u>11,589</u>	<u>14,331</u>
Gross profit	7,791	7,132
Corporate and Regional expenses	4,620	5,228
Other expense, net	<u>515</u>	<u>1,360</u>
Income before income taxes	2,656	544
Provision (benefit) for income taxes	<u>94</u>	<u>(1,203)</u>
Net income	<u>\$ 2,562</u>	<u>\$ 1,747</u>
 Income per share:		
<i>Basic</i>		
Net income	<u>\$ 0.14</u>	<u>\$ 0.10</u>
<i>Diluted</i>		
Net income	<u>\$ 0.14</u>	<u>\$ 0.10</u>
 Weighted average number of common shares outstanding:		
Basic	17,712	17,333
Diluted	17,743	17,333

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

	March 31, 2021	December 31, 2020
ASSETS		
<i>(Unaudited)</i>		
Current assets		
Cash and cash equivalents	\$ 11,776	\$ 12,174
Restricted cash	954	951
Loans receivable, less allowance for losses of \$5,282 at March 31, 2021 and \$6,142 at December 31, 2020	24,652	30,662
Other current assets	<u>6,436</u>	<u>6,654</u>
Total current assets	43,818	50,441
Non-current loans receivable, less allowance for losses of \$203 at March 31, 2021 and \$287 at December 31, 2020	1,268	1,683
Property and equipment, net	8,690	9,557
Right-of-use asset, net	22,447	23,547
Other assets, net	<u>4,031</u>	<u>4,034</u>
Total assets	<u>\$ 80,254</u>	<u>\$ 89,262</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 9,458	\$ 11,638
Lease liability	4,025	4,222
Debt due within one year	<u>8,006</u>	<u>7,928</u>
Total current liabilities	21,489	23,788
Long-term debt, less current portion	-	7,500
Lease liability	19,001	19,869
Non-current liabilities	<u>1,841</u>	<u>1,868</u>
Total liabilities	42,331	53,025
Stockholders' equity	<u>37,923</u>	<u>36,237</u>
Total liabilities and stockholders' equity	<u>\$ 80,254</u>	<u>\$ 89,262</u>

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

	Quarter Ended March 31, <u>2021</u>	Quarter Ended March 31, <u>2020</u>
Operating activities:		
Net income	\$ 2,562	\$ 1,747
Adjustments to reconcile net income to net cash	4,539	10,334
Changes in assets and liabilities	<u>(1,634)</u>	<u>(3,462)</u>
Net operating	<u>5,467</u>	<u>8,619</u>
Investing activities:		
Loan activity, net	2,666	(1,557)
Capital expenditures	(139)	(937)
Other	<u>-</u>	<u>-</u>
Net investing	<u>2,527</u>	<u>(2,494)</u>
Financing activities:		
Indebtedness activity, net	(7,500)	(6,100)
Dividends to stockholders	<u>(903)</u>	<u>-</u>
Net financing	<u>(8,403)</u>	<u>(6,100)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>14</u>	<u>(83)</u>
Net decrease in cash, cash equivalents and restricted cash	(395)	(58)
Cash, cash equivalents and restricted cash at beginning of year	<u>13,125</u>	<u>12,891</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 12,730</u>	<u>\$ 12,833</u>