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NEWS RELEASE

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QC Holdings, Inc. Reports Second Quarter 2021 Results Announces Acquisition of Canadian Company with 20 Retail Branches

OVERLAND PARK, KS (August 19, 2021) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of \$1.1 million and revenues of \$42.0 million for the six months ended June 30, 2021. For the six months ended June 30, 2020, the Company reported net income of \$2.2 million and revenues of \$51.2 million.

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.

The \$9.2 million decline in revenues during the first half of 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 23.3% for the six months ended June 30, 2020 to 17.1% during the first half of 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 period-to-period 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 the first and second quarters of 2021 as demand dropped due to stimulus payments. The Company's corporate and regional expenses dropped from prior year's first half primarily due to lower compensation resulting from a 30% reduction in the employee count at the Company's headquarters during 2020.

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 prior tax years, which directly benefited the Company in first quarter 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, fourth quarter 2021. Additionally, the Company expects its loan loss rates to be lower than historical levels throughout 2021 due to the change in the mix of new and returning customers, as well as the ongoing child tax credit payments pursuant to the American Rescue Plan. The level of decline, however, is not expected to be as dramatic as the Company experienced during second and third quarters of 2020 because (1) consumers may not receive additional rounds of stimulus relief checks and (2) the cumulative impact of jobs lost and high unemployment will directly affect consumers' ability to repay outstanding loans.

Acquisition

On July 1, 2021, the Company purchased Amaranth Financial Services Inc. (Amaranth), a Canadian-based provider of short-term consumer loans and other financial services. Amaranth, headquartered in Kamloops, British Columbia, does business under the name Speedy Cash through 20 branches in the provinces of British Columbia, Alberta, Saskatchewan and Nova Scotia, as well as online across Canada. In anticipation of the transaction, the Company transferred certain amounts into restricted cash, which were utilized to complete the transaction on July 1.

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 206 branches in 11 states, and via the internet in 10 states, as of June 30, 2021. In Canada, the Company, through its subsidiaries Amaranth Financial Services Inc. and Direct Credit Holdings Inc., is engaged in short-term consumer lending through 20 branches in four provinces and online across the country.

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>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
Consumer loan interest and fees	\$ 16,942	\$ 18,737	\$ 37,333	\$ 46,132
Other	<u>2,199</u>	<u>2,356</u>	<u>4,690</u>	<u>5,088</u>
Total revenues	19,141	21,093	42,023	51,220
Provision for losses	3,675	3,278	7,177	11,942
Operating expenses	<u>11,516</u>	<u>11,522</u>	<u>23,105</u>	<u>25,853</u>
Gross profit	3,950	6,293	11,741	13,425
Corporate and Regional expenses	4,580	4,281	9,200	9,509
Other expense, net	<u>801</u>	<u>903</u>	<u>1,316</u>	<u>2,263</u>
Income (loss) before income taxes	(1,431)	1,109	1,225	1,653
Provision (benefit) for income taxes	<u>69</u>	<u>649</u>	<u>163</u>	<u>(554)</u>
Net income (loss)	<u>\$ (1,500)</u>	<u>\$ 460</u>	<u>\$ 1,062</u>	<u>\$ 2,207</u>
Income (loss) per share:				
<i>Basic</i>				
Net income (loss)	<u>\$ (0.08)</u>	<u>\$ 0.03</u>	<u>\$ 0.06</u>	<u>\$ 0.13</u>
<i>Diluted</i>				
Net income (loss)	<u>\$ (0.08)</u>	<u>\$ 0.03</u>	<u>\$ 0.06</u>	<u>\$ 0.13</u>
Weighted average number of common shares outstanding:				
Basic	17,720	17,333	17,716	17,333
Diluted	17,850	17,333	17,800	17,333

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

	June 30, 2021	December 31, 2020
ASSETS		
<i>(Unaudited)</i>		
Current assets		
Cash and cash equivalents	\$ 11,168	\$ 12,174
Restricted cash	5,913	951
Loans receivable, less allowance for losses of \$5,120 at June 30, 2021 and \$6,142 at December 31, 2020	26,409	30,662
Other current assets	<u>6,350</u>	<u>6,654</u>
Total current assets	49,840	50,441
Non-current loans receivable, less allowance for losses of \$217 at June 30, 2021 and \$287 at December 31, 2020	1,381	1,683
Property and equipment, net	7,652	9,557
Right-of-use asset, net	21,328	23,547
Other assets, net	<u>5,991</u>	<u>4,034</u>
Total assets	<u>\$ 86,192</u>	<u>\$ 89,262</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 10,657	\$ 11,638
Lease liability	3,814	4,222
Debt due within one year	<u>15,336</u>	<u>7,928</u>
Total current liabilities	29,807	23,788
Long-term debt, less current portion	-	7,500
Lease liability	18,121	19,869
Non-current liabilities	<u>1,815</u>	<u>1,868</u>
Total liabilities	49,743	53,025
Stockholders' equity	<u>36,449</u>	<u>36,237</u>
Total liabilities and stockholders' equity	<u>\$ 86,192</u>	<u>\$ 89,262</u>

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

	Six Months Ended <u>June 30, 2021</u>	Six Months Ended <u>June 30, 2020</u>
Operating activities:		
Net income	\$ 1,062	\$ 2,207
Adjustments to reconcile net income to net cash	9,510	14,682
Changes in assets and liabilities	<u>(248)</u>	<u>436</u>
Net operating	<u>10,324</u>	<u>17,325</u>
Investing activities:		
Loan activity, net	(2,825)	2,321
Capital expenditures	(418)	(1,718)
Other investment	<u>(2,000)</u>	<u>-</u>
Net investing	<u>(5,243)</u>	<u>603</u>
Financing activities:		
Borrowing activity, net	(250)	(17,600)
Dividends to stockholders	<u>(903)</u>	<u>-</u>
Net financing	<u>(1,153)</u>	<u>(17,600)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>28</u>	<u>(44)</u>
Net increase in cash, cash equivalents and restricted cash	3,956	284
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>\$ 17,081</u>	<u>\$ 13,175</u>