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NEWS RELEASE

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QC Holdings, Inc. Reports First Quarter 2022 Results

Announces Acquisition of Hutcheson Enterprises, Inc.

LENEXA, KS (May 11, 2022) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of \$431,000 and revenues of \$26.0 million for the three months ended March 31, 2022. For the three months ended March 31, 2021, the Company reported net income of \$2.6 million and revenues of \$22.9 million.

The \$3.1 million increase in revenues in first quarter 2022 compared to first quarter 2021 is largely due to revenues from Amaranth Financial Services Inc. (Amaranth), a Canadian-based provider of short-term consumer loans and other financial services that the Company purchased on July 1, 2021. Gains across the US network were partially offset by the impact of the Company closing its Illinois branches during the first half of 2021 due to a new law passed by the Illinois legislature in early 2021 that precludes the Company's products and services.

Loan loss rates increased from 15.3% during first quarter 2021 to 26.4% during first quarter 2022. This increase is primarily attributable to the first quarter 2021 distribution of COVID-19 relief bill stimulus checks to consumers, which drove lower losses during the first half of 2021. Further, the Company's proportion of returning customers to new customers is returning to more typical levels after having skewed to a larger returning customer base during COVID-19. Returning customers default at a lower rate than new customers due to familiarity with the product and loan requirements.

Operating expenses increased quarter-to-quarter because of the inclusion of Amaranth operating costs, as well as higher overall marketing costs. Marketing efforts were limited during the first half of 2021 as demand dropped due to the stimulus payments noted above. During first quarter 2022, the Company resumed a more typical marketing spend. The Company's corporate and regional expenses increased slightly over prior year due to the Amaranth acquisition and higher incentive compensation costs compared to prior year's first quarter.

The Company's receivables grew \$13.1 million from March 31, 2021 due to the Amaranth acquisition, a 14-store acquisition in February 2022 and a 17% increase across the US network. This growth was funded through cash flow and borrowings under the Company's credit facility.

The Company expects loan demand to return to more typical levels during 2022 as customers confront higher inflation and COVID-19 pandemic issues continue to subside. As expected, the Company's loan losses increased in first quarter 2022 over historically low levels throughout 2021. The Company believes loan loss rates will be higher throughout 2022 due to the evolving mix of new and returning customers, as well as the cumulative impact of the 2021 federal subsidies, jobs lost, low jobs participation rate compared to pre-pandemic levels, and inflation.

ACQUISITION OF HUTCHESON ENTERPRISES, INC.

On May 1, the Company acquired Hutcheson Enterprises, Inc. (HE), a network of more than 200 consumer lending stores across Alabama, Mississippi, Tennessee, Missouri, Kansas, Idaho and New Mexico. HE, which has served customers since 1994, is widely respected as a premier title lender, with more than 70% of its approximately \$29 million in gross receivables originated as a title loan. For these receivables and \$1.4 million in operating cash, the Company paid \$34 million, comprised of \$27.5 million in cash and \$6.5 million in seller subordinated debt. To complete the transaction, the Company amended, and increased the capacity of, its credit facility, as well as borrowed \$2.5 million of additional subordinated debt. Raymond James served as HE's advisor for the transaction.

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, title, open-end credit and single-pay loans, check cashing, debit cards and money transfer services, through 410 branches in 14 states, and via the internet in 10 states, as of May 1, 2022. 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) the impact of the recent upsurge in inflation on the ability of consumers to repay loans and the wage pressures on the Company, (3) risks associated with integration of recent acquisitions into the Company's operations, (4) changes in laws or regulations or governmental interpretations of existing laws and regulations governing consumer protection or short-term lending practices, such as the recent Illinois and New Mexico legislation that effectively prohibit the Company's loan products in those states, (5) 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), (6) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (7) uncertainties related to the examination process by the CFPB and indirect rulemaking through the examination process, (8) 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, (9) litigation or regulatory action directed towards us or the short-term consumer loan industry, (10) volatility in our earnings, primarily as a result of fluctuations in loan loss experience and closures of branches, (11) risks associated with our dependence on cash management banking services and the Automated Clearing House for loan collections, (12) 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, (13) changes in our key management personnel, (14) risks associated with owning and managing non-U.S. businesses, and (15) 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 Income
(in thousands, except per share amounts)
(Unaudited)

	<u>Quarter Ended</u> <u>March 31,</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
Consumer loan interest and fees	\$ 23,065	\$ 20,391
Other	<u>2,930</u>	<u>2,491</u>
Total revenues	25,995	22,882
Provision for losses	6,872	3,502
Operating expenses	<u>12,039</u>	<u>11,589</u>
Gross profit	7,084	7,791
Corporate and Regional expenses	5,427	4,620
Other expense, net	<u>1,022</u>	<u>515</u>
Income before income taxes	635	2,656
Provision for income taxes	<u>204</u>	<u>94</u>
Net income	<u>\$ 431</u>	<u>\$ 2,562</u>
 Income per share:		
<i>Basic</i>		
Net income	<u>\$ 0.02</u>	<u>\$ 0.14</u>
<i>Diluted</i>		
Net income	<u>\$ 0.02</u>	<u>\$ 0.14</u>
 Weighted average number of common shares outstanding:		
Basic	17,393	17,712
Diluted	17,393	17,743

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

	March 31, <u>2022</u>	December 31, <u>2021</u>
ASSETS		
<i>(Unaudited)</i>		
Current assets		
Cash and cash equivalents	\$ 12,993	\$ 14,120
Restricted cash	1,155	1,150
Loans receivable, less allowance for losses of \$8,149 and \$6,568 at March 31, 2022 and December 31, 2021, respectively	37,215	36,072
Other current assets	<u>4,084</u>	<u>3,788</u>
Total current assets	55,447	55,130
Non-current loans receivable, less allowance for losses of \$299 and \$279 at March 31, 2022 December 31, 2021, respectively	1,823	1,741
Property and equipment, net	6,487	6,874
Right-of-use asset, net	22,129	21,324
Other assets, net	<u>9,960</u>	<u>7,877</u>
Total assets	<u>\$ 95,846</u>	<u>\$ 92,946</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 10,174	\$ 11,975
Lease liability	3,895	4,124
Debt due within one year	<u>17,950</u>	<u>13,700</u>
Total current liabilities	32,019	29,799
Long-term debt, less current portion	8,332	8,250
Lease liability	20,023	19,152
Non-current liabilities	<u>-</u>	<u>-</u>
Total liabilities	60,374	57,201
Stockholders' equity	<u>35,472</u>	<u>35,745</u>
Total liabilities and stockholders' equity	<u>\$ 95,846</u>	<u>\$ 92,946</u>

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

	Quarter Ended March 31, <u>2022</u>	Quarter Ended March 31, <u>2021</u>
Operating activities:		
Net income	\$ 431	\$ 2,562
Adjustments to reconcile net income to net cash	7,757	4,539
Changes in assets and liabilities	<u>(2,586)</u>	<u>(1,634)</u>
Net operating	<u>5,602</u>	<u>5,467</u>
Investing activities:		
Loan activity, net	(5,635)	2,666
Capital expenditures	(276)	(139)
Acquisitions, net of cash	<u>(4,428)</u>	<u>-</u>
Net investing	<u>(10,339)</u>	<u>2,527</u>
Financing activities:		
Indebtedness activity, net	4,250	(7,500)
Repurchase of common stock	(682)	-
Dividends to stockholders	<u>-</u>	<u>(903)</u>
Net financing	<u>3,568</u>	<u>(8,403)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>47</u>	<u>14</u>
Net decrease in cash, cash equivalents and restricted cash	(1,122)	(395)
Cash, cash equivalents and restricted cash at beginning of year	<u>15,270</u>	<u>13,125</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 14,148</u>	<u>\$ 12,730</u>