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NEWS RELEASE

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QC Holdings, Inc. Reports First Quarter 2023 Results

LENEXA, KS (May 25, 2023) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of \$1.3 million and revenues of \$41.9 million for the three months ended March 31, 2023. For the three months ended March 31, 2022, the Company reported net income of \$431,000 and revenues of \$26.0 million.

The \$15.9 million increase in revenues during first quarter 2023 compared to first quarter 2022 is largely due to revenues from the more than 200 branches the Company purchased from Hutcheson Enterprises, Inc. (HE) on May 1, 2022. Further, gains across the US network were partially offset by the impact of the Company closing its New Mexico branches during first quarter 2023 due to a law passed by the New Mexico legislature in 2022 that precludes the Company's products and services.

Loan loss rates increased from 26.4% during first quarter 2022 to 29.7% during first quarter 2023. This increase is primarily attributable to a higher proportion of new customers to returning customers compared to the prior year first quarter. New customers default at a higher rate than returning customers due to lack of familiarity with the product and loan requirements. In addition, the loss rates on the products offered in the acquired HE branches have trended slightly higher than the Company's existing portfolio. As the various HE branches are integrated into the Company's loan management system, their products and services will become subject to the Company's typical underwriting procedures and systems.

Operating expenses increased quarter-to-quarter because of the inclusion of HE operating costs. In addition, compensation costs increased slightly across the Company's

network due to wage increases in response to inflationary pressures and broader competitive pressures. The Company's corporate and regional expenses increased over prior year due to the HE acquisition and higher compensation costs associated with additional headcount.

The Company's receivables grew \$20.1 million from March 31, 2022 due to the HE acquisition and growth 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 2023 as consumers adjust to inflationary pressures. As expected, the Company's loan losses increased in first quarter 2023 over first quarter 2022. The Company believes loan loss rates during 2023 will be higher than prior year due to the evolving mix of new and returning customers, as well as the cumulative impact of broader economic uncertainties, including fluctuating gas prices and inflation.

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, and prepaid debit cards, through 342 branches in 13 states, and via the internet in 10 states, as of May 19, 2023. 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 impact of persistent inflation on the ability of consumers to repay loans and the wage pressures on the Company, (2) risks associated with integration of recent acquisitions into the Company's operations, (3) 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, (4) 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), (5) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (6) uncertainties related to the

examination process by the CFPB and indirect rulemaking through the examination process, (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 Income
(in thousands, except per share amounts)
(Unaudited)

	<u>Quarter Ended</u> <u>March 31,</u>	
	<u>2023</u>	<u>2022</u>
Revenues		
Consumer loan interest and fees	\$ 39,493	\$ 23,065
Other	<u>2,427</u>	<u>2,930</u>
Total revenues	41,920	25,995
Provision for losses	12,455	6,872
Operating expenses	<u>17,578</u>	<u>12,039</u>
Gross profit	11,887	7,084
Corporate and Regional expenses	6,713	5,427
Other expense, net	<u>3,610</u>	<u>1,022</u>
Income before income taxes	1,564	635
Provision for income taxes	<u>265</u>	<u>204</u>
Net income	<u>\$ 1,299</u>	<u>\$ 431</u>
Income per share:		
<i>Basic</i>		
Net income	<u>\$ 0.08</u>	<u>\$ 0.02</u>
<i>Diluted</i>		
Net income	<u>\$ 0.08</u>	<u>\$ 0.02</u>
Weighted average number of common shares outstanding:		
Basic	17,300	17,393
Diluted	17,300	17,393

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

	March 31, 2023	December 31, 2022
	<i>(Unaudited)</i>	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 18,412	\$ 15,918
Restricted cash	1,209	971
Loans receivable, less allowance for losses of \$11,745 and \$14,169 at March 31, 2023 and December 31, 2022, respectively	57,249	65,823
Other current assets	<u>3,880</u>	<u>3,336</u>
Total current assets	80,750	86,048
Non-current loans receivable, less allowance for losses of \$506 and \$558 at March 31, 2023 and December 31, 2022, respectively	1,891	3,047
Property and equipment, net	6,692	7,193
Right-of-use asset, net	23,924	25,607
Other assets, net	<u>22,272</u>	<u>22,814</u>
Total assets	<u>\$135,529</u>	<u>\$144,709</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 14,835	\$ 14,006
Lease liability	5,144	6,189
Debt due within one year	<u>4,025</u>	<u>2,287</u>
Total current liabilities	24,004	22,482
Long-term debt, less current portion	57,452	68,790
Lease liability	<u>21,545</u>	<u>22,217</u>
Total liabilities	103,001	113,489
Stockholders' equity	<u>32,528</u>	<u>31,220</u>
Total liabilities and stockholders' equity	<u>\$135,529</u>	<u>\$144,709</u>

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

	Quarter Ended March 31, <u>2023</u>	Quarter Ended March 31, <u>2022</u>
Operating activities:		
Net income	\$ 1,299	\$ 431
Adjustments to reconcile net income to net cash	13,891	7,757
Changes in assets and liabilities	<u>2,251</u>	<u>(2,586)</u>
Net operating	<u>17,441</u>	<u>5,602</u>
Investing activities:		
Loan activity, net	(4,686)	(5,635)
Capital expenditures	(207)	(276)
Acquisitions, net of cash	<u>-</u>	<u>(4,428)</u>
Net investing	<u>(4,893)</u>	<u>(10,339)</u>
Financing activities:		
Indebtedness activity, net	(9,826)	4,250
Repurchase of common stock	<u>-</u>	<u>(682)</u>
Net financing	<u>(9,826)</u>	<u>3,568</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>10</u>	<u>47</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	2,732	(1,122)
Cash, cash equivalents and restricted cash at beginning of year	<u>16,889</u>	<u>15,270</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 19,621</u>	<u>\$ 14,148</u>