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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Third Quarter 2020 Results

OVERLAND PARK, KS (December 1, 2020) – QC Holdings, Inc. (OTC PINK: QCCO) reported net income of $4.3 million and revenues of $72.9 million for the nine months ended September 30, 2020. For the nine months ended September 30, 2019, the Company reported a net loss of $4.0 million and revenues of $85.1 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 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. The package 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 this calendar year.

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 $12.2 million decline in revenues during the first nine months of 2020 compared to the same period in 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 second and third quarters, 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 the nine months ended September 30, 2020 compared to 2019. This decline is attributable to 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 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 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 for the nine months ended September 30, 2020 compared to a net loss during the same 2019 period is attributable to (1) a decline in loan losses that more than offset the decline in revenue, (2) the income tax benefit from net operating loss carrybacks under the CARES Act, and (3) reduced operating expenses as noted above.

The decline in loan receivables during 2020 as a result of COVID-19 permitted the Company to reduce borrowings under its line of credit by $17.4 million during the year.

The Company expects its loan loss rates to be lower than prior year periods for the balance of 2020 and early part 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 a second 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.

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 single-pay, installment, open-end credit and title loans, check cashing, debit cards and money transfer services, through 239 branches in 13 states at September 30, 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 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues				
Consumer loan interest and fees	$ 19,568	$ 28,650	$ 65,700	$ 77,602
Other	2,104	2,728	7,192	7,485
Total revenues	21,672	31,378	72,892	85,087
Provision for losses	4,894	12,945	16,836	29,220
Operating expenses	11,070	13,619	36,923	40,510
Gross profit	5,708	4,814	19,133	15,357
Corporate and Regional expenses	3,885	5,592	13,394	16,406
Other expense, net	607	1,158	2,870	2,935
Income (loss) before income taxes	1,216	(1,936)	2,869	(3,984)
Provision (benefit) for income taxes	(864)	37	(1,418)	34
Net income (loss)	$ 2,080	$ (1,973)	$ 4,287	$ (4,018)
Income (loss) per share:				
Basic				
Net income (loss)	$ 0.12	$ (0.11)	$ 0.25	$ (0.23)
Diluted				
Net income (loss)	$ 0.12	$ (0.11)	$ 0.25	$ (0.23)
Weighted average number of common shares outstanding:				
Basic	17,333	17,333	17,333	17,333
Diluted	17,400	17,333	17,400	17,333

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

	September 30, 2020	December 31, 2019
ASSETS	*(Unaudited)*	
Current assets		
Cash and cash equivalents	$ 8,973	$ 11,470
Restricted cash	1,416	1,421
Loans receivable, less allowance for losses of $4,832 at September 30, 2020 and $8,592 at December 31, 2019	30,221	40,015
Other current assets	4,038	3,585
Total current assets	44,648	56,491
Non-current loans receivable, less allowance for losses of $244 at September 30, 2020 and $483 at December 31, 2019	1,371	2,668
Property and equipment, net	10,748	11,963
Right-of-use asset, net	20,155	22,924
Other assets, net	6,082	6,153
Total assets	$ 83,004	$ 100,199
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	$ 7,768	$ 9,249
Lease liability	4,269	4,644
Debt due within one year	8,557	8,305
Total current liabilities	20,594	22,198
Long-term debt, less current portion	5,000	22,350
Lease liability	16,551	18,906
Non-current liabilities	3,333	3,545
Total liabilities	45,478	66,999
Stockholders' equity	37,526	33,200
Total liabilities and stockholders' equity	$ 83,004	$ 100,199

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

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating activities:		
Net income (loss)	$ 4,287	$ (4,018)
Adjustments to reconcile net income (loss) to net cash	20,855	32,638
Changes in assets and liabilities	(635)	(1,897)
Net operating	24,507	26,723
Investing activities:		
Loan activity, net	(7,215)	(33,747)
Capital expenditures	(2,423)	(4,980)
Other	-	1
Net investing	(9,638)	(38,726)
Financing activities:		
Borrowing activity, net	(17,350)	8,750
Other	-	-
Net financing	(17,350)	8,750
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(21)	41
Net decrease in cash, cash equivalents and restricted cash	(2,502)	(3,212)
Cash, cash equivalents and restricted cash at beginning of year	12,891	14,418
Cash, cash equivalents and restricted cash at end of period	$ 10,389	$ 11,206

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