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NEWS RELEASE

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QC Holdings, Inc. Reports First Quarter 2024 Results

LENEXA, KS (May 7, 2024) – QC Holdings, Inc. (OTC PINK: QCCO) reported net loss of \$145,000 and revenues of \$42.9 million for the three months ended March 31, 2024. For the three months ended March 31, 2023, the Company reported net income of \$1.3 million and revenues of \$41.9 million.

The \$1.0 million increase in revenues during first quarter 2024 compared to first quarter 2023 reflects improvements across the network, highlighted by increases in the Tennessee locations due to new marketing initiatives that spurred customer growth. More broadly, the Company's customers continued the migration to installment and line of credit alternatives, with revenues from single-pay products experiencing a decline quarter-to-quarter.

Loan loss rates increased from 29.7% during first quarter 2023 to 32.7% during first quarter 2024. 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 bulk of new customers originate installment and line of credit products, which initially carry a higher average loss rate than the single-pay products due to the larger loan size and longer term.

Operating expenses increased quarter-to-quarter due to higher marketing costs and depreciation and amortization associated with branch refresh efforts in Mississippi, Tennessee and Alabama. These increases were offset by reduced compensation and occupancy costs as a result of the closing of the Company's New Mexico branches in 1Q 2023.

The Company's receivables declined \$5.5 million from December 31, 2023 due to typical seasonal repayments as a result of tax refunds to customers.

The Company expects loan demand to follow typical trendlines during 2024 as broader market and economic pressures balance. As expected, the Company's loan losses increased in first quarter 2024 over first quarter 2023. The Company believes loan loss rates during 2024 will be higher than prior year due to the evolving mix of new and returning customers, which will be impacted by an accelerated marketing strategy to capitalize on solid customer demand.

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 332 branches in 12 states, and via the internet in 10 states, as of April 30, 2024. In Canada, the Company, through its subsidiary Amaranth Financial Services Inc., is engaged in short-term consumer lending through 20 branches in four provinces and online across the country.

Forward Looking Statement Disclaimer: 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 New Mexico legislation that effectively prohibits the Company's loan products in that state, (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. The Company 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>2024</u>	<u>2023</u>
Revenues		
Consumer loan interest and fees	\$ 40,212	\$ 39,493
Other	<u>2,667</u>	<u>2,427</u>
Total revenues	42,879	41,920
Provision for losses	14,019	12,455
Operating expenses	<u>18,724</u>	<u>17,578</u>
Gross profit	10,136	11,887
Corporate and Regional expenses	5,941	6,713
Interest expense, net	3,601	3,184
Other expense, net	<u>573</u>	<u>426</u>
Income before income taxes	21	1,564
Provision for income taxes	<u>166</u>	<u>265</u>
Net income (loss)	<u>\$ (145)</u>	<u>\$ 1,299</u>
Income (loss) per share:		
<i>Basic</i>		
Net income (loss)	<u>\$ (0.01)</u>	<u>\$ 0.08</u>
<i>Diluted</i>		
Net income (loss)	<u>\$ (0.01)</u>	<u>\$ 0.08</u>
Weighted average number of common shares outstanding:		
Basic	17,337	17,300
Diluted	17,343	17,300

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

	March 31, <u>2024</u>	December 31, <u>2023</u>
ASSETS	<i>(Unaudited)</i>	
Current assets		
Cash and cash equivalents	\$ 12,993	\$ 14,184
Restricted cash	811	817
Loans receivable, less allowance for credit losses of \$10,665 and \$11,780 at March 31, 2024 and December 31, 2023, respectively	56,451	61,466
Other current assets	<u>5,703</u>	<u>5,398</u>
Total current assets	75,958	81,865
Non-current loans receivable, less allowance for credit losses of \$670 and \$715 at March 31, 2024 and December 31, 2023, respectively	3,332	3,777
Property and equipment, net	10,559	9,186
Right-of-use asset, net	24,016	25,507
Other assets, net	<u>21,799</u>	<u>22,193</u>
Total assets	<u>\$135,664</u>	<u>\$142,528</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 9,886	\$ 12,824
Lease liability	7,584	7,056
Debt due within one year	<u>1,425</u>	<u>1,655</u>
Total current liabilities	18,895	21,535
Long-term debt, less current portion	66,674	69,919
Lease liability	<u>22,856</u>	<u>23,608</u>
Total liabilities	108,425	115,062
Stockholders' equity	<u>27,239</u>	<u>27,466</u>
Total liabilities and stockholders' equity	<u>\$135,664</u>	<u>\$142,528</u>

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

	Quarter Ended March 31, <u>2024</u>	Quarter Ended March 31, <u>2023</u>
Operating activities:		
Net income (loss)	\$ (145)	\$ 1,299
Adjustments to reconcile net income (loss) to net cash	16,034	13,891
Changes in assets and liabilities	<u>(3,437)</u>	<u>2,251</u>
Net operating	<u>12,452</u>	<u>17,441</u>
Investing activities:		
Loan activity, net	(9,498)	(4,686)
Capital expenditures	<u>(411)</u>	<u>(207)</u>
Net investing	<u>(9,909)</u>	<u>(4,893)</u>
Financing activities:		
Indebtedness activity, net	<u>(3,656)</u>	<u>(9,826)</u>
Net financing	<u>(3,656)</u>	<u>(9,826)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(84)</u>	<u>10</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,197)	2,732
Cash, cash equivalents and restricted cash at beginning of year	<u>15,001</u>	<u>16,889</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 13,804</u>	<u>\$ 19,621</u>