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OTC PINK Symbol: QCCO

## **NEWS RELEASE**

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### **QC Holdings, Inc. Reports Third Quarter 2019 Results**

OVERLAND PARK, KS (December 3, 2019) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$4.0 million and revenues of \$85.1 million for the nine months ended September 30, 2019. Net loss totaled \$5.3 million and revenues totaled \$73.8 million for the nine months ended September 30, 2018.

The 15% improvement in revenues during the first nine months of 2019 compared to 2018 was primarily attributable to an acceleration of installment loan revenues. Over the last two years, installment loan originations and volumes have increased as a result of both new and returning customers opting for an installment product instead of a single-pay product. The company's installment loans generally earn a lower yield on a higher principal amount over a term of four to 12 months compared to the typical two-week single-pay loan.

Loan loss rates increased during the nine months ended September 30, 2019 compared to 2018 as a result of the increase in installment loan originations, which have historically averaged higher loss rates than the single-pay product. The increase in operating expenses period-to-period is largely attributable to higher depreciation and data costs associated with the launch of a new point of sale system, as well as higher marketing costs.

#### **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, single-pay, open-end credit and title loans, check cashing,

debit cards and money transfer services, through 249 branches in 13 states at September 30, 2019. 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) changes in laws or regulations or governmental interpretations of existing laws and regulations governing consumer protection or short-term lending practices, (2) 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), (3) ballot referendum initiatives by industry opponents to cap the rates and fees that can be charged to customers, (4) uncertainties related to the examination process by the CFPB and indirect rulemaking through the examination process, (5) litigation or regulatory action directed towards us or the short-term consumer loan industry, (6) volatility in our earnings, primarily as a result of fluctuations in loan loss experience and closures of branches, (7) risks associated with our dependence on cash management banking services and the Automated Clearing House for loan collections, (8) 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, (9) changes in our key management personnel, (10) risks associated with owning and managing non-U.S. businesses, and (11) 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>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
<b>Revenues</b>				
Consumer loan interest and fees	\$ 24,120	\$ 28,650	\$ 67,153	\$ 77,602
Other	<u>2,254</u>	<u>2,728</u>	<u>6,660</u>	<u>7,485</u>
Total revenues	26,374	31,378	73,813	85,087
Provision for losses	9,495	12,945	21,868	29,220
Operating expenses	<u>12,744</u>	<u>13,619</u>	<u>37,962</u>	<u>40,510</u>
<b>Gross profit</b>	4,135	4,814	13,983	15,357
Corporate and Regional expenses	5,534	5,592	16,735	16,406
Other expense, net	<u>930</u>	<u>1,158</u>	<u>2,498</u>	<u>2,935</u>
Loss before income taxes	(2,329)	(1,936)	(5,250)	(3,984)
Provision (benefit) for income taxes	<u>(31)</u>	<u>37</u>	<u>11</u>	<u>34</u>
<b>Net loss</b>	<u>\$ (2,298)</u>	<u>\$ (1,973)</u>	<u>\$ (5,261)</u>	<u>\$ (4,018)</u>
<b>Loss per share:</b>				
<i>Basic</i>				
Net loss	<u>\$ (0.13)</u>	<u>\$ (0.11)</u>	<u>\$ (0.30)</u>	<u>\$ (0.23)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.13)</u>	<u>\$ (0.11)</u>	<u>\$ (0.30)</u>	<u>\$ (0.23)</u>
<b>Weighted average number of common shares outstanding:</b>				
Basic	17,333	17,333	17,333	17,333
Diluted	17,333	17,333	17,333	17,333

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

	<b>December 31, <u>2018</u></b>	<b>September 30, <u>2019</u></b> <i>(Unaudited)</i>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 12,507	\$ 9,789
Restricted cash	1,911	1,417
Loans receivable, less allowance for losses of \$8,116 at December 31, 2018 and \$8,337 at September 30, 2019	36,241	38,906
Other current assets	<u>2,846</u>	<u>3,015</u>
Total current assets	53,505	53,127
Non-current loans receivable, less allowance for losses of \$50 at December 31, 2018 and \$700 at September 30, 2019	290	2,689
Property and equipment, net	10,075	11,870
Right-of-use asset, net	-	20,161
Other assets, net	<u>6,453</u>	<u>6,062</u>
Total assets	<u>\$ 70,323</u>	<u>\$ 93,909</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and other current liabilities	\$ 8,940	\$ 7,466
Lease liability	-	4,151
Debt due within one year	<u>7,980</u>	<u>8,222</u>
Total current liabilities	16,920	19,839
Long-term debt, less current portion	11,250	20,000
Lease liability	-	16,696
Non-current liabilities	<u>4,195</u>	<u>3,415</u>
Total liabilities	32,365	59,950
Stockholders' equity	<u>37,958</u>	<u>33,959</u>
Total liabilities and stockholders' equity	<u>\$ 70,323</u>	<u>\$ 93,909</u>

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

	<b>Nine Months Ended September 30, <u>2018</u></b>	<b>Nine Months Ended September 30, <u>2019</u></b>
Operating activities:		
Net loss	\$ (5,261)	\$ (4,018)
Adjustments to reconcile net loss to net cash	24,691	32,638
Changes in assets and liabilities	<u>(783)</u>	<u>(1,897)</u>
Net operating	<u>18,647</u>	<u>26,723</u>
Investing activities:		
Loan activity, net	(21,821)	(33,747)
Capital expenditures	(3,006)	(4,980)
Other	<u>-</u>	<u>1</u>
Net investing	<u>(24,827)</u>	<u>(38,726)</u>
Financing activities:		
Borrowing activity, net	3,000	8,750
Other	<u>(53)</u>	<u>-</u>
Net financing	<u>2,947</u>	<u>8,750</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(14)</u>	<u>41</u>
Net decrease in cash, cash equivalents and restricted cash	(3,247)	(3,212)
Cash, cash equivalents and restricted cash at beginning of year	<u>18,077</u>	<u>14,418</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 14,830</u>	<u>\$ 11,206</u>