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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Third Quarter 2017 Results

OVERLAND PARK, KS (November 29, 2017) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$851,000 and revenues of \$25.6 million for the third quarter ended September 30, 2017. For the nine months ended September 30, 2017, net loss totaled \$2.4 million and revenues were \$71.8 million. For the three months ended September 30, 2016, net loss totaled \$1.9 million and revenues were \$29.6 million. Net loss totaled \$5.1 million and revenues totaled \$90.5 million for the nine months ended September 30, 2016.

The nine months ended September 30, 2017 includes severance charges of \$315,000. The company recorded a charge during third quarter 2016 of \$1.6 million related to recording additional loan loss reserve, severance and lease liability costs as part of the closure of the company's branches in Washington, South Carolina and Virginia. During the first half of 2016, the company recorded a charge of \$2.7 million due to a loan loss reserve for a business-to-business receivable and paid approximately \$322,000 in severance and other costs.

The decline in revenues during 2017 compared to 2016 was primarily attributable to the third quarter 2016 store swap transaction, whereby the company acquired 33 branches operated in Illinois, Kansas, Missouri and Utah and sold its 98 branches operated in Alabama, Arizona, California, Mississippi and Ohio. For the 235 company branches not a part of the store swap, revenues are up slightly period-to-period due to an increase in new customers.

Loan loss rates dropped to 24.1% for the first nine months of 2017 from 34.4% in the same prior year period. This decline is attributable to \$3.5 million in 2016 loan loss reserves as noted above, 2017 recoveries in the business factoring portfolio and better-than-expected collections at the branch level during 2017.

About QC Holdings, Inc.

Headquartered in Overland Park, 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 and title loans, check cashing, debit cards and money transfer services, through 258 branches in 14 states at November 15, 2017. 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 any rulemaking 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>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Revenues				
Consumer loan interest and fees	\$ 27,186	\$ 23,197	\$ 83,582	\$ 64,909
Other	<u>2,379</u>	<u>2,406</u>	<u>6,878</u>	<u>6,928</u>
Total revenues	29,565	25,603	90,460	71,837
Provision for losses	11,528	7,822	31,146	17,290
Operating expenses	<u>14,565</u>	<u>12,388</u>	<u>46,146</u>	<u>36,831</u>
Gross profit	3,472	5,393	13,168	17,716
Corporate and Regional expenses	7,513	5,701	21,307	17,995
Other expense, net	<u>(942)</u>	<u>437</u>	<u>(354)</u>	<u>1,819</u>
Loss before income taxes	(3,099)	(745)	(7,785)	(2,098)
Provision (benefit) for income taxes	<u>(1,152)</u>	<u>106</u>	<u>(2,717)</u>	<u>328</u>
Net loss	<u>\$ (1,947)</u>	<u>\$ (851)</u>	<u>\$ (5,068)</u>	<u>\$ (2,426)</u>
Loss per share:				
<i>Basic</i>				
Net loss	<u>\$ (0.11)</u>	<u>\$ (0.05)</u>	<u>\$ (0.29)</u>	<u>\$ (0.14)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.11)</u>	<u>\$ (0.05)</u>	<u>\$ (0.29)</u>	<u>\$ (0.14)</u>
Weighted average number of common shares outstanding:				
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)

	December 31, <u>2016</u>	September 30, <u>2017</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,660	\$ 15,555
Restricted cash	1,865	1,881
Loans receivable, less allowance for losses of \$9,836 at December 31, 2016 and \$7,393 at September 30, 2017	32,586	31,420
Other current assets	<u>6,500</u>	<u>4,082</u>
Total current assets	57,611	52,938
Non-current loans receivable, less allowance for losses of \$623 at December 31, 2016 and \$117 at September 30, 2017	1,664	327
Property and equipment, net	6,039	5,925
Other assets, net	<u>8,041</u>	<u>7,848</u>
Total assets	<u>\$ 73,355</u>	<u>\$ 67,038</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 10,420	\$ 9,673
Revolving credit facility	2,250	
Subordinated debt	<u>7,736</u>	<u>7,592</u>
Total current liabilities	20,406	17,265
Non-current liabilities	<u>3,361</u>	<u>2,583</u>
Total liabilities	23,767	19,848
Stockholders' equity	<u>49,588</u>	<u>47,190</u>
Total liabilities and stockholders' equity	<u>\$ 73,355</u>	<u>\$ 67,038</u>

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

	Nine Months Ended September 30, <u>2016</u>	Nine Months Ended September 30, <u>2017</u>
Operating activities:		
Net loss	\$ (5,068)	\$ (2,426)
Adjustments to reconcile net loss to net cash	33,250	19,627
Changes in assets and liabilities	<u>(22,523)</u>	<u>(13,710)</u>
Net operating	<u>5,659</u>	<u>3,491</u>
Investing activities:		
Capital expenditures	(3,000)	(2,096)
Other	<u>32</u>	<u>1</u>
Net investing	<u>(2,968)</u>	<u>(2,095)</u>
Financing activities:		
Net repayment of borrowings	(2,250)	(2,625)
Other	<u>(15)</u>	<u>—</u>
Net financing	<u>(2,265)</u>	<u>(2,625)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>176</u>	<u>124</u>
Net increase (decrease) in cash and cash equivalents	602	(1,105)
Cash and cash equivalents at beginning of year	<u>16,115</u>	<u>16,660</u>
Cash and cash equivalents at end of period	<u>\$ 16,717</u>	<u>\$ 15,555</u>