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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Second Quarter 2017 Results

OVERLAND PARK, KS (August 25, 2017) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$1.9 million and revenues of \$22.8 million for the second quarter ended June 30, 2017. For the six months ended June 30, 2017, net loss totaled \$1.6 million and revenues were \$46.2 million. For the three months ended June 30, 2016, net loss totaled \$4.3 million and revenues were \$29.2 million. Net loss totaled \$3.1 million and revenues totaled \$60.9 million for the six months ended June 30, 2016.

The three months and six months ended June 30, 2017 include severance charges of \$77,000 and \$313,000, respectively. The company recorded a charge of \$2.7 million in second quarter 2016 due to a loan loss reserve for a business-to-business receivable and paid approximately \$132,000 and \$322,000 in severance and other costs during the three months and six months ended June 30, 2016, respectively.

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. Loan loss rates were lower in 2017 due to the \$2.7 million second quarter 2016 reserve noted above, as well as 2017 recoveries in the business-to-business portfolio and better-than-expected collections in the branches that were closed.

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 264 branches in 14 states at July 31, 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 proposed 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>Six Months Ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Revenues				
Consumer loan interest and fees	\$ 27,187	\$ 20,555	\$ 56,396	\$ 41,712
Other	<u>2,035</u>	<u>2,261</u>	<u>4,499</u>	<u>4,522</u>
Total revenues	29,222	22,816	60,895	46,234
Provision for losses	12,376	6,198	19,618	9,468
Operating expenses	<u>15,708</u>	<u>11,889</u>	<u>31,581</u>	<u>24,443</u>
Gross profit	1,138	4,729	9,696	12,323
Corporate and Regional expenses	7,264	6,025	13,794	12,294
Other expense, net	<u>475</u>	<u>563</u>	<u>588</u>	<u>1,382</u>
Loss before income taxes	(6,601)	(1,859)	(4,686)	(1,353)
Provision (benefit) for income taxes	<u>(2,258)</u>	<u>81</u>	<u>(1,565)</u>	<u>222</u>
Net loss	<u>\$ (4,343)</u>	<u>\$ (1,940)</u>	<u>\$ (3,121)</u>	<u>\$ (1,575)</u>
Loss per share:				
<i>Basic</i>				
Net loss	<u>\$ (0.25)</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ (0.09)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.25)</u>	<u>\$ (0.11)</u>	<u>\$ (0.18)</u>	<u>\$ (0.09)</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>	June 30, <u>2017</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,660	\$ 17,293
Restricted cash	1,865	1,872
Loans receivable, less allowance for losses of \$9,836 at December 31, 2016 and \$7,578 at June 30, 2017	32,586	29,179
Other current assets	<u>6,500</u>	<u>4,091</u>
Total current assets	57,611	52,435
Non-current loans receivable, less allowance for losses of \$623 at December 31, 2016 and \$179 at June 30, 2017	1,664	504
Property and equipment, net	6,039	5,884
Other assets, net	<u>8,041</u>	<u>7,827</u>
Total assets	<u>\$ 73,355</u>	<u>\$ 66,650</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 10,420	\$ 8,144
Revolving credit facility	2,250	
Subordinated debt	<u>7,736</u>	<u>7,516</u>
Total current liabilities	20,406	15,660
Non-current liabilities	<u>3,361</u>	<u>2,979</u>
Total liabilities	23,767	18,639
Stockholders' equity	<u>49,588</u>	<u>48,011</u>
Total liabilities and stockholders' equity	<u>\$ 73,355</u>	<u>\$ 66,650</u>

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

	Six Months Ended <u>June 30, 2016</u>	Six Months Ended <u>June 30, 2017</u>
Operating activities:		
Net loss	\$ (3,121)	\$ (1,575)
Adjustments to reconcile net loss to net cash	21,480	11,148
Changes in assets and liabilities	<u>(15,199)</u>	<u>(4,968)</u>
Net operating	<u>3,160</u>	<u>4,605</u>
Investing activities:		
Capital expenditures	(1,581)	(1,407)
Other	<u>32</u>	<u>1</u>
Net investing	<u>(1,549)</u>	<u>(1,406)</u>
Financing activities:		
Net repayment of borrowings	(4,500)	(2,625)
Other	<u> </u>	<u> </u>
Net financing	<u>(4,500)</u>	<u>(2,625)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>230</u>	<u>59</u>
Net increase (decrease) in cash and cash equivalents	(2,659)	633
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>\$ 13,456</u>	<u>\$ 17,293</u>