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OTC PINK Symbol: QCCO

## **NEWS RELEASE**

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### **QC Holdings, Inc. Reports Fourth Quarter 2017 Results**

OVERLAND PARK, KS (April 23, 2018) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$3.5 million and revenues of \$98.2 million for the year ended December 31, 2017. Net loss totaled \$16.8 million and revenues totaled \$117.2 million for the year ended December 31, 2016.

The year ended December 31, 2017 includes severance and corporate relocation charges of approximately \$569,000. The year ended December 31, 2016 includes charges 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, a \$2.7 million loan loss reserve for a business-to-business receivable and approximately \$800,000 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 229 company branches not a part of the store swap, revenues improved 2% year-to-year due to an increase in new customers.

Loan loss rates dropped to 26.1% during 2017 from 35.7% in the prior year. This decline is attributable to \$3.5 million in 2016 loan loss reserves as noted above, improvements in installment loan underwriting and product offerings, and 2017 recoveries in the business factoring portfolio.

During 2016, the company determined that due to the net operating losses incurred for the years ended December 31, 2015 and 2016, the company did not meet the accounting requirements that would indicate that available domestic loss carry-forwards and deferred tax assets will be recognized in the future. Accordingly, a valuation allowance of \$8.5 million was established at December 31, 2016, which resulted in a net tax charge for 2016. During 2017, the company established a valuation allowance related to the net operating loss carry-forwards associated with its Canadian operations, which resulted in a net tax charge for 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 December 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 recently 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>Three Months Ended</u> <u>December 31,</u>		<u>Year Ended</u> <u>December 31,</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>				
Consumer loan interest and fees	\$ 24,526	\$ 23,932	\$ 108,108	\$ 88,841
Other	<u>2,253</u>	<u>2,445</u>	<u>9,131</u>	<u>9,373</u>
Total revenues	26,779	26,377	117,239	98,214
Provision for losses	10,687	8,380	41,833	25,670
Operating expenses	<u>13,471</u>	<u>12,222</u>	<u>59,617</u>	<u>49,053</u>
<b>Gross profit</b>	2,621	5,775	15,789	23,491
Corporate and Regional expenses	6,139	5,597	27,446	23,592
Other expense, net	<u>981</u>	<u>646</u>	<u>627</u>	<u>2,465</u>
Loss before income taxes	(4,499)	(468)	(12,284)	(2,566)
Provision for income taxes	<u>7,201</u>	<u>645</u>	<u>4,484</u>	<u>973</u>
<b>Net loss</b>	<u>\$ (11,700)</u>	<u>\$ (1,113)</u>	<u>\$ (16,768)</u>	<u>\$ (3,539)</u>
<b>Loss per share:</b>				
<i>Basic</i>				
Net loss	<u>\$ (0.68)</u>	<u>\$ (0.06)</u>	<u>\$ (0.97)</u>	<u>\$ (0.20)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.68)</u>	<u>\$ (0.06)</u>	<u>\$ (0.97)</u>	<u>\$ (0.20)</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>2016</u></b>	<b>December 31, <u>2017</u></b> <i>(Unaudited)</i>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 16,660	\$ 16,198
Restricted cash	1,865	1,879
Loans receivable, less allowance for losses of \$9,836 at December 31, 2016 and \$7,755 at December 31, 2017	32,586	32,921
Other current assets	<u>6,500</u>	<u>3,748</u>
Total current assets	57,611	54,746
Non-current loans receivable, less allowance for losses of \$623 at December 31, 2016 and \$83 at December 31, 2017	1,664	258
Property and equipment, net	6,039	8,241
Other assets, net	<u>8,041</u>	<u>7,313</u>
Total assets	<u>\$ 73,355</u>	<u>\$ 70,558</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable and other current liabilities	\$ 10,420	\$ 9,355
Revolving credit facility	2,250	2,500
Subordinated debt	<u>7,736</u>	<u>8,168</u>
Total current liabilities	20,406	20,023
Non-current liabilities	<u>3,361</u>	<u>4,471</u>
Total liabilities	23,767	24,494
Stockholders' equity	<u>49,588</u>	<u>46,064</u>
Total liabilities and stockholders' equity	<u>\$ 73,355</u>	<u>\$ 70,558</u>

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

	<u>Year Ended December 31, 2016</u>	<u>Year Ended December 31, 2017</u>
Operating activities:		
Net loss	\$ (16,768)	\$ (3,539)
Adjustments to reconcile net loss to net cash	51,049	29,394
Changes in assets and liabilities	<u>(29,110)</u>	<u>(23,409)</u>
Net operating	<u>5,171</u>	<u>2,446</u>
Investing activities:		
Capital expenditures	(3,781)	(3,345)
Other	<u>(867)</u>	<u>3</u>
Net investing	<u>(4,648)</u>	<u>(3,342)</u>
Financing activities:		
Net repayment of borrowings		375
Other	<u>(83)</u>	<u>(50)</u>
Net financing	<u>(83)</u>	<u>325</u>
Effect of exchange rate changes on cash and cash equivalents	<u>105</u>	<u>109</u>
Net increase (decrease) in cash and cash equivalents	545	(462)
Cash and cash equivalents at beginning of year	<u>16,115</u>	<u>16,660</u>
Cash and cash equivalents at end of year	<u>\$ 16,660</u>	<u>\$ 16,198</u>