



8208 Melrose Drive
Lenexa, KS • 66214
www.qchi.com
OTC PINK Symbol: QCCO

NEWS RELEASE

Contact:

Douglas E. Nickerson (913-234-5154)
Chief Financial Officer

QC Holdings, Inc. Reports Second Quarter 2018 Results

OVERLAND PARK, KS (August 30, 2018) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$3.0 million and revenues of \$47.4 million for the six months ended June 30, 2018. Net loss totaled \$1.6 million and revenues totaled \$46.2 million for the six months ended June 30, 2017.

The 3% improvement in revenues during the first six months of 2018 compared to 2017 was primarily attributable to an acceleration of installment loan revenues as customers migrate from single-pay products.

Loan loss rates increased during the six months ended June 30, 2018 compared to 2017, largely due to approximately \$1.0 million in first quarter 2017 cash recoveries from the business-to-business portfolio and from branches that were closed at the end of 2016.

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 single-pay, installment and title loans, check cashing, debit cards and money transfer services, through 257 branches in 14 states at June 30, 2018. 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>June 30,</u>		<u>Year Ended</u> <u>June 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues				
Consumer loan interest and fees	\$ 20,555	\$ 21,226	\$ 41,712	\$ 43,034
Other	<u>2,261</u>	<u>2,112</u>	<u>4,522</u>	<u>4,405</u>
Total revenues	22,816	23,338	46,234	47,439
Provision for losses	6,198	7,150	9,468	12,373
Operating expenses	<u>11,889</u>	<u>12,170</u>	<u>24,443</u>	<u>24,516</u>
Gross profit	4,729	4,018	12,323	10,550
Corporate and Regional expenses	6,025	6,097	12,294	11,902
Other expense, net	<u>563</u>	<u>781</u>	<u>1,382</u>	<u>1,570</u>
Loss before income taxes	<u>(1,859)</u>	<u>(2,860)</u>	<u>(1,353)</u>	<u>(2,922)</u>
Provision (benefit) for income taxes	<u>81</u>	<u>(10)</u>	<u>222</u>	<u>42</u>
Net loss	<u>\$ (1,940)</u>	<u>\$ (2,850)</u>	<u>\$ (1,575)</u>	<u>\$ (2,964)</u>
Loss per share:				
<i>Basic</i>				
Net loss	<u>\$ (0.11)</u>	<u>\$ (0.16)</u>	<u>\$ (0.09)</u>	<u>\$ (0.17)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.11)</u>	<u>\$ (0.16)</u>	<u>\$ (0.09)</u>	<u>\$ (0.17)</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>2017</u>	June 30, <u>2018</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,198	\$ 16,525
Restricted cash	1,879	2,069
Loans receivable, less allowance for losses of \$7,755 at December 31, 2017 and \$7,742 at June 30, 2018	32,921	30,079
Other current assets	<u>3,748</u>	<u>3,469</u>
Total current assets	54,746	52,142
Non-current loans receivable, less allowance for losses of \$83 at December 31, 2017 and \$64 at June 30, 2018	258	192
Property and equipment, net	8,241	8,703
Other assets, net	<u>7,313</u>	<u>7,112</u>
Total assets	<u>\$ 70,558</u>	<u>\$ 68,149</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 9,355	\$ 8,103
Revolving credit facility	2,500	4,678
Subordinated debt	<u>8,168</u>	<u>7,822</u>
Total current liabilities	20,023	20,603
Non-current liabilities	<u>4,471</u>	<u>4,482</u>
Total liabilities	24,494	25,085
Stockholders' equity	<u>46,064</u>	<u>43,064</u>
Total liabilities and stockholders' equity	<u>\$ 70,558</u>	<u>\$ 68,149</u>

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

	Six Months Ended <u>June 30, 2017</u>	Six Months Ended <u>June 30, 2018</u>
Operating activities:		
Net loss	\$ (1,575)	\$ (2,964)
Adjustments to reconcile net loss to net cash	11,148	14,202
Changes in assets and liabilities	<u>(4,968)</u>	<u>(10,463)</u>
Net operating	<u>4,605</u>	<u>775</u>
Investing activities:		
Capital expenditures	(1,407)	(1,875)
Other	<u>1</u>	<u>-</u>
Net investing	<u>(1,406)</u>	<u>(1,875)</u>
Financing activities:		
Net repayment of borrowings	(2,625)	1,700
Other	<u>-</u>	<u>(38)</u>
Net financing	<u>(2,625)</u>	<u>1,662</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>67</u>	<u>(45)</u>
Net increase in cash, cash equivalents and restricted cash	641	517
Cash, cash equivalents and restricted cash at beginning of year	<u>18,525</u>	<u>18,077</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 19,166</u>	<u>\$ 18,594</u>