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OTC PINK Symbol: QCCO

NEWS RELEASE

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QC Holdings, Inc. Reports Third Quarter 2018 Results

OVERLAND PARK, KS (December 3, 2018) – QC Holdings, Inc. (OTC PINK: QCCO) reported a net loss of \$5.3 million and revenues of \$73.8 million for the nine months ended September 30, 2018. Net loss totaled \$2.4 million and revenues totaled \$71.8 million for the nine months ended September 30, 2017.

The 3% improvement in revenues during the first nine 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 nine months ended September 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. The higher loss rate in 2018 is also attributable to an increase in installment loan originations, which have historically averaged higher loss rates than the single-pay product.

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 255 branches in 14 states at September 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>September 30,</u>		<u>Year Ended</u> <u>September 30,</u>	
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>
Revenues				
Consumer loan interest and fees	\$ 23,197	\$ 24,120	\$ 64,909	\$ 67,153
Other	<u>2,406</u>	<u>2,254</u>	<u>6,928</u>	<u>6,660</u>
Total revenues	25,603	26,374	71,837	73,813
Provision for losses	7,822	9,495	17,290	21,868
Operating expenses	<u>12,388</u>	<u>12,364</u>	<u>36,831</u>	<u>36,880</u>
Gross profit	5,393	4,515	17,716	15,065
Corporate and Regional expenses	5,701	5,914	17,995	17,816
Other expense, net	<u>437</u>	<u>930</u>	<u>1,819</u>	<u>2,499</u>
Loss before income taxes	(745)	(2,329)	(2,098)	(5,250)
Provision (benefit) for income taxes	<u>106</u>	<u>(31)</u>	<u>328</u>	<u>11</u>
Net loss	<u>\$ (851)</u>	<u>\$ (2,298)</u>	<u>\$ (2,426)</u>	<u>\$ (5,261)</u>
Loss per share:				
<i>Basic</i>				
Net loss	<u>\$ (0.05)</u>	<u>\$ (0.13)</u>	<u>\$ (0.14)</u>	<u>\$ (0.30)</u>
<i>Diluted</i>				
Net loss	<u>\$ (0.05)</u>	<u>\$ (0.13)</u>	<u>\$ (0.14)</u>	<u>\$ (0.30)</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>	September 30, <u>2018</u> <i>(Unaudited)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16,198	\$ 12,957
Restricted cash	1,879	1,873
Loans receivable, less allowance for losses of \$7,755 at December 31, 2017 and \$8,518 at September 30, 2018	32,921	33,098
Other current assets	<u>3,748</u>	<u>3,714</u>
Total current assets	54,746	51,642
Non-current loans receivable, less allowance for losses of \$83 at December 31, 2017 and \$103 at September 30, 2018	258	325
Property and equipment, net	8,241	9,083
Other assets, net	<u>7,313</u>	<u>7,024</u>
Total assets	<u>\$ 70,558</u>	<u>\$ 68,074</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other current liabilities	\$ 9,355	\$ 8,751
Revolving credit facility	2,500	6,000
Subordinated debt	<u>8,168</u>	<u>7,901</u>
Total current liabilities	20,023	22,652
Non-current liabilities	<u>4,471</u>	<u>4,644</u>
Total liabilities	24,494	27,296
Stockholders' equity	<u>46,064</u>	<u>40,778</u>
Total liabilities and stockholders' equity	<u>\$ 70,558</u>	<u>\$ 68,074</u>

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

	Nine Months Ended <u>September 30,</u> <u>2017</u>	Nine Months Ended <u>September 30,</u> <u>2018</u>
Operating activities:		
Net loss	\$ (2,426)	\$ (5,261)
Adjustments to reconcile net loss to net cash	19,627	24,691
Changes in assets and liabilities	<u>(13,710)</u>	<u>(22,604)</u>
Net operating	<u>3,491</u>	<u>(3,174)</u>
Investing activities:		
Capital expenditures	(2,096)	(3,006)
Other	<u>1</u>	<u>-</u>
Net investing	<u>(2,095)</u>	<u>(3,006)</u>
Financing activities:		
Net borrowing (repayment) of indebtedness	(2,625)	3,000
Other	<u>-</u>	<u>(53)</u>
Net financing	<u>(2,625)</u>	<u>2,947</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>141</u>	<u>(14)</u>
Net increase in cash, cash equivalents and restricted cash	(1,088)	(3,247)
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>\$ 17,437</u>	<u>\$ 14,830</u>