

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 13, 2020

**QUEST RESOURCE HOLDING CORPORATION**  
(Exact Name of Registrant as Specified in Its Charter)

Nevada  
(State or other Jurisdiction of Incorporation)

001-36451  
(Commission File Number)

51-0665952  
(IRS Employer Identification No.)

3481 Plano Parkway, The Colony, Texas  
(Address of Principal Executive Offices)

75056  
(Zip Code)

Registrant's telephone number, including area code: (972) 464-0004

\_\_\_\_\_  
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>      | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|---------------------------------|--------------------------|--|
| Common Stock, \$0.001 par value | QRHC                     | The NASDAQ Stock Market LLC                      |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

We are furnishing this Current Report on Form 8-K in connection with the disclosure of information, in the form of the textual information from a press release released on August 13, 2020.

The information in this Current Report on Form 8-K (including the exhibit) is furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

We do not have, and expressly disclaim, any obligation to release publicly any updates or any changes in our expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Current Report on Form 8-K is available on our website located at [www.qrhc.com](http://www.qrhc.com), although we reserve the right to discontinue that availability at any time.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

| <b><u>Exhibit No.</u></b> | <b><u>Description</u></b>  |
|---------------------------|--|
| 99.1                      | <a href="#"><u>Press Release from Quest Resource Holding Corporation, dated August 13, 2020, entitled “Quest Resource Holding Reports Second Quarter 2020 Financial Results”</u></a> |

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**QUEST RESOURCE HOLDING CORPORATION**

Dated: August 13, 2020

By: /s/ S. Ray Hatch

Name: S. Ray Hatch

Title: President and Chief Executive Officer



## Quest Resource Holding Reports Second Quarter 2020 Financial Results

THE COLONY, TX – August 13, 2020 -- Quest Resource Holding Corporation (NASDAQ: QRHC) ("Quest"), a national leader in environmental waste and recycling services, today announced financial results for the second quarter ended June 30, 2020.

### **Second Quarter 2020 Highlights**

- Revenue was \$22.0 million, a 13.7% decrease compared with the second quarter of 2019.
- Gross profit was \$4.4 million, a 7.9% decrease compared with the second quarter of 2019.
- Gross margin increased 120 basis points to 19.9% of revenue, compared with 18.7% for the second quarter of 2019.
- Other income of \$1.3 million, or \$0.08 per share, in the second quarter of 2020 represented the use of PPP Loan proceeds to fund eligible expenses under the CARES Act.
- Net income per share was \$0.08, compared with \$0.00 during the second quarter of 2019.
- Adjusted EBITDA was \$1.1 million, compared with \$825,000 during the second quarter of 2019.

### **Year-to-Date 2020 Highlights (June 30, 2020)**

- Revenue was \$47.3 million, a 9.2% decrease compared with the same period of 2019.
- Gross profit was \$8.9 million, a 4.0% decrease compared with the same period of 2019.
- Gross margin increased 110 basis points to 18.9% compared with 17.8% of revenue for the same period of 2019.
- Other income of \$1.3 million, or \$0.08 per share, represented the use of PPP Loan proceeds to fund eligible expenses under the CARES Act.
- Net income per share improved to \$0.06, compared to a net loss per share of \$(0.01) during the same period of 2019.
- Adjusted EBITDA was \$1.7 million, a 3.3% increase compared to the same period of 2019.

“Our team adapted quickly to the difficult COVID-19 market environment working closely with customers to ensure high levels of service, all the while focusing on the health and safety of our employees. Our customer end markets that were the most affected in April recovered faster than anticipated through each month of the quarter. However, overall volume trends are negative year over year. Due to the flexible cost structure of our asset light model, as well as actions we took to reduce expenses, we showed a solid improvement in Adjusted EBITDA and generated positive cash flow,” said S. Ray Hatch, President and Chief Executive Officer. “Since the end of the quarter, we bolstered the balance sheet, updating our line of credit with more favorable terms, and raising equity capital to support our acquisition strategy.”

Mr. Hatch continued, “While the pace and extent of the recovery remains uncertain, our flexible business model, strong balance sheet, and the essential nature of our services, position us to continue to weather this challenging environment.”

### **Second Quarter 2020 Earnings Conference Call and Webcast**

Quest will conduct a conference call today, August 13, 2020, at 5:00 PM ET, to review the financial results for the second quarter ended June 30, 2020. Investors interested in participating on the live call can dial 1-800-263-0877 within the U.S. or 1-646-828-8143 from abroad, referencing conference ID: 8602356. The conference call, which may include forward-looking statements, is also being webcast and is available via the investor relations section of Quest’s website at <https://investors.qrhc.com/investors/events-and-presentations>. A replay of the webcast will be archived on Quest’s investor relations website for 90 days.

### ***Reconciliation of U.S. GAAP to Non-GAAP Financial Measures***

In this press release, a non-GAAP financial measure, "Adjusted EBITDA," is presented. From time-to-time, Quest considers and uses this supplemental measure of operating performance in order to provide an improved understanding of underlying performance trends. Quest believes it is useful to review, as applicable, both (1) GAAP measures that include (i) depreciation and amortization, (ii) interest expense, (iii) stock-based compensation expense, (iv) income tax expense, and (v) certain other adjustments, and (2) non-GAAP measures that exclude such items. Quest presents this non-GAAP measure because it considers it an important supplemental measure of Quest's performance. Quest's definition of this adjusted financial measure may differ from similarly named measures used by others. Quest believes this measure facilitates operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. This non-GAAP measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for the Company's GAAP measures. (See attached table "Reconciliation of Net Income (Loss) to Adjusted EBITDA.")

### ***About Quest Resource Holding Corporation***

Quest is a national provider of waste and recycling services to customers from across multiple industry sectors that are typically larger, multi-location businesses. In addition, Quest's programs and services enable customers to address their environmental and sustainability goals and responsibilities. Quest provides information that tracks and reports the environmental results of Quest's services, provides actionable data to improve business operations, and enables customers to address their environmental and sustainability goals and responsibilities. For more information, visit [www.questrmg.com](http://www.questrmg.com).

### ***Safe Harbor Statement***

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include, but are not limited to, our belief that our flexible business model, balance sheet and the essential nature of our services position us to continue to weather the challenging COVID-19 environment, and our belief that the financial measures contained in this press release facilitate operating performance comparisons from period to period. These statements are based on our current expectations, estimates, projections, beliefs, and assumptions. Such statements involve significant risks and uncertainties. You are cautioned not to place undue reliance on such statements and to consult our SEC filings for additional risks and uncertainties that may apply to our business and the ownership of our securities. Our forward-looking statements are presented as of the date made, and we disclaim any duty to update such statements unless required by law to do so.

### **Investor Relations Contact:**

Three Part Advisors, LLC  
Joe Noyons  
817.778.8424

Financial Tables Follow

---

**Quest Resource Holding Corporation and Subsidiaries**

**STATEMENTS OF OPERATIONS**

(Unaudited)

(In thousands, except per share amounts)

|   | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |           |
|---|--------------------------------|-----------|------------------------------|-----------|
|   | 2020                           | 2019      | 2020                         | 2019      |
| Revenue   | \$ 21,969                      | \$ 25,445 | \$ 47,301                    | \$ 52,094 |
| Cost of revenue                                     | 17,594                         | 20,695    | 38,383                       | 42,802    |
| Gross profit  | 4,375                          | 4,750     | 8,918                        | 9,292     |
| Selling, general, and administrative                | 3,978                          | 4,227     | 8,387                        | 8,441     |
| Depreciation and amortization                       | 334                            | 327       | 668                          | 653       |
| Total operating expenses                            | 4,312                          | 4,554     | 9,055                        | 9,094     |
| Operating income (loss)                             | 63                             | 196       | (137)                        | 198       |
| Other income  | 1,258                          | –         | 1,258                        | –         |
| Interest expense                                    | (88)                           | (114)     | (172)                        | (225)     |
| Income (loss) before taxes                          | 1,233                          | 82        | 949                          | (27)      |
| Income tax expense (benefit)                        | 24                             | 55        | (28)                         | 110       |
| Net income (loss)                                   | \$ 1,209                       | \$ 27     | \$ 977                       | \$ (137)  |
| Net income (loss) applicable to common stockholders | \$ 1,209                       | \$ 27     | \$ 977                       | \$ (137)  |
| Net income (loss) per common share:                 |                                |           |                              |           |
| Basic   | \$ 0.08                        | \$ 0.00   | \$ 0.06                      | \$ (0.01) |
| Diluted   | \$ 0.08                        | \$ 0.00   | \$ 0.06                      | \$ (0.01) |

Weighted average number of common shares outstanding:

|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Basic   | 15,465 | 15,340 | 15,431 | 15,334 |
| Diluted | 15,468 | 15,362 | 15,441 | 15,334 |

**RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA**

(Unaudited)

(In thousands)

|                                  | Three Months Ended<br>June 30, |        | Six Months Ended<br>June 30, |          |
|----------------------------------|--------------------------------|--------|------------------------------|----------|
|                                  | 2020                           | 2019   | 2020                         | 2019     |
| Net income (loss)                | \$ 1,209                       | \$ 27  | \$ 977                       | \$ (137) |
| Depreciation and amortization    | 348                            | 343    | 696                          | 702      |
| Interest expense                 | 88                             | 114    | 172                          | 225      |
| Stock-based compensation expense | 400                            | 269    | 777                          | 473      |
| Other adjustments                | (929)                          | 17     | (920)                        | 248      |
| Income tax expense (benefit)     | 24                             | 55     | (28)                         | 110      |
| Adjusted EBITDA                  | \$ 1,140                       | \$ 825 | \$ 1,674                     | \$ 1,621 |

**BALANCE SHEETS**  
(In thousands, except per share amounts)

|   | <u>June 30,</u><br><u>2020</u><br>(unaudited) | <u>December 31,</u><br><u>2019</u> |
|---|---|------------------------------------|
| <b>ASSETS</b>   |   |                                    |
| Current assets:   |   |                                    |
| Cash and cash equivalents   | \$ 3,964                                      | \$ 3,411                           |
| Accounts receivable, less allowance for doubtful accounts of \$840<br>and \$767 as of June 30, 2020 and December 31, 2019, respectively                                   | 13,942  | 13,900                             |
| Prepaid expenses and other current assets   | <u>1,423</u>                                  | <u>1,110</u>                       |
| Total current assets  | 19,329  | 18,421                             |
| Goodwill  | 58,208  | 58,208                             |
| Intangible assets, net  | 1,016   | 1,591                              |
| Property and equipment, net, and other assets   | <u>2,294</u>                                  | <u>2,436</u>                       |
| Total assets  | <u>\$ 80,847</u>                              | <u>\$ 80,656</u>                   |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |   |                                    |
| Current liabilities:  |   |                                    |
| Accounts payable and accrued liabilities  | \$ 12,634                                     | \$ 13,317                          |
| Deferred revenue and other current liabilities  | <u>171</u>                                    | <u>19</u>                          |
| Total current liabilities   | 12,805  | 13,336                             |
| Revolving credit facility, net  | 3,792   | 4,535                              |
| Other long-term liabilities   | <u>821</u>                                    | <u>1,141</u>                       |
| Total liabilities   | 17,418  | 19,012                             |
| Commitments and contingencies   |   |                                    |
| Stockholders' equity:   |   |                                    |
| Preferred stock, \$0.001 par value, 10,000 shares authorized, no<br>shares issued or outstanding as of June 30, 2020 and December 31, 2019                                | —   | —                                  |
| Common stock, \$0.001 par value, 200,000 shares authorized,<br>15,403 and 15,373 shares issued and outstanding as<br>of June 30, 2020 and December 31, 2019, respectively | 15  | 15                                 |
| Additional paid-in capital  | 161,666                                       | 160,858                            |
| Accumulated deficit   | <u>(98,252)</u>                               | <u>(99,229)</u>                    |
| Total stockholders' equity  | 63,429  | 61,644                             |
| Total liabilities and stockholders' equity  | <u>\$ 80,847</u>                              | <u>\$ 80,656</u>                   |

###