

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): November 17, 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 follow 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 7.01. Regulation FD Disclosure.

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 presentation to be given at meetings with investors. This information may be amended or updated at any time and from time to time through another Form 8-K, a later company filing, or other means. The presentation attached as Exhibit 99.1 to this Current Report on Form 8-K updates and replaces in its entirety all prior presentations filed by us, including the presentation filed as Exhibit 99.1 to the Current Report on Form 8-K dated August 19, 2020 which was filed with the Securities and Exchange Commission on August 19, 2020.

The information in this Current Report on Form 8-K (including the exhibit) is furnished pursuant to Item 7.01 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. This Current Report on Form 8-K will not be deemed an admission as to the materiality of any information in the Report that is required to be disclosed solely by Regulation FD.

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, although we reserve the right to discontinue that availability at any time.

Item 9.01. Financial Statements and Exhibits.

- (a) *Financial Statements of Business Acquired.*

Not applicable.

- (b) *Pro Forma Financial Information.*

Not applicable.

- (c) *Shell Company Transactions.*

Not applicable.

- (d) *Exhibits.*

Exhibit No.

Description

99.1

[Quest Resource Holding Corporation Investor Presentation Dated November 2020](#)

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: November 17, 2020

By: /s/ S. Ray Hatch

Name: S. Ray Hatch

Title: President and Chief Executive Officer

INVESTOR PRESENTATION

Exhibit 99.1

Quest Resource Holding Corporation (NASDAQ: QRHC)



November 2020

NATIONAL SERVICE INTEGRATOR OF WASTE & RECYCLING SOLUTIONS

The statements contained in this Investor Presentation that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in this Investor Presentation, including statements regarding our future operating results, future financial position, business strategy, objectives, goals, plans, prospects, and markets, and plans and objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "estimates," "expects," "intends," "targets," "contemplates," "projects," "predicts," "may," "might," "plan," "will," "would," "should," "could," "can," "potential," "continue," "objective," or the negative of those terms, or similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. Specific forward-looking statements in this Investor Presentation include our belief that we turn our Customers' sustainability strategies into financial gains and competitive strength; our belief that we are poised to achieve significant margin improvement; and our growth strategy. All forward-looking statements included herein are based on information available to us as of the date hereof and speak only as of such date. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. The forward-looking statements contained in this Investor Presentation reflect our views as of the date of this Investor Presentation about future events and are subject to risks, uncertainties, assumptions, and changes in circumstances that may cause our actual results, performance, or achievements to differ significantly from those expressed or implied in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, performance, or achievements. A number of factors could cause actual results to differ materially from those indicated by the forward-looking statements, including competition in the environmental services industry, the impact of the current economic environment, and other factors detailed from time to time in our reports to the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. Certain information contained in this material is made available to Quest Resource Holding Corporation by third parties. Quest Resource Holding Corporation is not responsible for the content of any information made available to it by any third party. Quest Resource Holding Corporation disclaims any liability to any person for any delays, inaccuracies, errors, omissions, or defects in any such information or the transmission thereof, or for any actions taken by any person in reliance on such information or any damages arising from or relating to any use of such information. Information prepared by Quest Resource Holding Corporation that is included in this material speaks only as of the date that it was prepared. This information may be incomplete or may have become out of date. Quest Resource Holding Corporation makes no commitment and disclaims any duty, to update or revise such information.

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

In this Investor Presentation, 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 information. 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 Loss to Adjusted EBITDA.")

*Adjusted EBITDA is a Non-GAAP term.

Integrator of Waste & Recycling Services to Large Businesses

- Headquarters Dallas, Texas | NASDAQ: QRHC | Market Cap \$35 MM* | TTM** Revenue \$94 MM
- Nationwide footprint: delivers services in every zip code in the U.S.
- Expertise with 100+ waste streams

General Recyclable

- Cardboard
- Plastics
- Metals
- Pallets
- Wood
- Single Stream

Automotive Waste

- Used Motor Oil
- Used Oily Water
- Used Antifreeze
- Oil Water Separators
- Used Oil Filters
- Used Air Filters
- Used Absorbents
- Used Aerosol Cans
- Used Tires
- Airbags
- Used Brake Fluid
- Used Gas & Diesel
- Paint Waste
- Used Paint Filters

Food Waste

- Fruits & Vegetables
- Meat & Seafood
- Full Goods Destructions
- Recalls, Expired Products
- Used Cooking Oil
- Grease Traps

Hazardous Waste

- All Combustible
- All Corrosive
- All Flammable Liquids & Solids
- All Toxic
- Compressed Gases
- Electronic Waste
- Light Bulbs
- Batteries
- Ballasts

Construction Waste & Services

- Concrete
- Dry Wall
- Portable Toilets
- Temporary Office
- Temporary Storage
- Open Top Containers
- Wash Basins
- Trash

* As of November 10, 2020

** Trailing Twelve Months ended September 30, 2020

QUEST MANAGES THE WASTE STREAMS OF LARGE BUSINESSES

1

DESIGN A CUSTOMIZED PROGRAM

- Design solutions and services that are best suited to meet a customer's sustainability goals at the right price
- Experts in disposal and recycling of more than 100+ waste streams
- Experts in local, state and national regulations

2

IMPLEMENT SERVICES AND MANAGE

- Launch services quickly
- Manage & monitor ongoing waste disposal and recycling services
- Provide a single point of contact with 24/7 contact center

3

DELIVER COMPREHENSIVE AND INTERACTIVE DATA REPORTING

- Auditable information for use in Corporate Social Responsibility, Sustainability and ESG reporting
- Business intelligence platform that provides valuable operational insights

KEY VALUE PROPOSITION

- Cost and Operationally Effective
- Divert More Waste From Landfill
- Provide Auditable Data Reporting & Business Intelligence
- Comprehensive and Diverse Service Offering
- National Service Footprint

WHAT WE DO – SOME EXAMPLES

NATIONAL FLEET OPERATOR

One of the largest commercial fleets in the US needed to improve overall sustainability of their fleet of **71,000 service vehicles**

SOLUTION

- Quest implemented a comprehensive landfill diversion program
- Created closed loop recycling solutions
- Created an online ordering system to streamline their process

IMPACT

- **Secured \$2M+ in annual savings**
- Recycled 885,000+ gallons of used motor oil, 937,000 pounds of oil filters, 342,000 scrap tires, and more than 100,000 gallons of hazardous waste per year
- Received company's Vendor Of The Year Award



MANUFACTURING

National manufacturer with **50+ plants** in the US needed to reduce cost and reduce waste footprint

SOLUTION

Managed recycling of plastics, cardboard, metal, wastewater and full good destruction programs

IMPACT

- **Created detailed custom environmental reports that save the plants' EH&S managers 2 days of work per month**
- **Doubled landfill diversion rate**
- **Secured 10%+ savings**



GROCERY STORE CHAIN

Retailer with **2,000+ stores** needed to reduce operating cost and increase landfill diversion

SOLUTION

Implemented a food waste recycling and a meat donation program, enhanced cooking oil and grease trap recycling program

IMPACT

- **Increased landfill diversion by 40%**
- **Reduce CO2 emission by more than 277,000 metric tons**
- **Secured 20%+ savings**
- **Client recognized by EPA for sustainability achievement**



STABLE, SCALABLE PLATFORM WITH ATTRACTIVE INDUSTRY DYNAMICS AND FINANCIAL CHARACTERISTICS



1 Well-Positioned to Benefit from Structural, Long-Term Industry Tailwinds

- Waste services is \$70B industry: 55% asset intensive integrated haulers / landfill operators, 45% highly fragmented ~18,000 companies focused on specific regions, waste stream and industry verticals
- Recycling and other value-added waste disposal methods are growing at the expense of traditional landfills
- Landfill prices are increasing while other methods of waste disposal are increasingly more cost effective
- Industry is becoming more fragmented as more waste disposal technologies and processes come to market
- Increasing consumer awareness of and regulatory focus on environmental / sustainability issues

2 Stable Customer Relationships, Broad Service Offering and Recurring, Contractual Revenue Base

- Diverse customer base in multiple industries including grocery, retail, automotive, restaurant, industrial, and constructions
- Differentiated by a broad, national service offering targeted to customers with multiple waste streams, regulated and non-commoditized
- Reputation for customer service has earned high customer retention and ongoing penetration
- Loyal customers with high switching costs due to equipment changes and service risks

3 Scalable Platform Poised for Growth

- Capabilities in Procurement, 24/7/365 Client Service, and Customer Sustainability Reporting
- Management team >50 years of industry experience
- Operating leverage with a flow through of about 50% given highly variable cost structure resulting in EBITDA margin expansion from organic and inorganic growth
- Increased scale increases operating and financial leverage across the platform

4 Attractive Financial Profile

- Diversified across 100+ waste streams and 9 end markets
- Gross margins more than doubled to 19% over last 4 years
- Variable cost of goods and SG&A gives operating flexibility and leverage
- \$4.8M improvement in Adjusted EBITDA since 2016

FOCUS ON LARGE CUSTOMERS WITH COMPLEX WASTE STREAMS

- Customers span multiple industries including grocery, retail, automotive, restaurant, industrial, and construction
- Trusted by Fortune® 1000 Customers with national footprints and complex waste streams
- 7-figure average deal size



EXPERIENCED MANAGEMENT TEAM



Has served as Chief Executive Officer of Quest since February 2016. A senior executive with in-depth experience building profitable business and orchestrating transformational growth, Mr. Hatch brings over 25 years of experience in both the waste management and food services industries. He has managed businesses and/or business units with as many as 600+ employees, and more than one billion dollars in revenue. Previously, Mr. Hatch served as President of Merchants Market Group, an international food service distribution company. Mr. Hatch also served in various executive roles with Oakleaf Waste Management, a provider of waste outsourcing that was acquired by Waste Management.

S. Ray Hatch, Chief Executive Officer, President, and Director



Has served as Chief Financial Officer of Quest since January 2013. Was named 2014 CFO of the year by the Dallas Business Journal. Her operational and financial experience spans public and private entities including more than 20 years within technology driven businesses. In addition, Ms. Latham has been in public practice with national and regional accounting firms, including KPMG Peat Marwick. Her career experience also included roles within the oil and gas, real estate, and agricultural industries. Ms. Latham is a Certified Public Accountant.

Laurie L. Latham, Chief Financial Officer, Senior Vice President, Treasurer, and Secretary



Has served as Chief Operating Officer of Quest since October 2016. More than 20 years of experience in the waste, recycling, property management, and business services industries. Prior to Quest, he served as Chief Sales Officer, Executive Vice President, and Senior Vice President of Sales at SMS Assist. Prior to SMS Assist, Mr. Sweitzer was Director of Business Development at Waste Management, as well as Client Solutions Vice President at Oakleaf Waste Management, prior to its acquisition by Waste Management.

Dave P. Sweitzer, Chief Operating Officer and Executive Vice President

QUEST HAS INVESTED IN BUILDING A NATIONAL ASSET-LIGHT PLATFORM



Robust Vendor Network

- National coverage
 - Every zip code in the U.S.
 - Presence in Canada
 - Network of 3,500 vendors
- Managed over 1.2 million services last year
 - Significant volume through vendor assets
 - Leverage vendor excess capacity – lower pricing for customers and higher asset utilization for vendors



1,000
RECYCLING
FACILITIES



30,000
PROFESSIONALS



25,000
TRUCKS

Value-Added Services

- Industry-specific customer service capabilities
- One-stop shop for all zip codes and all waste streams
- Deep operational integration with customers
- Customized programs and unique service profiles by customer site
- Regular service adjustments (“rightsizing”)
- Office- and field-based quality assurance
- Minimized regulatory risks

SCALABLE TECHNOLOGY PLATFORM TO SUPPORT CUSTOMERS' CSR & OPERATIONAL PERFORMANCE

Scalable Technology Platform

- Comprehensive data reporting and process automation
- Transition to cloud completed in 2019
- Central ERP system facilitates end-to-end information flow
- Customer and vendor online portals

KEY FUNCTIONS

CUSTOMERS	VENDORS
<ul style="list-style-type: none"> ■ Request services ■ View program KPIs ■ View audit results ■ View invoices & service data ■ Real-time chat ■ Online training 	<ul style="list-style-type: none"> ■ View / accept services ■ Upload activity reports & service tickets ■ Upload invoices ■ Bids, contracts & documents ■ Performance scorecard ■ Online training

Customer Performance

- Operational insights that drive efficiencies and improve cost controls
 - Quarterly / Annual Business reviews that deliver detailed operational performance data
 - Corporate level visibility into total business impact

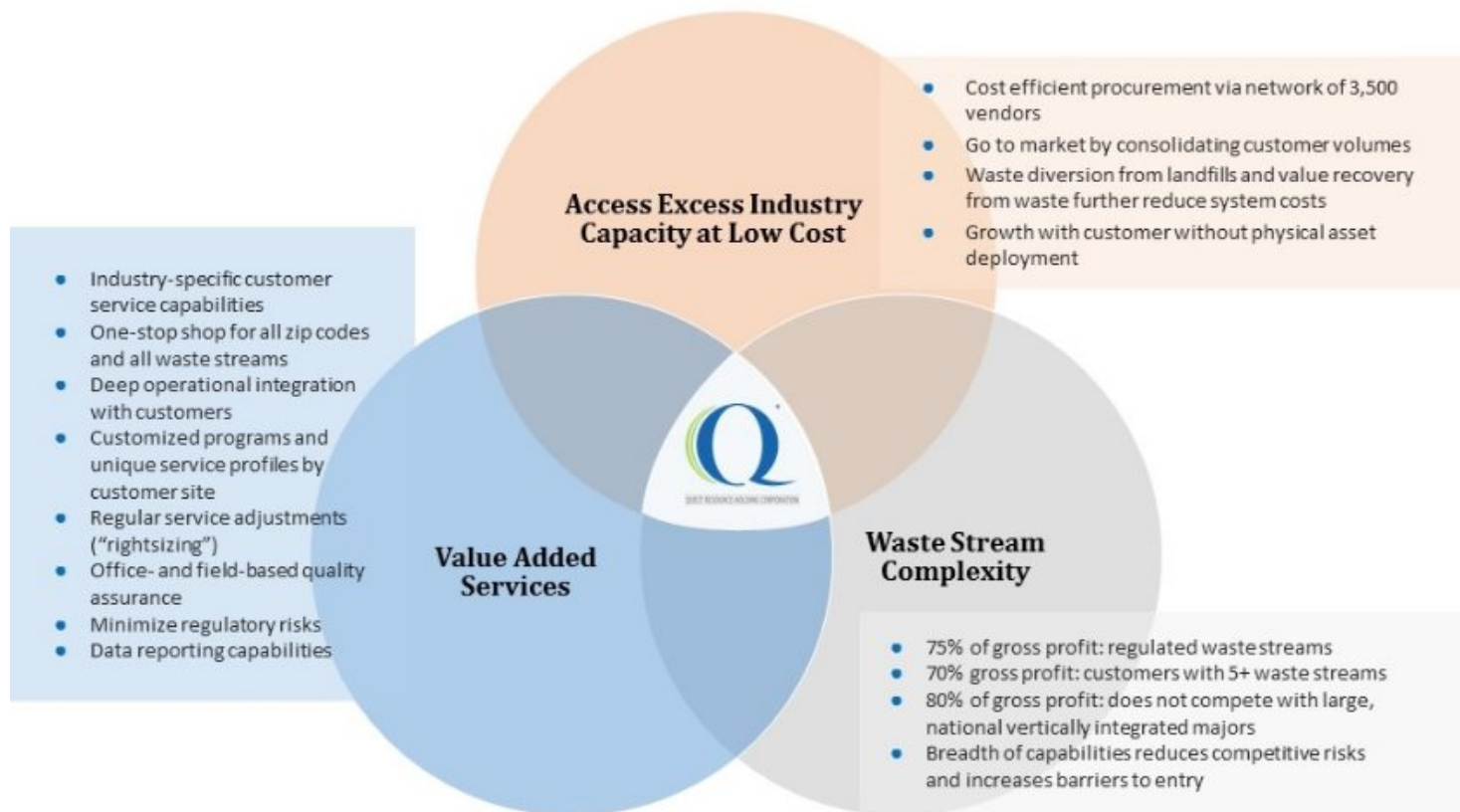


- Verified GHG reduction numbers for use in CSR and Sustainability reporting
 - Meets U.S. EPA standards and the global standardized frameworks established by GHG Protocol



QUEST'S VALUE PROPOSITION

UNIQUE ABILITY TO PROVIDE LOWER COSTS AND HIGHER LEVELS OF SERVICE



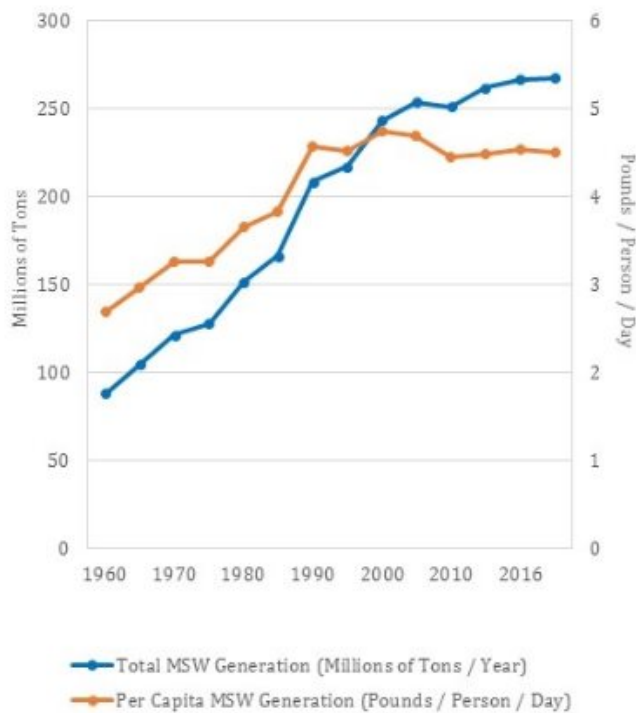
INDUSTRY OVERVIEW



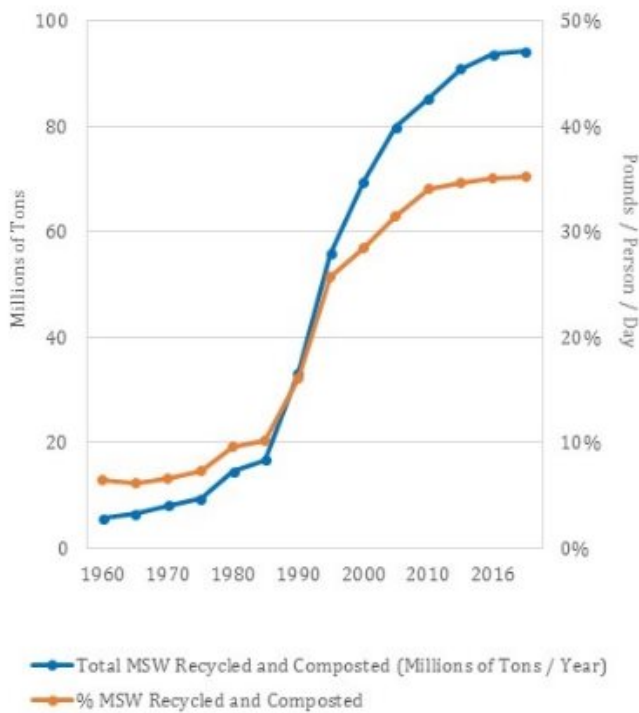
WASTE GENERATION CONTINUES TO GROW; LANDFILL DIVERSION PRESSURES CONTINUE



Waste generation continues to grow in the U.S. while per capita generation has largely remained flat since 1990



Recycling and composting as means of waste disposal has grown from 15% to over 35% since 1990



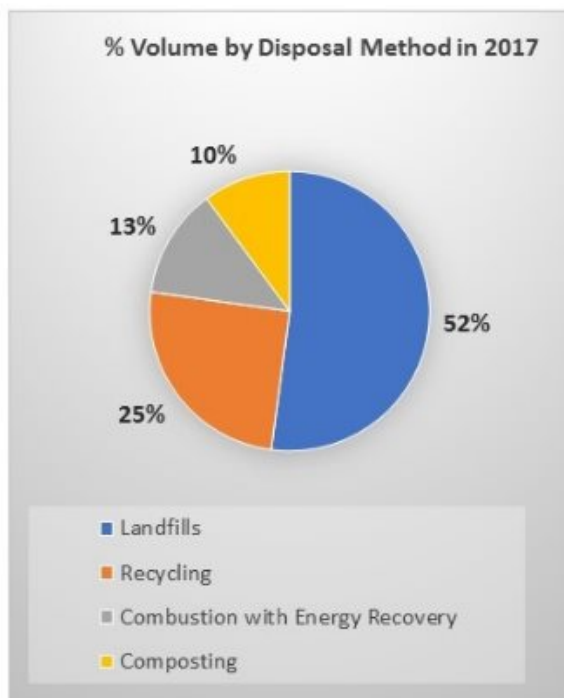
Source: EPA Advancing Sustainable Materials Management 2017 Fact Sheet; analysis uses Municipal Solid Waste ("MSW") generation as proxy for overall waste generation; mix is typically 60% residential, 40% commercial; does not include hazardous or industrial (pre-consumer) waste

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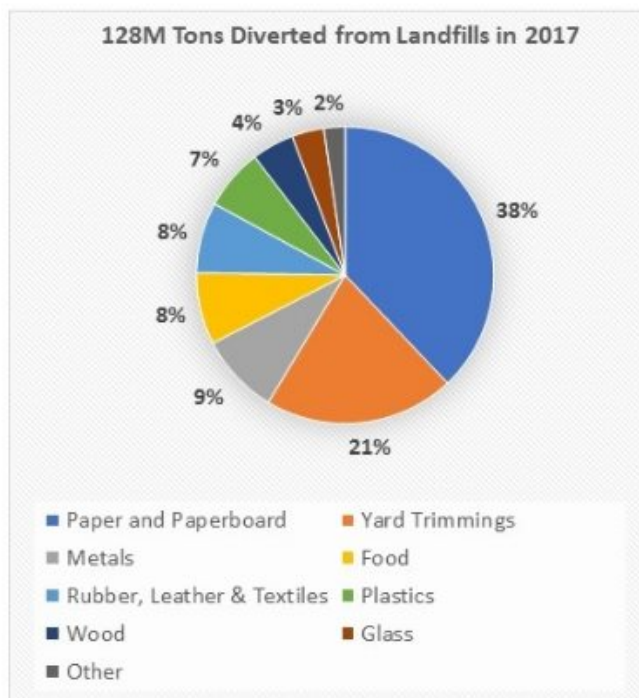
LANDFILL REPRESENTS >50% OF WASTE DISPOSAL; ~128M TONS OF NON-LANDFILL DISPOSAL METHODS



Landfill usage has declined from 70% in 1990 to just over 50% in 2017



Alternatives to landfill are increasingly able to process a range of waste streams



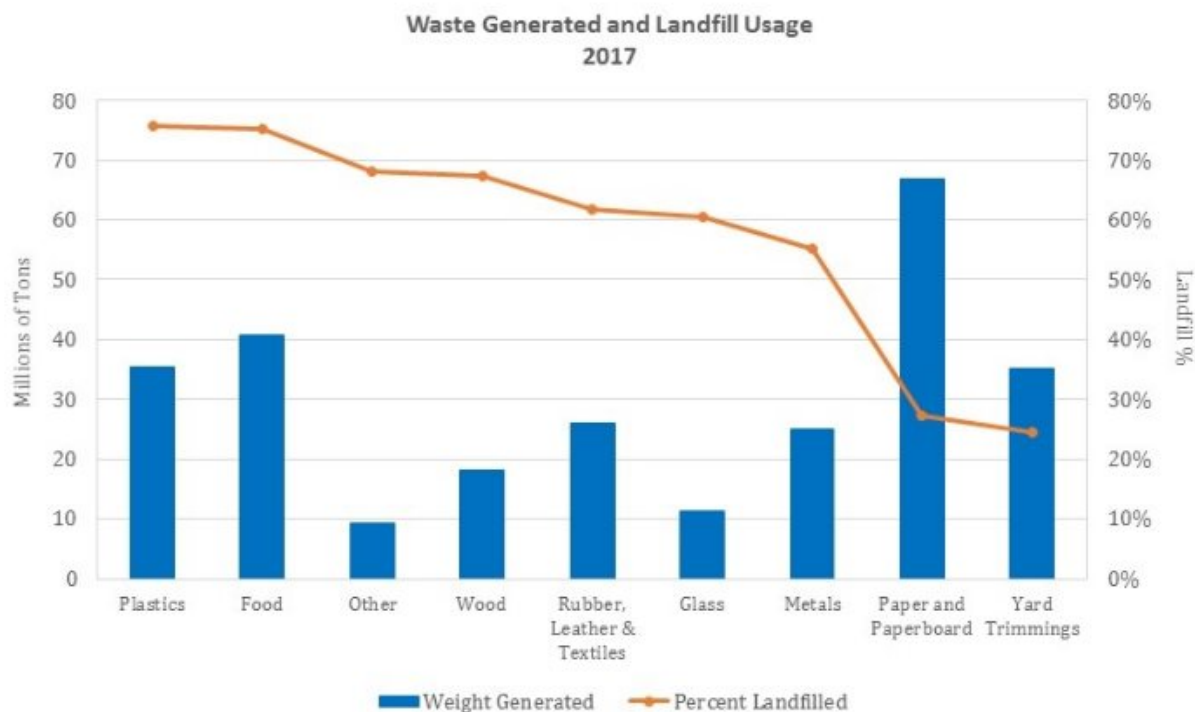
Source: EPA Advancing Sustainable Materials Management 2017 Fact Sheet; analysis uses Municipal Solid Waste ("MSW") generation as proxy for overall waste generation; mix is typically 60% residential, 40% commercial; does not include hazardous or industrial (pre-consumer) waste

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RECYCLING WILL CONTINUE TO INCREASE; PLASTICS & FOOD ARE MAJOR AREAS OF FOCUS & OPPORTUNITY



Plastics & Food remain two of the largest waste materials with >70% landfill disposal



Source: EPA Advancing Sustainable Materials Management 2017 Fact Sheet; analysis uses Municipal Solid Waste ("MSW") generation as proxy for overall waste generation; mix is typically 60% residential, 40% commercial; does not include hazardous or industrial (pre-consumer) waste

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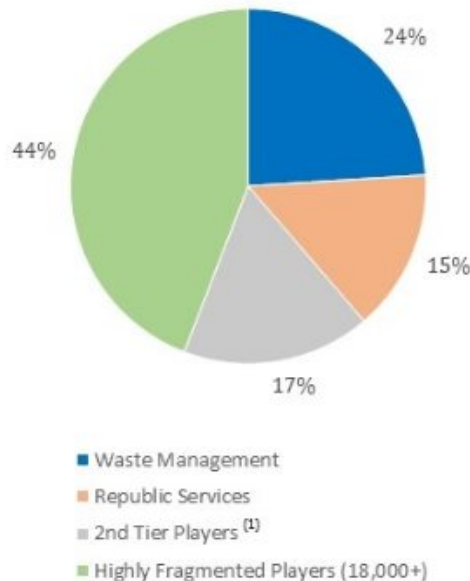
TWO MAJOR SEGMENTS: ASSET INTENSIVE & HIGHLY FRAGMENTED

Both segments operate successfully in this large industry. Small players focus on niches and segments, often utilizing integrated asset base of majors as part of the value chain

Estimated 2019 Industry Revenue of \$70B

- **Highly fragmented group of 18,000+ companies with 44% market share**

- Typically compete on a local or regional basis; focused on an industry, local geography, or waste stream
- Minimal or focused asset intensity
- Includes managed services providers, local haulers and emerging technologies that focus on sustainability solutions




- **Large asset intensive, vertically integrated players with 56% market share**

- Focused on both **residential and commercial**
- Generally specialize in one or two waste streams
- High percentage of profits derived from landfill ownership
- Operate ~700 landfills in the U.S. and own ~\$35B in PP&E

(1) Includes Waste Connections, CPL Environmental, Stericycle, Safety-Kleen, Casella Waste Systems, U.S. Ecology and others
Sources: SEC filings, IBISWorld, Waste Business Journal, U.S. Census Bureau

DIFFERENTIATED FROM THE TWO MAJOR COMPETITIVE SEGMENTS



ASSET-BASED INTEGRATED MAJORS		FRAGMENTED PLAYERS
VERTICAL INTEGRATION MODEL <ul style="list-style-type: none"> Multi-billion asset base Economics driven by landfill utilization Scale requires large volumes; not equipped for smaller accounts, specialized services and custom solutions 	ASSET-LIGHT MODEL <ul style="list-style-type: none"> Service not tied to company-owned assets Alignment with sustainability Agnostic to disposal method Flexible resources and nimble operations 	INDEPENDENT PARTICIPANTS <ul style="list-style-type: none"> Single office operations Limited investment in IT Owner / operator Underutilized equipment Unable to scale effectively
SERVICE RESIDENTIAL AND COMMERCIAL ACCOUNTS <ul style="list-style-type: none"> >50% EBITDA contribution from landfills Compete with 30% of Quest's business (based on PF gross profit) 	SERVICE HIGH VALUE COMMERCIAL ACCOUNTS <ul style="list-style-type: none"> National accounts Waste stream complexity Across all zip codes 	SERVICE COMMERCIAL ACCOUNTS <ul style="list-style-type: none"> Service smaller local or regional accounts Relationship-driven and not capability-driven sales
NATIONAL SCALE BUT LIMITED SCOPE <ul style="list-style-type: none"> Require significant capital and high asset utilization hurdles to scale Tied to limited disposal methods defined by asset base Cannot service all waste streams Slow to adapt to new technology Burdened by high maintenance CapEx 	NATIONAL SCALE AND SCOPE <ul style="list-style-type: none"> Ability to scale on demand with limited incremental investment Broad scope of managed waste streams Capacity for high volumes across multi-location footprints Technology supports delivery of consistent standards of service 	LIMITED SCALE AND SCOPE <ul style="list-style-type: none"> Unable to grow beyond home markets without established national vendor network or scalable infrastructure Limited capabilities or services Specialize in only a few waste streams

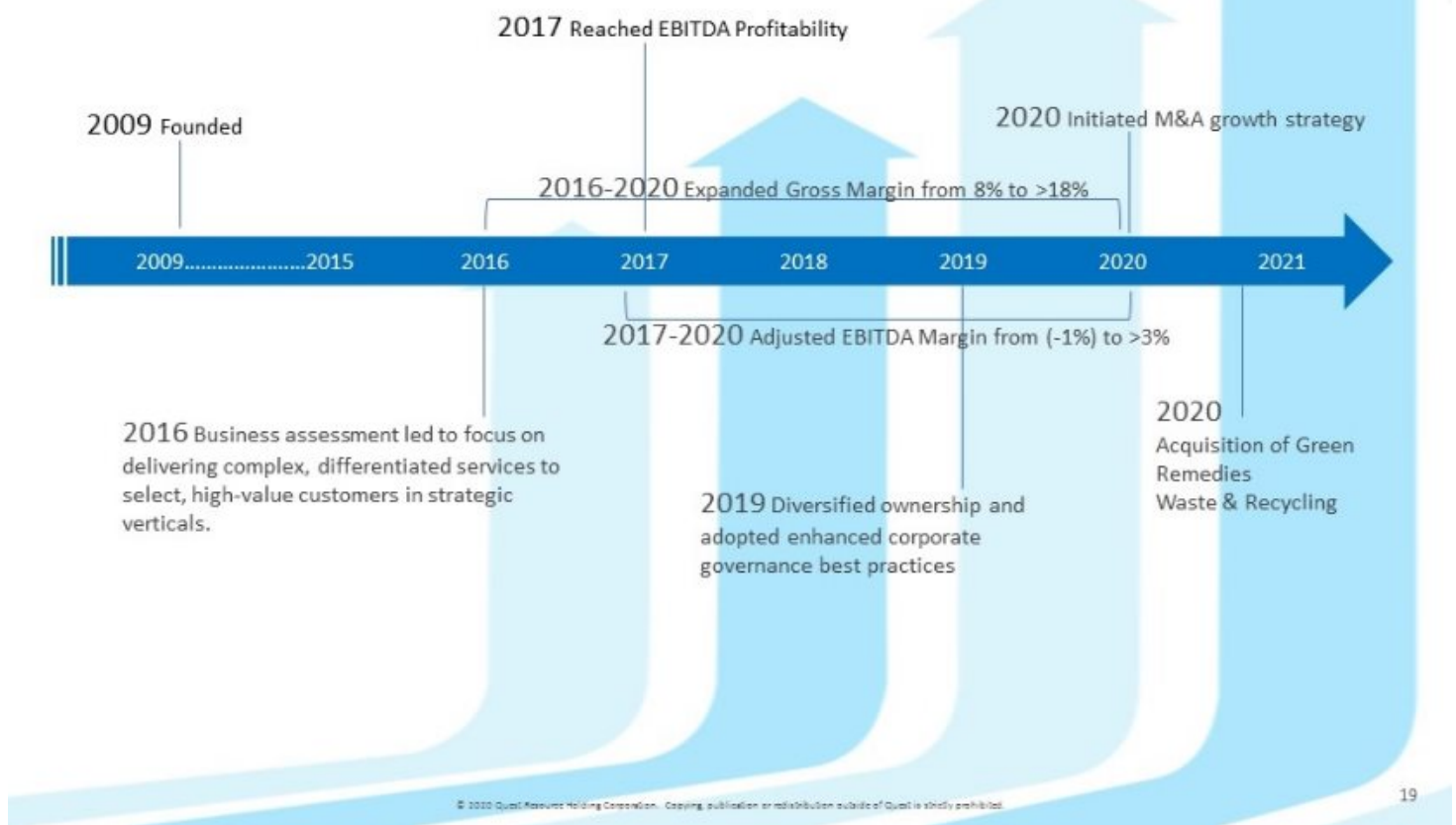


QUEST BUSINESS, PERFORMANCE & STRATEGY



BUSINESS TRANSFORMATION

Refocus of Go-to-Market Strategy Drives Results



PLAN GOING FORWARD

Business Foundation

- Management team with > 50 years of total experience in value-added waste and related services
- Procurement strategy and robust vendor network in place
- Systems, IT and data capabilities to support value proposition and scalability
- Focus on customers with services where Quest can differentiate and build stickiness
- Gross margins of 19% in 2019 (versus 8% in 2016), achieving EBITDA profitability
- 13 consecutive quarters of YoY gross margin expansion



Strategy

- Maintain customer services and grow with existing customers
- Grow organically adding strategic customers with complex waste streams
- Opportunistically pursue M&A – “Add customers well-served on the Quest platform”

FOCUSED M&A STRATEGY: ACQUIRE COMPANIES WITH STRONG CUSTOMERS & FOCUS ON SERVICE



"ADD CUSTOMERS TO THE QUEST PLATFORM THAT WE CAN SERVE AS WELL OR BETTER"

Opportunity	Ideal Acquisition Candidate	Execution
<ul style="list-style-type: none"> • 18,000+ companies with 44% market share of \$70 billion market • Many regional / local players have longstanding customer relationships but are reluctant or unable to grow due to lack of infrastructure • Customers are sticky and tend to stay with the acquirer as long as service levels are maintained 	<ul style="list-style-type: none"> • Successful business built by entrepreneur who wants to reduce capital at risk and add capabilities • Longstanding customer relationships and track record of excellent service • Favorable/long-term customer contracts • Support expansion to adjacent regions leveraging Quest's vendor network 	<ul style="list-style-type: none"> • Reduce risk through simple integration process; same as onboarding new customers • Cost synergies from functional overlaps • Support expansion to adjacent regions leveraging Quest's vendor network • Repeatable across acquisitions

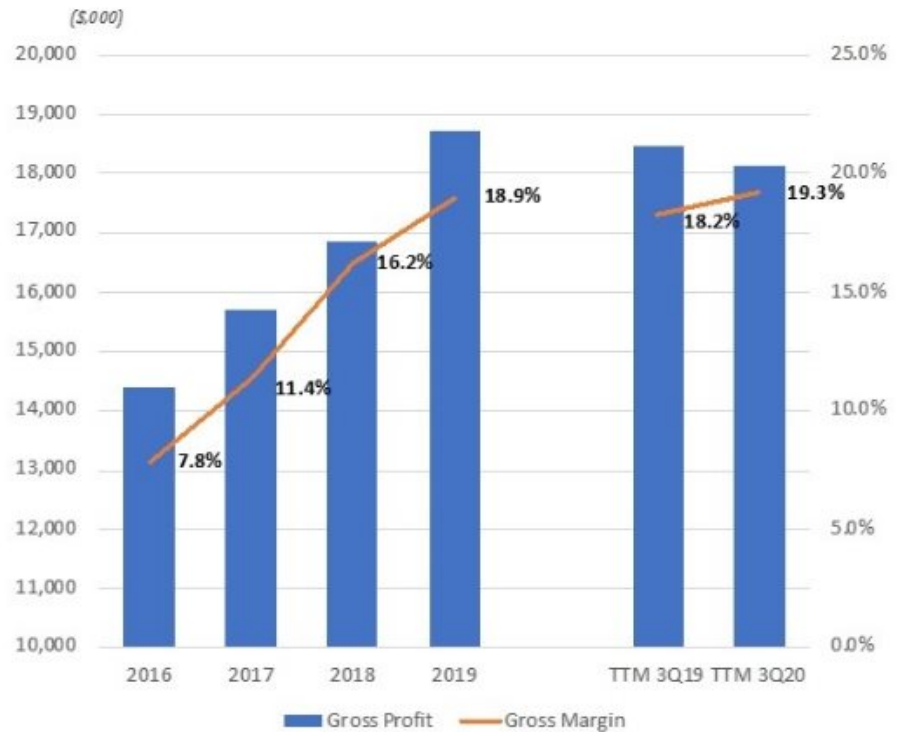
QUEST'S NATIONAL PLATFORM Comprehensive Services & Capabilities

<u>Acquisition Candidate</u>	<u>Quest</u>	<u>Customer</u>
Enables Growth at National Scale Reduces Capital Risk Adds Capabilities	Gain Greater Efficiencies of Scale and Scope Operating Leverage & Improved Returns	Maintain or Improve Service Access to National Footprint Reporting Capabilities

SHIFT TO COMPLEX, DIFFERENTIATED SERVICES TO SELECT, HIGH-VALUE CUSTOMERS IN STRATEGIC MARKETS

Gross margins have increased from 8% to 19%/ Gross profit \$s growing 9% annually through 2019

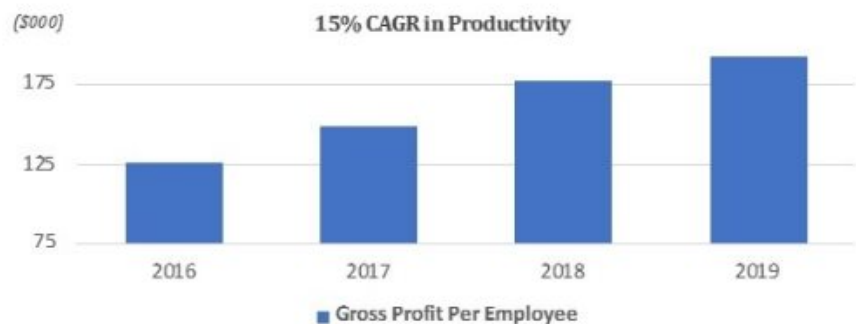
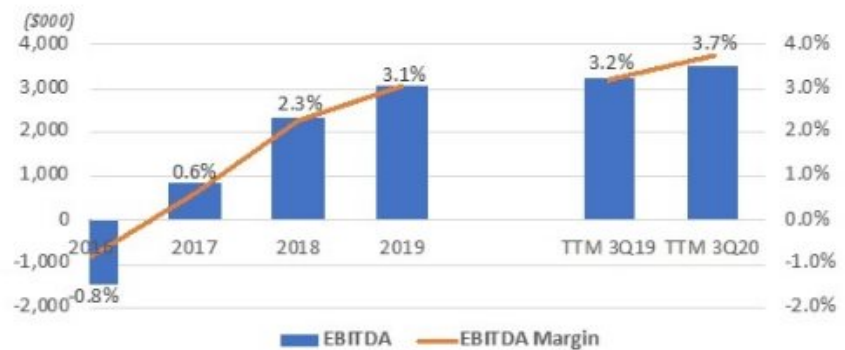
- Exit accounts with commodity services
- Focus on differentiated services
- Enter new end markets with greater barriers to entry



PLATFORM AT SCALE TO DELIVER OPERATING LEVERAGE

\$4.8M improvement in Adjusted EBITDA since 2016

- Gross profit growth expected to flow through to EBITDA at ~50%
- Built customer service, vendor management, financial control and technology functions
- Operating infrastructure in place to scale



RECENT FINANCIAL RESULTS – YTD 2020



	3Q 2019	3Q 2020	YTD SEP 2019	YTD SEP 2020
Revenue	\$23,925	\$23,701	\$76,020	\$71,002
Gross Profit	\$4,771 19.9%	\$4,557 19.2%	\$14,064 18.5%	\$13,475 19.0%
Adjusted EBITDA*	\$860 3.6%	\$989 4.2%	\$2,481 3.3%	\$2,664 3.8%

Weathering COVID-19 Crisis

- YTD Positive EBITDA growth
- YTD Positive Operating Cash flow
- Essential end market focus
- Asset-light business model with flexible cost structure
- Tight control over spending
- Successfully renegotiated new credit line with more favorable terms

*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. A reconciliation to GAAP net income is provided in the appendix of this presentation.

STABLE, SCALABLE PLATFORM WITH ATTRACTIVE INDUSTRY DYNAMICS AND FINANCIAL CHARACTERISTICS



- 1 Well-Positioned to Benefit from Structural, Long-Term Industry Tailwinds
- 2 Stable Customer Relationships, Broad Service Offering and Recurring, Contractual Revenue Base
- 3 Scalable Platform Poised for Growth
- 4 Attractive Financial Profile

APPENDIX



RECONCILIATION OF U.S. GAAP TO NON-GAAP FINANCIAL MEASURES



RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA (in thousands)

	2016	2017	2018	2019
Revenue	\$183,811	\$138,346	\$103,806	\$98,979
Net loss	(\$8,046)	(\$5,820)	(\$2,439)	\$ (55)
Depreciation and amortization	4,169	4,157	2,885	1,402
Interest expense	241	468	438	431
Stock-based compensation	1,849	1,710	794	1,086
Other adjustments	305	308	662	248
Income tax expense	-	-	-	219
Adjusted EBITDA	<u>(\$1,482)</u>	<u>\$823</u>	<u>\$2,340</u>	<u>\$3,331</u>
Adjusted EBITDA Margin	<u>-0.80%</u>	<u>0.60%</u>	<u>2.30%</u>	<u>3.30%</u>

RECONCILIATION OF U.S. GAAP TO NON-GAAP FINANCIAL MEASURES



RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA (in thousands)

	3Q19	3Q20	YTD SEP 2019	YTD SEP 2020
Net income (loss)	\$47	(\$67)	(\$90)	\$ 910
Depreciation and amortization	354	176	1,056	871
Interest expense	119	73	344	244
Stock-based compensation	285	323	759	1101
Other adjustments	-	391	247	(528)
Income tax expense	55	92	164	64
Adjusted EBITDA	<u>\$860</u>	<u>\$989</u>	<u>\$2,481</u>	<u>\$2,664</u>
Adjusted EBITDA Margin	<u>3.6%</u>	<u>4.2%</u>	<u>3.3%</u>	<u>3.8%</u>

CASE STUDY # 1



One of the **largest commercial fleets** in the United States needed to improve the overall sustainability of their service vehicles and turned to Quest to find **closed loop solutions** within their fleet of **71,000 service vehicles**



- Quest completed a series of **assessments** and measured the current waste management costs
- Identified various **waste streams** that could be **diverted from landfills**
- Implemented comprehensive **landfill diversion program** that included recycling used motor oil, antifreeze, used tires, and oil filters
- Created a closed loop recycling solution around **refined motor oil**
- Designed **an online portal** that enabled the garage to **streamline the product ordering process** of materials needed to service their fleet



- Over **\$2M** in savings per year
- Enabled the client to allocate more funding to other sustainability programs and **achieve overall sustainability goals**
- Recycled more than **885,000 gallons** of used motor oil, **937,000 pounds** of oil filters, **342,000 scrap tires**, and more than **100,000 gallons** of hazardous waste
- Quest received the client's **sustainability supplier award**

CASE STUDY # 2



A large grocery store chain with **thousands of stores** and distribution centers spread across the U.S. needed to dramatically **reduce its ecological footprint to achieve its aggressive sustainability goals**. The retailer did not have the staff or the experience to expand a handful of promising landfill diversion pilots across its operation and **needed to minimize costs**



- Quest completed store assessments and calculated the retailer's **waste baseline**
- Quest developed and implemented a host of **integrated landfill diversion programs**, which were incorporated across all stores
- A customized solution was designed to address the **recycling of food waste, cooking oil, meat & seafood, cardboard, plastics** as well as manage the remaining trash service



- The client tracked the impact of its **sustainability initiative** at every store using Quest's portal
- The client was **recognized by the EPA** as a winner in three categories of the agency's **Food Recovery Challenge: Leadership, Innovation, and Education and Outreach**
- Reduced CO2 emission by more than **277,000 metric tons**

CASE STUDY # 3



A **large manufacturer** came to Quest looking to **reduce its environmental footprint** in a cost-effective manner



- Quest completed a series of **plant assessments**, measuring the **waste baselines** and calculating the company's current waste management expenditures
- Quest identified various waste streams that could be **cost-effectively diverted from landfills** including plastics, cardboard, and other material
- Quest right-sized the service and installed **compacting equipment**, which in turn **maximized the value** of material that could be recycled



- Enabled the plant to increase **landfill diversion from 20% to 80%**



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