

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 16, 2021

**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 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 16, 2021.

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.*

**Exhibit No.****Description**

- |      |   |
|------|---|
| 99.1 | <a href="#">Press Release from Quest Resource Holding Corporation, dated August 16, 2021, entitled "Quest Resource Holding Corporation Reports Second Quarter 2021 Financial Results"</a> |
| 104  | Cover Page Interactive Data File (embedded within the Inline XBRL document)   |
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**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 16, 2021

By: /s/ S. Ray Hatch  
Name: S. Ray Hatch  
Title: President and Chief Executive Officer



## Quest Resource Holding Corporation Reports Second Quarter 2021 Financial Results

THE COLONY, TX – August 16, 2021 – 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, 2021.

### **Second Quarter 2021 Highlights**

- Revenue was \$36.9 million, a 67.8% increase compared with the second quarter of 2020.
- Gross profit was \$6.8 million, a 55.7% increase compared with the second quarter of 2020.
- Gross margin was 18.5% of revenue compared with 19.9% during the second quarter of 2020.
- GAAP Net income per share attributable to common stockholders was \$0.04 (\$0.03 per diluted share), compared with \$0.08 per basic and diluted share during the second quarter of 2020. Included in the results of the second quarter of 2020 was other income of \$1.3 million, or \$0.08 per share, related to PPP Loan proceeds to fund eligible expenses under the CARES Act.
- Adjusted EBITDA was \$2.5 million, a 120.1% increase compared with the second quarter of 2020.

### **Year-to-Date 2021 Highlights (June 30, 2021)**

- Revenue was \$72.0 million, a 52.1% increase compared with the same period of 2020.
- Gross profit was \$13.3 million, a 48.6% increase compared with the same period of 2020.
- Gross margin was 18.4% of revenue compared with 18.9% for the same period of 2020.
- GAAP Net income per share attributable to common stockholders increased to \$0.10 (\$0.09 per diluted share), compared with \$0.06 during the same period of 2020. Included in the results for the first half of 2020 was other income of \$1.3 million, or \$0.08 per basic and diluted share, related to PPP Loan proceeds to fund eligible expenses under the CARES Act.
- Year-to-date Adjusted EBITDA was \$5.1 million, a 206.8% increase compared to the same period of 2020.

“Our team delivered another quarter of solid financial performance, as client activity levels continued to recover across most end markets and our organic and M&A growth strategies continued to gain traction. The heightened activity levels in the industrial sector we experienced during the first quarter were comparable to the second quarter. In addition, this quarter has seen organic revenue growth which we expect to continue to ramp as recent new client wins are onboarded. Adjusted EBITDA growth for the quarter and year to date continued to outpace strong growth in gross profit dollars, demonstrating the earnings leverage in our business,” said S. Ray Hatch, President and Chief Executive Officer. “We are seeing strong organic growth from a combination of new client wins and expanding business with existing clients. In addition, we expect strong incremental contribution from the acquisitions we have completed during the year. Overall, we continue to expect to show significant improvements in year-over-year financial results for the balance of the year.”

### **Second Quarter 2021 Earnings Conference Call and Webcast**

Quest will conduct a conference call Monday, August 16, 2021, at 5:00 PM ET, to review the financial results for the second quarter ended June 30, 2021. Investors interested in participating on the live call can dial 1-800-289-0438 within the U.S. or 1-323-794-2423 from abroad, referencing conference ID: 9502783. 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>. 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 to Adjusted EBITDA.")

***About Quest Resource Holding Corporation***

Quest is a national provider of waste and recycling services that enable businesses to achieve and satisfy their environmental and sustainability goals and responsibilities. Using our deep expertise, Quest builds single source, client-specific solutions to address a wide variety of waste streams and recyclables across multiple industry sectors. Quest also provides information and data that tracks and reports the environmental results of Quest's services, provides actionable data to improve business operations, and facilitates our clients' efforts to achieve their business and sustainability goals. For more information, visit [www.qrhc.com](http://www.qrhc.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 expectation that organic revenue growth will continue to ramp as recent new client wins are onboarded, our expectation of strong incremental contribution from the acquisitions we have completed during the year, and our belief that we will show significant improvements in year-over-year financial results for the balance of the year. Actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including, but not limited to, competition in the environmental services industry, the impact of the current economic environment, the spread of major epidemics (including Coronavirus) and other related uncertainties such as government-imposed travel restrictions, interruptions to supply chains, commodity price fluctuations, and extended shut down of businesses, and other factors discussed in greater detail in our filings with the Securities and Exchange Commission (SEC), including our Report on Form 10-K for the year ended December 31, 2020. 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

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**Quest Resource Holding Corporation and Subsidiaries**

**STATEMENTS OF OPERATIONS**

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 36,858	\$ 21,969	\$ 71,960	\$ 47,301
Cost of revenue	30,048	17,594	58,710	38,383
Gross profit	6,810	4,375	13,250	8,918
Selling, general, and administrative	5,060	3,978	9,323	8,387
Depreciation and amortization	409	334	816	668
Total operating expenses	5,469	4,312	10,139	9,055
Operating income (loss)	1,341	63	3,111	(137)
Other income	—	1,258	—	1,258
Interest expense	(550)	(88)	(1,111)	(172)
Income before taxes	791	1,233	2,000	949
Income tax expense (benefit)	92	24	154	(28)
Net income	\$ 699	\$ 1,209	\$ 1,846	\$ 977
Net income applicable to common stockholders	\$ 699	\$ 1,209	\$ 1,846	\$ 977
Net income per common share:				
Basic	\$ 0.04	\$ 0.08	\$ 0.10	\$ 0.06
Diluted	\$ 0.03	\$ 0.08	\$ 0.09	\$ 0.06
Weighted average number of common shares outstanding:				
Basic	18,823	15,465	18,665	15,431
Diluted	20,501	15,468	20,045	15,441

**RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA**

(Unaudited)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 699	\$ 1,209	\$ 1,846	\$ 977
Depreciation and amortization	481	348	957	696
Interest expense	550	88	1,111	172
Stock-based compensation expense	506	400	816	777
Acquisition, integration, and related costs	117	182	136	182
Other adjustments	64	(1,111)	117	(1,102)
Income tax expense (benefit)	92	24	154	(28)
Adjusted EBITDA	\$ 2,509	\$ 1,140	\$ 5,137	\$ 1,674

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

	<u>June 30,</u> <u>2021</u> (unaudited)	<u>December 31,</u> <u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,048	\$ 7,516
Accounts receivable, less allowance for doubtful accounts of \$976 and \$935 as of June 30, 2021 and December 31, 2020, respectively	23,851	17,421
Prepaid expenses and other current assets	1,501	1,069
Total current assets	<u>35,400</u>	<u>26,006</u>
Goodwill	66,795	66,310
Intangible assets, net	7,711	6,529
Property and equipment, net, and other assets	3,019	3,384
Total assets	<u>\$ 112,925</u>	<u>\$ 102,229</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 23,118	\$ 15,247
Other current liabilities	1,596	1,393
Current portion of notes payable	652	624
Total current liabilities	<u>25,366</u>	<u>17,264</u>
Notes payable, net	14,790	14,948
Other long-term liabilities, net	1,731	1,974
Total liabilities	<u>41,887</u>	<u>34,186</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized, no shares issued or outstanding as of June 30, 2021 and December 31, 2020	—	—
Common stock, \$0.001 par value, 200,000 shares authorized, 18,740 and 18,413 shares issued and outstanding as of June 30, 2021 and December 31, 2020, respectively	19	18
Additional paid-in capital	167,573	166,425
Accumulated deficit	<u>(96,554)</u>	<u>(98,400)</u>
Total stockholders' equity	<u>71,038</u>	<u>68,043</u>
Total liabilities and stockholders' equity	<u>\$ 112,925</u>	<u>\$ 102,229</u>

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