REFINITIV

DELTA REPORT

10-Q

QRHC - QUEST RESOURCE HOLDING CO

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	870
CHANGES	229
DELETIONS	467
ADDITIONS	174

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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, March 31, 2023 2024

Commission file number: 001-36451

Quest Resource Holding Corporation

(Exact Name of Registrant as Specified in its Charter)

Nevada	**51-0665952**
(State or other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

3481 Plano Parkway, Suite 100
The Colony, Texas 75056
(Address of Principal Executive Offices and Zip Code)

(972) 464-0004
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock	QRHC	NASDAQ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐		
Non-accelerated filer	☒	Smaller reporting company	☒
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐ ☒ No ☒

As of November 1, 2023 May 1, 2024, there were 20,059,947 20,229,821 shares of the registrant’s common stock, $0.001 par value, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

QUEST RESOURCE HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(Unaudited)		(Unaudited)	
ASSETS	**ASSETS**		**ASSETS**	
Current assets:				
Cash and cash equivalents	$ 870,233	$ 9,563,709	$ 581,079	$ 324,014
Accounts receivable, less allowance for doubtful accounts of $2,357,345 and $2,176,010 as of September 30, 2023 and December 31, 2022, respectively	49,932,053	45,891,144		
Accounts receivable, less allowance for doubtful accounts of $1,958,062 and $1,581,595 as of March 31, 2024 and December 31, 2023, respectively			60,435,454	58,147,058
Prepaid expenses and other current assets	2,745,946	2,310,423	1,842,683	2,142,071
Total current assets	53,548,232	57,765,276	62,859,216	60,613,143
Goodwill	84,258,206	84,258,206	85,828,238	85,828,238
Intangible assets, net	27,767,759	33,556,340	24,069,119	26,051,428
Property and equipment, net, and other assets	4,865,721	5,911,227	6,215,293	4,626,090
Total assets	$ 170,439,918	$ 181,491,049	$ 178,971,866	$ 177,118,899
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**		**LIABILITIES AND STOCKHOLDERS' EQUITY**	
Current liabilities:				

Accounts payable and accrued liabilities	$ 40,916,726	$ 32,207,461	$ 39,851,661	$ 41,296,166
Other current liabilities	2,497,832	4,688,605	2,017,261	2,469,690
Current portion of notes payable	1,158,800	1,158,800	1,158,800	1,158,800
Total current liabilities	44,573,358	38,054,866	43,027,722	44,924,656
Notes payable, net	56,786,013	70,572,891	68,466,859	64,638,180
Other long-term liabilities	1,395,607	1,724,244	1,166,633	1,274,691
Total liabilities	102,754,97 8	110,352,00 1	112,661,214	110,837,527
Commitments and contingencies				
Stockholders' equity:				
Preferred stock, $0.001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of September 30, 2023 and December 31, 2022	—	—		
Common stock, $0.001 par value, 200,000,000 shares authorized, 19,959,677 and 19,696,006 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	19,960	19,696		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, no shares issued or outstanding as of March 31, 2024 and December 31, 2023			—	—
Common stock, $0.001 par value, 200,000,000 shares authorized, 20,229,821 and 20,161,400 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively			20,230	20,161
Additional paid-in capital	175,383,22 3	173,876,31 9	176,994,000	176,309,463

Accumulated deficit	(107,718,243)	(102,756,967)	(110,703,578)	(110,048,252)
Total stockholders’ equity	67,684,940	71,139,048	66,310,652	66,281,372
Total liabilities and stockholders’ equity	$ 170,439,918	$ 181,491,049	$ 178,971,866	$ 177,118,899

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUEST RESOURCE HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
Revenue	$ 70,425,425	$ 73,358,293	$ 219,036,423	$ 221,785,249	$ 72,651,321	$ 74,113,703
Cost of revenue	57,995,192	61,174,960	180,471,602	183,685,111	58,614,865	61,483,944
Gross profit	12,430,233	12,183,333	38,564,821	38,100,138	14,036,456	12,629,759
Operating expenses:						
Selling, general, and administrative	9,620,114	9,332,721	28,249,820	27,975,550	9,798,369	9,417,436

Depreciation and amortization	2,341,581	2,473,339	7,218,683	7,308,591	2,362,104	2,424,844
Total operating expenses	11,961,695	11,806,060	35,468,503	35,284,141	12,160,473	11,842,280
Operating income	468,538	377,273	3,096,318	2,815,997	1,875,983	787,479
Interest expense	(2,408,076)	(1,911,989)	(7,407,207)	(5,057,400)	(2,471,961)	(2,443,028)
Loss before taxes	(1,939,538)	(1,534,716)	(4,310,889)	(2,241,403)	(595,978)	(1,655,549)
Income tax expense	111,104	151,619	650,387	479,011	59,348	368,504
Net loss	$ (2,050,642)	$ (1,686,335)	$ (4,961,276)	$ (2,720,414)	$ (655,326)	$ (2,024,053)
Net loss applicable to common stockholders	$ (2,050,642)	$ (1,686,335)	$ (4,961,276)	$ (2,720,414)		
Net loss per share applicable to common shareholders						
Basic	$ (0.10)	$ (0.09)	$ (0.25)	$ (0.14)	$ (0.03)	$ (0.10)
Diluted	$ (0.10)	$ (0.09)	$ (0.25)	$ (0.14)	$ (0.03)	$ (0.10)
Weighted average number of common shares outstanding						
Basic	20,059,528	19,368,192	19,984,890	19,297,636	20,380,066	19,931,711

Diluted	20,059,528	19,368,192	19,984,890	19,297,636	20,380,066	19,931,711

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUEST RESOURCE HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(UNAUDITED)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Par Value	Capital	Deficit	Equity
Balance, December 31 2022	**19,696,006**	**$ 19,696**	**$ 173,876,319**	**$ (102,756,967)**	**$ 71,139,048**

Balance, December 31 2023						**20,161,400**	**$ 20,161**	**$ 176,309,463**	**$ (110,048,252)**	**$ 66,281,372**
Stock-based compensation	—	—	298,431	—	298,431	—	—	356,870	—	356,870
Stock option exercises	28,166	28	62,520	—	62,548	68,421	69	327,667	—	327,736
Net loss	—	—	—	(2,024,053)	(2,024,053)	—	—	—	(655,326)	(655,326)
Balance, March 31, 2023	19,724,172	19,724	174,237,270	(104,781,020)	69,475,974					

Stock-based compensation	—	—	362,319	—	362,319
Stock option exercises	35,000	35	52,815	—	52,850
Shares issued for Employee Stock Purchase Plan options	22,888	23	106,979	—	107,002
Net loss	—	—	—	(886,581)	(886,581)

Balance, June 30, 2023	19,782,060	19,782	174,759,383	(105,667,601)	69,111,564
Stock-based compensation	—	—	288,563	—	288,563
Stock option exercises	177,617	178	335,277	—	335,455
Net loss	—	—	—	(2,050,642)	(2,050,642)

Balance, September 30, 2023	19,959,677	$ 19,960	$ 175,383,223	$ (107,718,243)	$ 67,684,940
Balance, March 31, 2024	20,229,821	$ 20,230	$ 176,994,000	$ (110,703,578)	$ 66,310,652

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Par Value	Capital	Deficit	Equity
Balance, December 31, 2021	19,045,988	$ 19,046	$ 170,318,199	$ (96,708,981)	$ 73,628,264
Stock-based compensation	—	—	258,638	—	258,638

Net loss	—	—	—	(2,184,309)	(2,184,309)					
Balance, March 31, 2022	19,045,988	19,046	170,576,837	(98,893,290)	71,702,593					
Balance, December 31, 2022						**19,696,006**	**$ 19,696**	**$ 173,876,319**	**$ (102,756,967)**	**$ 71,139,048**
Stock-based compensation	—	—	326,894	—	326,894	—	—	298,431	—	298,431
Stock option exercises	53,465	53	92,375	—	92,428	28,166	28	62,520	—	62,548
Shares issued for Employee Stock Purchase Plan options	17,720	18	76,648	—	76,666					
Net income	—	—	—	1,150,231	1,150,231					

Balance, June 30, 2022	19,117,173	19,117	171,072,754	(97,743,059)	73,348,812					
Stock-based compensation	—	—	412,715	—	412,715					
Release of deferred stock units	28,650	29	(29)	—	—					
Stock option exercises	145,102	145	307,274	—	307,419					
Net loss	—	—	—	(1,686,335)	(1,686,335)	—	—	—	(2,024,053)	(2,024,053)
Balance, September 30, 2022	**19,290,925**	**$ 19,291**	**$ 171,792,714**	**$ (99,429,394)**	**$ 72,382,611**					
Balance, March 31, 2023						**19,724,172**	**$ 19,724**	**$ 174,237,270**	**$ (104,781,020)**	**$ 69,475,974**

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUEST RESOURCE HOLDING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30,		For the Three Months Ended March 31,	
	2023	2022	2024	2023
Cash flows from operating activities:				
Net loss	$ (4,961,276)	$ (2,720,414)	$ (655,326)	$ (2,024,053)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	645,047	571,738	172,985	238,163
Amortization of intangibles	6,840,559	6,969,692	2,322,912	2,270,805
Amortization of debt issuance costs and discounts	875,385	978,386	290,459	291,794
Provision for doubtful accounts	1,210,179	1,143,757	568,675	243,909
Stock-based compensation	949,313	998,247	356,870	298,431
Changes in operating assets and liabilities:				
Accounts receivable	(5,251,088)	(13,079,923)	(2,857,071)	2,068,972
Prepaid expenses and other current assets	(435,523)	(1,110,912)	299,388	(96,682)
Security deposits and other assets	195,634	(850,290)	26,288	28,597
Accounts payable and accrued liabilities	8,747,102	3,076,785	(1,724,567)	1,122,745
Other liabilities	(2,147,507)	(295,959)	(452,821)	(1,465,220)

Net cash provided by (used in) operating activities	6,667,825	(4,318,893)	(1,652,208)	2,977,461
Cash flows from investing activities:				
Purchase of property and equipment	(204,915)	(627,216)	(1,922,927)	(29,206)
Purchase of intangible assets	(1,051,978)	(631,615)	(340,603)	(211,515)
Acquisition, net of cash acquired	—	(3,137,758)		
Net cash used in investing activities	(1,256,893)	(4,396,589)	(2,263,530)	(240,721)
Cash flows from financing activities:				
Proceeds from credit facilities	63,672,337	59,023,146	27,547,858	17,076,405
Repayments of credit facilities	(70,514,967)	(54,353,819)	(23,313,078)	(19,344,461)
Proceeds from long-term debt	—	3,500,000		
Repayments of long-term debt	(7,819,633)	(1,124,774)	(289,713)	(289,713)
Proceeds from shares issued for Employee Stock Purchase Plan	107,002	76,666		
Proceeds from stock option exercises	450,853	399,847	327,736	62,548
Debt issuance costs	—	(139,550)	(100,000)	—
Net cash provided by (used in) financing activities	(14,104,408)	7,381,516		
Net decrease in cash and cash equivalents	(8,693,476)	(1,333,966)		
Net cash provided (used in) by financing activities			4,172,803	(2,495,221)
Net increase in cash and cash equivalents			257,065	241,519
Cash and cash equivalents at beginning of period	9,563,709	8,427,858	324,014	9,563,709
Cash and cash equivalents at end of period	**$ 870,233**	**$ 7,093,892**	**$ 581,079**	**$ 9,805,228**
Supplemental cash flow information:				

Cash paid for interest	$ 6,575,490	$ 3,918,191	$ 2,135,377	$ 2,099,611
Cash paid for income taxes, net	$ 328,098	$ 359,327	$ 1,400	$ 6,476
Supplemental non-cash investing and financing activities:				
Debt issuance costs			$ 306,847	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUEST RESOURCE HOLDING CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. The Company and Description of Business

The accompanying condensed consolidated financial statements include the accounts of Quest Resource Holding Corporation (“QRHC”) and its subsidiaries, Quest Resource Management Group, LLC (“Quest”), Landfill Diversion Innovations, LLC (“LDI”), Youchange, Inc. (“Youchange”), Quest Vertigent Corporation (“QVC”), Quest Vertigent One, LLC (“QV One”), and Quest Sustainability Services, Inc. (“QSS”) (collectively, “we”, and Sequoia Waste Management Solutions, LLC (“Sequoia”) (collectively, “we,” “us,” “us”, or “our company”). The subsidiaries RWS Facility Services, LLC (“RWS”) and Sustainable Solutions Group (“SSG”) were merged into Quest in 2023 and were subsequently dissolved as separate legal entities.

Operations – We are a national provider of waste and recycling services to customers from across multiple industry sectors that are typically larger, multi-location businesses. We create customer-specific programs and perform the related services for the collection, processing, recycling, disposal, and tracking of waste streams and recyclables. In addition, we offer products such as antifreeze and windshield washer fluid and other minor ancillary services. We also provide information and data that tracks and reports the detailed transactional and environmental results of our services and provides actionable data to improve business operations. The data we generate also enables our customers to address their environmental and sustainability goals and responsibilities.

On February 10, 2022, we acquired an independent environmental services company that primarily services customers in the northeast region of the United States. See Note 3 for more information regarding the acquisition.

2. Summary of Significant Accounting Policies

Principles of Presentation and Consolidation

The condensed consolidated financial statements included herein have been prepared by us without audit pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and should be read in conjunction with our audited financial statements for the year ended December 31, 2022 December 31, 2023. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted as permitted by the SEC, although we believe the disclosures that are made are adequate to make the information presented herein not misleading.

The accompanying condensed consolidated financial statements reflect, in our opinion, all normal recurring adjustments necessary to present fairly our financial position at September 30, 2023 March 31, 2024 and the results of our operations and cash flows for the periods presented. We derived the December 31, 2022 December 31, 2023 condensed consolidated balance sheet data from audited financial statements; however, we did not include all disclosures required by GAAP. As QRHC, Quest, LDI, Youchange, QVC, QV One, QSS, and Sequoia QSS each operate as environmental-based service companies, we did not deem segment reporting necessary.

All intercompany accounts and transactions have been eliminated in consolidation. Interim results are subject to seasonal variations, and the results of operations for the nine three months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results to be expected for the full year.

Recent Accounting Pronouncements

In June 2016, November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, 2023-07, *Financial Instruments – Credit Losses Segment Reporting (Topic 326) 280): Improvements to Reportable Segment Disclosures*, which provides guidance on measuring credit losses on financial instruments, requires incremental disclosures related to reportable segments, including trade receivables. The amended guidance replaces current incurred loss impairment methodology of recognizing credit losses when a loss is probable significant segment expense categories and amounts for each reportable segment. Entities with a new forward-looking approach single reportable segment are required to estimate expected credit losses. We adopted provide the new standard on January 1, 2023. The adoption of the new standard did disclosures required under Accounting Standards Codification ("ASC") 280. This authoritative guidance is required to be applied retrospectively and will be effective for our annual disclosures beginning in 2024 and interim periods starting 2025. This guidance is only related to disclosures and is not expected to have a material significant impact on our condensed consolidated financial statements as pre-existing processes statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires entities to provide additional disclosure related to the transparency and decision usefulness of income tax disclosures, including additional disclosure around the rate reconciliation and income taxes paid. The authoritative guidance should be applied prospectively and will be effective for estimating us starting in 2025. Retrospective application is permitted. This guidance is only related to disclosures and is not expected credit losses for trade receivables generally aligned with the expected credit loss model. to have a significant impact on our consolidated financial statements.

There have been no other recent accounting pronouncements or changes in accounting pronouncements that have been issued but not yet adopted that are of significance, or potential significance, to us.

3. Acquisition

On February 10, 2022, we acquired an independent environmental services company that primarily services customers in the northeast region of the United States for approximately $3.35 million. This acquisition was paid in cash and was financed with a draw down on the term loan pursuant to the Credit Agreement (as defined in Note 8). The purchase price was allocated to the acquired assets, primarily customer relationship intangibles and goodwill.

4. Accounts Receivable, Net of Allowance for Doubtful Accounts

Our receivables, which are recorded when billed or when services are performed, are claims against third parties that will generally be settled in cash. The carrying value of our receivables, net of the allowance for doubtful accounts, represents the estimated net realizable value. We estimate our allowance for doubtful accounts based on consideration of a number of factors, including the length of time trade accounts are past due, our previous loss history, the creditworthiness of individual customers, economic conditions

affecting specific customer industries, and economic conditions in general. We write off past-due receivable balances after all reasonable collection efforts have been exhausted. We credit payments subsequently received on such receivables to bad debt expense in the period we receive the payment.

The following table reflects the activity in our allowance for doubtful accounts of trade receivables for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(Unaudited)		(Unaudited)		(Unaudited)	
Beginning balance	$ 2,095,947	$ 1,728,974	$ 2,176,010	$ 840,522	$ 1,581,595	$ 2,176,010

Bad debt expense	639,820	411,802	1,210,179	1,143,757	568,675	243,909
Uncollectible accounts written off, net of recoveries	(378,422)	(63,129)	(1,028,844)	93,368	(192,208)	(145,379)
Ending balance	$ 2,357,345	$ 2,077,647	$ 2,357,345	$ 2,077,647	$ 1,958,062	$ 2,274,540

5. 4. Property and Equipment, Net, and Other Assets

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, property and equipment, net, and other assets consisted of the following:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(Unaudited)		(Unaudited)	
Property and equipment, net of accumulated depreciation of $3,085,471 and $2,499,797 as of September 30, 2023 and December 31, 2022, respectively	$ 2,237,547	$ 2,623,704		
Property and equipment, net of accumulated depreciation of $3,105,356 and $2,932,371 as of March 31, 2024 and December 31, 2023, respectively			$ 3,879,118	$ 2,129,176
Right-of-use operating lease assets	1,998,975	2,385,870	1,725,715	1,862,455
Security deposits and other assets	629,199	901,653	610,460	634,459
Property and equipment, net, and other assets	$ 4,865,721	$ 5,911,227	$ 6,215,293	$ 4,626,090

We compute depreciation using the straight-line method over the estimated useful lives of the property and equipment. Depreciation expense for the three months ended September 30, 2023 March 31, 2024 was $150,594 172,985, including $96,086 133,793 of depreciation expense reflected within “Cost of revenue” in our condensed consolidated statements of operations as it related to assets used in directly servicing customer contracts and contracts. Depreciation expense for the three months ended March 31, 2023 was $645,047 238,163 for the nine months ended September 30, 2023, including $266,923 84,123 of depreciation expense reflected within “Cost of revenue.” Depreciation expense for the three months ended September 30, 2022 was $201,345, including $80,903 of depreciation expense reflected within “Cost of revenue,” and was $571,738 for the nine months ended September 30, 2022, including $232,839 reflected in “Cost of revenue.”

We recorded right-of-use purchased 116 compactors, which were previously leased, and related equipment in the first quarter of 2024 for approximately $1.6 million. We purchased an additional 92 compactors and related equipment, which were also previously leased, on April 1, 2024 for approximately $1.5 million. All of the equipment is located at various customer locations. We subsequently financed 80% of the aggregate purchase price with draws on our PNC equipment term loan in the second quarter of 2024. Refer to Note 7, *Notes Payable* for additional information.

Right-of-use operating lease assets related to our office leases are recognized in accordance with ASC 842. Refer to Note 9, 8, *Leases* for additional information.

6. 5. Goodwill and Other Intangible Assets

The components of goodwill and other intangible assets were as follows:

September 30, 2023 (Unaudited)	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net				
March 31, 2024 (Unaudited)					**Estimated Useful Life**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**
Finite lived intangible assets:								
Customer relationships	5 years	$ 39,250,000	$ 15,696,355	$ 23,553,645	5 years	$ 39,250,000	$ 19,597,196	$ 19,652,804
Software	7 years	3,651,144	1,716,339	1,934,805	7 years	4,570,895	1,921,671	2,649,224
Trademarks	7 years	2,019,612	585,858	1,433,754	7 years	2,026,163	729,627	1,296,536
Non-compete agreements	3 years	2,250,000	1,404,445	845,555	3 years	2,250,000	1,779,445	470,555
Total finite lived intangible assets		$ 47,170,756	$ 19,402,997	$ 27,767,759		$ 48,097,058	$ 24,027,939	$ 24,069,119

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December 31, 2022	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net				
December 31, 2023					**Estimated Useful Life**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**
Finite lived intangible assets:								
Customer relationships	5 years	$ 39,250,000	$ 9,808,855	$ 29,441,145	5 years	$ 39,250,000	$ 17,636,463	$ 21,613,537
Software	7 years	2,609,374	1,541,500	1,067,874	7 years	4,230,291	1,819,287	2,411,004
Trademarks	7 years	2,009,403	370,137	1,639,266	7 years	2,026,163	657,331	1,368,832
Non-compete agreements	3 years	2,250,000	841,945	1,408,055	3 years	2,250,000	1,591,945	658,055
Total finite lived intangible assets		$ 46,118,777	$ 12,562,437	$ 33,556,340		$ 47,756,454	$ 21,705,026	$ 26,051,428

September 30, 2023 (Unaudited) and December 31, 2022	Estimated Useful Life	Carrying Amount		
March 31, 2024 (Unaudited) and December 31, 2023			**Estimated Useful Life**	**Carrying Amount**
Indefinite lived intangible asset:				
Goodwill	Indefinite	$ 84,258,206	Indefinite	$ 85,828,238

We compute amortization using the straight-line method over the useful lives of the finite lived intangible assets. Amortization expense related to finite lived intangible assets was $2.3 million and $2.4 2.3 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. Amortization expense related to finite lived intangible assets was $6.8 million and $7.0 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

We have no indefinite-lived intangible assets other than goodwill. $69.2 70.8 million of the goodwill is not deductible for tax purposes, while $15.0 million of goodwill is deductible over its tax-basis life.

We performed our annual impairment analysis for goodwill and other intangible assets in the third quarter of 2023 with no impairment recorded.

7. 6. Current Liabilities

The components of Accounts payable and accrued liabilities were as follows:

	September 30, 2023 (Unaudited)	December 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
Accounts payable	$ 37,120,877	$ 28,744,858	$ 36,341,674	$ 38,600,461
Accrued taxes	963,580	331,936	555,250	484,854
Employee compensation	1,709,313	1,812,028	2,215,418	1,478,826
Operating lease liabilities - current portion	493,048	489,938	479,482	493,928
Miscellaneous	629,908	828,701	259,837	238,097
	$ 40,916,726	$ 32,207,461	$ 39,851,661	$ 41,296,166

Refer to Note 9, 8, *Leases* for additional disclosure related to the operating lease liabilities.

The components of Other current liabilities were as follows:

	September 30, 2023 (Unaudited)	December 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
Deferred revenue			$ 2,017,261	$ 1,509,690
Deferred consideration - earn-out	$ 680,502	1,957,255	—	960,000
Deferred revenue	1,817,330	2,731,350		
	$ 2,497,832	$ 4,688,605	$ 2,017,261	$ 2,469,690

We made a $1.2 1.0 million earn-out payment in the first quarter of 2023 2024 related to an acquisition.

8. 7. Notes Payable

Our debt obligations were as follows:

	Interest Rate (1)	September 30, 2023	December 31, 2022
		(Unaudited)	
Monroe Term Loan (2)	11.94%	$ 53,656,156	$ 61,073,151
Green Remedies Promissory Note (3)	3.00%	1,235,332	1,637,970
PNC ABL Facility (4)	7.47%	5,395,404	12,238,034
Total notes payable		60,286,892	74,949,155
Less: Current portion of long-term debt		(1,158,800)	(1,158,800)
Less: Unamortized debt issuance costs		(1,539,682)	(2,122,715)
Less: Unamortized OID		(211,506)	(288,643)
Less: Unamortized OID warrant		(590,891)	(806,106)
Notes payable, net		$ 56,786,013	$ 70,572,891

(1) Interest rates as of September 30, 2023

(2) Bears interest based on SOFR plus Applicable Margin ranging from 5.5% to 7.5%

(3) Stated interest rate of 3.0%

(4) Bears interest based on Adjusted Term SOFR plus a margin ranging from 1.75% to 2.25%

	Interest Rate (1)	March 31, 2024	December 31, 2023
		(Unaudited)	
Monroe Term Loan (2)	12.44%	$ 53,345,156	$ 53,500,656
PNC ABL Facility (3)	7.73%	17,480,269	13,245,489
Green Remedies Promissory Note (4)	3.00%	966,907	1,101,120
Total notes payable		71,792,332	67,847,265
Less: Current portion of long-term debt		(1,158,800)	(1,158,800)
Less: Unamortized debt issuance costs		(1,559,178)	(1,345,339)
Less: Unamortized OID		(160,080)	(185,793)
Less: Unamortized OID warrant		(447,415)	(519,153)
Notes payable, net		$ 68,466,859	$ 64,638,180

(1) Interest rates as of March 31, 2024

(2) Bears interest based on SOFR plus Applicable Margin ranging from 5.5% to 7.5%

(3) Bears interest based on Term SOFR plus a margin of 2.25%

(4) Stated interest rate of 3.0%

We capitalize financing costs we incur related to implementing our debt arrangements. We record these debt issuance costs associated with our revolving credit facility and our term loan as a reduction of long-term debt, net and amortize them over the contractual life of the related debt arrangements. The table below summarizes changes in debt issuance costs.

	September 30, 2023	March 31, 2024
Debt issuance costs, net of accumulated amortization		
Balance at December 31, 2022	$ 2,122,715	
Balance at December 31, 2023		$ 1,345,339
Financing costs deferred		406,847
Less: Amortization expense	(583,033)	(193,008)
Balance at September 30, 2023 (Unaudited)	$ 1,539,682	
Balance at March 31, 2024 (Unaudited)		$ 1,559,178

Revolving Credit Facility

On August 5, 2020, QRHC and certain of its domestic subsidiaries entered into a Loan, Security and Guaranty Agreement (the "PNC Loan Agreement"), which was subsequently amended on October 19, 2020, December 7, 2021, August 9, 2022, December 2, 2022, and December 2, 2022, March 29, 2024 with BBVA USA (which was subsequently succeeded in interest by PNC Bank, National Association ("PNC")), as a lender, and as administrative agent, collateral agent, and issuing bank, and which provides for a credit facility (the "ABL Facility") comprising an asset-based revolving credit facility in the maximum principal amount of $25.0 35.0 million with a sublimit for issuance of letters of credit of up to 10% of the maximum principal amount of the revolving credit facility. The revolving credit facility bears interest, at the borrowers' option, at either the Base Rate, plus a margin ranging from 0.75% to of 1.25% (no borrowings as of September 30, 2023 March 31, 2024), or the Adjusted Term SOFR Rate for the interest period in effect plus a margin ranging from 1.75% to of 2.25% (7.47 7.73% as of September 30, 2023 March 31, 2024). The maturity date of the revolving credit facility is April 19, 2025 2026. The revolving credit PNC Loan Agreement also provides for an equipment term loan facility contains an accordion feature permitting in the revolving credit facility to be increased by up to maximum principal amount of

$10 5.0 million. The equipment term loan, which had no borrowings as of March 31, 2024, bears interest, at the borrower's option, at either the Base Rate, plus a margin of 2.0%, or the Term SOFR Rate for the interest period in effect plus a margin of 3.0%. As further discussed in Note 4, we drew $2.5 million on the equipment term loan in April 2024 to fund 80% of the aggregate purchase price of certain compactors and related equipment.

As of September 30, 2023 March 31, 2024, the ABL Facility borrowing base availability was $21,843,961 33,067,432, of which $5,395,404 17,480,269 principal was outstanding.

Monroe Term Loan

On October 19, 2020, QRHC and certain of its domestic subsidiaries entered into a Credit Agreement (the "Credit Agreement"), dated as of October 19, 2020, which was subsequently amended on September 3, 2021, December 1, 2021, December 7, 2021, December 2, 2022, and December 2, 2022, March 29, 2024 with Monroe Capital Management Advisors, LLC ("Monroe Capital"), as administrative agent for the lenders thereto. Among other things, the Credit Agreement provides for the following:

- A senior secured term loan facility in the principal amount of $53.7 53.3 million as of September 30, 2023 March 31, 2024. The senior secured term loan accrues interest at the SOFR Rate for SOFR Loans plus the Applicable Margin; provided, that if the provision of SOFR Loans becomes unlawful or unavailable, then interest will be payable at a rate per annum equal to the Base Rate from time to time in effect plus the Applicable Margin for Base Rate Loans. The maturity date of the term loan facility is October 19, 2025 2026 (the "Maturity Date"). The senior secured term loan will amortize in aggregate annual amounts equal to 1.00% of the

original principal amount of the senior secured term loan facility with the balance payable on the Maturity Date. Proceeds of the senior secured term loan are permitted to be used for Permitted Acquisitions (as defined in the Cre Agreement).

- An accordion term loan facility in the maximum principal amount of $5.3 million. Loans under the accordion loan facility may be requested at any time until the Maturity Date. Each accordion term loan shall be on the same terms as those

applicable to the senior secured term loan. Proceeds of accordion term loans are permitted to be used for Permittec Acquisitions.

At the same time as the borrowing of the initial $11.5 million under the Credit Agreement in October 2020, in a separate agreement, we issued Monroe Capital a warrant to purchase 500,000 shares of QRHC's common stock exercisable immediately. For the delayed draw term loan facility, we issued a separate warrant to purchase 350,000 shares upon drawing on this facility on October 19, 2021. Both warrants have an exercise price of $1.50 per share and an expiration date of March 19, 2028. We estimated the value of the warrants issued using the Black Scholes option pricing model and recorded a debt discount ("OID") of approximately $766,000 in 2020 for the 500,000-share warrant and $536,000 in 2021 for the 350,000-share warrant which are being amortized over the term of the Credit Agreement. We also executed a letter agreement that provides that the warrant holder will receive minimum net proceeds of $1 million less any net proceeds received from the sale of the warrant shares, which is conditional on the full exercise and sale of all the warrant shares at the same time and upon a date two years after the closing date of such agreement.

Green Remedies Promissory Note

On October 19, 2020, we issued an unsecured subordinated promissory note to Green Remedies Waste and Recycling, Inc. in the aggregate principal amount of $2,684,250, payable commencing on January 1, 2021 in quarterly installments through October 1, 2025 and subject to an interest rate of 3.0% per annum.

Interest Expense

The amount of interest expense related to borrowings for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was $1,915,631 1,973,716 and $1,577,669, respectively. The amount of interest expense related to borrowings for the nine months ended September 30, 2023 and 2022 was $5,944,798 and $4,097,400 1,956,089, respectively. Interest expense related to amortization of debt issuance fees, and debt discount costs as well as interest related to vendor supply chain financing programs totaled $492,445 498,245 and $334,320 486,939, respectively, for the three months ended September 30, 2023 March 31, 2024 and 2022. Interest expense related to amortization of debt issuance fees, and debt discount costs as well as interest related to vendor supply chain financing programs totaled $1,462,408 and $960,001, respectively, for the nine months ended September 30, 2023 and 2022. 2023.

9. 8. Leases

Our leases are primarily related to office space and are classified as operating leases.

Lease Costs

For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, we recorded approximately $186,000 178,000 and $207,000, respectively, of fixed cost operating lease expense. For the nine months ended September 30, 2023 and 2022, we recorded approximately $561,000 and $669,000 190,000, respectively, of fixed cost operating lease expense.

Cash paid for operating leases approximated operating lease expense and non-cash right of use asset amortization for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. We did not obtain any new operating lease right-of-use assets in the nine three months ended September 30, 2023 March 31, 2024.

Balance Sheet Classification

The table below presents the lease related assets and liabilities recorded on the balance sheet. Right-of-use assets and related liabilities related to finance leases at September 30, 2023 March 31, 2024 are de minimis.

Operating leases:	September 30, 2023 (Unaudited)	December 31, 2022	March 31, 2024 (Unaudited)	December 31, 2023
Right-of-use operating lease assets:				
Property and equipment, net and other assets	$ 1,998,975	$ 2,385,870	$ 1,725,715	$ 1,862,455
Lease liabilities:				
Accounts payable and accrued liabilities	$ 493,048	$ 489,938	$ 479,482	$ 493,928
Other long-term liabilities	1,395,607	1,724,244	1,166,633	1,274,691
Total operating lease liabilities	$ 1,888,655	$ 2,214,182	$ 1,646,115	$ 1,768,619

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10. 9. Revenue

Operating Revenues

We provide businesses with services to reuse, recycle, and dispose of a wide variety of waste streams and recyclables generated by their operations. Our service revenue is primarily generated from fees charged for the collection, transfer, processing disposal and disposal of both solid waste and recyclable materials recycling services and from sales of recyclable materials. commodities by our recycling operations. In addition, we have product sales and other revenue primarily from sales of products such as antifreeze and windshield washer fluid, as well as minor ancillary services.

Revenue Recognition

We recognize revenue as services are performed or products are delivered. For example, we recognize revenue as waste and recyclable material are collected or when products are delivered. We recognize revenue net of any contracted pricing discounts or rebate arrangements.

We generally recognize revenue for the gross amount of consideration received as we are generally the primary obligor (or principal) in our contracts with customers as when we hold complete responsibility to the customer for contract fulfillment. fulfillment, making us the primary obligor (or principal). Depending on the key terms of the arrangement, which may include situations in which we are not primarily obligated, we the primary obligor, do not have credit risk, or we determine amounts earned using fixed percentage or fixed fee schedules, we may record the revenue net of certain cost amounts. We During the three months ended March 31, 2024 and 2023, we had certain management fee contracts accounted for under the net basis method with net revenue of totaling $120,467 121,005 and $92,475 71,236, for the three months ended September 30, 2023 and 2022, respectively. We had net revenue from management fee contracts accounted for under the net basis revenue method of $277,121 and $392,451 for the nine months ended September 30, 2023 and 2022, respectively. We record amounts collected from customers for sales tax on a net basis.

Disaggregation of Revenue

The following table presents our revenue disaggregated by source. Two customers accounted for an aggregate of 28.2 36.3% of revenue for the three months ended September 30, 2023 March 31, 2024 and two customers accounted for 21.0 26.3% of revenue for the three months ended September 30, 2022. Two customers accounted for an aggregate of 28.1% of revenue for the nine months ended September 30, 2023 and one customer accounted for 14.5% of revenue for the nine months ended September 30, 2022 March 31, 2023. We operate primarily in the United States, with minor services in Canada.

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(Unaudited)		(Unaudited)		(Unaudited)	
Revenue Type:						
Services	$ 67,672,666	$ 70,895,554	$ 210,622,181	$ 213,934,853	$ 69,801,492	$ 71,306,740
Product sales and other	2,752,759	2,462,739	8,414,242	7,850,396	2,849,829	2,806,963
Total revenue	$ 70,425,425	$ 73,358,293	$ 219,036,423	$ 221,785,249	$ 72,651,321	$ 74,113,703

Contract Balances

Our incremental direct costs of obtaining a customer contract are generally deferred and amortized to selling, general, and administrative expense or as a reduction to revenue (depending on the nature of the cost) over the estimated life of the customer contract. We classify our contract acquisition costs as current or noncurrent based on the timing of when we expect to recognize the amortization and are included in other assets.

As of September 30, 2023 and December 31, 2022, we had $50,000 and $566,667 of deferred contract costs, respectively. During the three months ended September 30, 2023 and 2022, we amortized$83,333 and $102,500, respectively, of deferred contract costs to selling, general, and administrative expense. During the nine months ended September 30, 2023 and 2022, we amortized $283,333 and $307,500, respectively, of deferred contract costs to selling, general, and administrative expense. Deferred Revenue

We bill certain customers one month in advance, and, accordingly, we defer recognition of related revenues as a contract liability until the services are provided and control is transferred to the customer. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had $1,817,330 2,017,261 and $2,731,350 1,509,690, respectively, of deferred revenue which was classified in “Other current liabilities.”

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11. 10. Income Taxes

Our statutory income tax rate is anticipated to be approximately 26%. We had income tax expense of $650,387 59,348 and $479,011 368,504 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, which was attributable to state tax obligations for states with no net operating loss carryforwards, and the continuing reserve against the benefit of net operating loss carryforwards at the federal level. level, and other timing differences.

We compute income taxes using the asset and liability method in accordance with FASB ASC Topic 740, *Income Taxes*. Under the asset and liability method, we determine deferred income tax assets and liabilities based on the differences between the financial reporting and tax bases of assets and liabilities and measure them using currently enacted tax rates and laws. We provide a valuation allowance to reduce the amount of deferred tax assets that, based on available evidence, is more likely than not to be realized. Realization of our net operating loss carryforward deferred tax assets was not reasonably assured as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, and we had recorded a valuation allowance of $15,942,000 17,565,000 and $13,999,000 17,413,000, respectively, against deferred tax assets in excess of deferred tax liabilities in the accompanying condensed consolidated financial statements. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had federal income tax net operating loss carryforwards of approximately $6,900,000 3,200,000 and $5,600,000 5,900,000, respectively, which expire at various dates ranging from 2034-2037.

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11. Fair Value of Financial Instruments

Our financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, deferred revenue, and notes payable. We do not believe that we are exposed to significant currency or credit risks arising from these financial instruments. Our variable rate indebtedness subjects us to interest rate risk as all of the borrowings under the senior secured credit facilities bear interest at variable rates. The fair values of our financial instruments approximate their carrying values, based on their short maturities or, for notes payable, based on borrowing rates currently available to us for loans with similar terms and maturities. Contingent liabilities are measured at fair value on a recurring basis. The fair value measurements are generally determined using unobservable inputs and are classified within Level 3 of the fair value hierarchy.

13. 12. Stockholders' Equity

Preferred Stock – Our authorized preferred stock consists of 10,000,000 shares of preferred stock with a par value of $0.001, of which no shares have been issued or are outstanding.

Common Stock – Our authorized common stock consists of 200,000,000 shares of common stock with a par value of $0.001, of which 19,959,677 20,229,821 and 19,696,006 20,161,400 shares were issued and outstanding as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Employee Stock Purchase Plan – On September 17, 2014, our stockholders approved our 2014 Employee Stock Purchase Plan (as amended, the "ESPP"). On May 16, 2023, we issued 22,888 shares to employees for $107,002 under our ESPP for options that vested and were exercised. We recorded expense of $79,993 20,551 and $63,369 22,910 related to the ESPP for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Warrants – The following table summarizes the warrants issued and outstanding as of September 30, 2023 March 31, 2024:

Warrants Issued and Outstanding as of March 31, 2024	Warrants Issued and Outstanding as of September 30, 2023				Warrants Issued and Outstanding as of March 31, 2024			
	Date of		Exercise	Shares of Common Stock	Date of		Exercise	Shares of Common Stock
Description	Issuance	Expiration			Issuance	Expiration		
Exercisable Warrants	10/19/2020	3/19/2028	$ 1.50	500,000	10/19/2020	3/19/2028	$ 1.50	500,000
Exercisable Warrants	10/19/2021	3/19/2028	$ 1.50	350,000	10/19/2021	3/19/2028	$ 1.50	350,000

Total warrants issued and outstanding (Unaudited)	Total warrants issued and outstanding (Unaudited) 850,000	Total warrants issued and outstanding (Unaudited) 850,000

Stock Options – We recorded stock option expense of $664,629 145,816 and $730,037 250,254 for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. The following table summarizes the stock option activity for the nine three months ended September 30, 2023 March 31, 2024:

	Stock Options			
	Number of Shares	Exercise Price Per Share		Weighted-Average Exercise Price Per Share
Outstanding at December 31, 2022	3,179,388	$1.17 — $23.20	$	3.23
Granted	152,500	$5.50	$	5.50
Exercised	(240,783)	$1.17 — $4.08	$	1.87
Cancelled/Forfeited	(25,021)	$1.51 — $21.20	$	12.89
Outstanding at September 30, 2023 (Unaudited)	3,066,084	$1.17 — $23.20	$	3.37

	Stock Options			
	Number of Shares	Exercise Price Per Share		Weighted-Average Exercise Price Per Share
Outstanding at December 31, 2023	2,869,013	$1.17 — $23.20	$	3.33
Exercised	(68,421)	$3.83 — $6.40	$	4.79
Cancelled/Forfeited	(30,328)	$1.83 — $6.30	$	3.55
Outstanding at March 31, 2024 (Unaudited)	2,770,264	$1.17 — $23.20	$	3.29

Deferred Stock Units – Nonemployee directors can elect to receive all or a portion of their annual retainers in the form of deferred stock units (“DSUs”). The DSUs are recognized at their fair value on the date of grant. Each DSU represents the right to receive one share of our common stock following the completion of a director's service. During the nine three months ended September 30, 2023 March 31, 2024, we granted 4,662 2,772 DSUs and recorded director compensation expense of $30,128 20,598 related to the grants. In addition, during the nine three months ended September 30, 2023 March 31, 2024, we granted 14,089 1,195 DSUs to executive employees and recorded compensation expense of $118,162, which includes an accrual of anticipated bonus expense to be paid in DSUs for certain executive employees.

During the nine months ended September 30, 2022, we granted 5,317 DSUs and recorded director compensation expense of $29,211 related to the grants. In addition, during the nine months ended September 30, 2022, we granted 35,201 DSUs to executive employees and recorded compensation expense of $175,629 58,329, which includes an accrual of anticipated bonus expense to be paid in DSUs for certain executive employees. We had 230,166 235,602 and 211,415 231,635 DSUs outstanding at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Restricted Stock Units - During the nine months ended September 30, 2023, we granted restricted stock units Restricted Stock Units ("RSUs") to nonemployee directors as part of their annual board compensation. The RSUs are recognized at their fair value on the date of grant. Each RSU represents the right to receive one share of our common stock once fully vested. All outstanding unvested RSUs currently have one year vesting terms. During the nine three months ended September 30, 2023 March 31, 2024, we granted 61,056 RSUs and recorded director compensation expense of $56,401 111,576 related to the 2023 RSU grants. We had 61,056 RSUs outstanding at March 31, 2024 and December 31, 2023. These RSUs were not vested at September 30, 2023 March 31, 2024.

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13. Net Loss per Share

We compute basic net loss per share using the weighted average number of shares of common stock outstanding plus the number of common stock equivalents for DSUs during the period. We compute diluted net income (loss) per share using the weighted average number of shares of common stock outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods where losses are reported, the weighted average number of shares of common stock outstanding excludes common stock equivalents because their inclusion would be anti-dilutive. Dilutive potential common shares consist of the incremental common shares issuable upon the exercise of outstanding stock options and warrants. The dilutive effect of outstanding stock options and warrants is reflected in diluted earnings per share by application of the treasury stock method.

The computation of basic and diluted net loss per share attributable to common stockholders is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(Unaudited)		(Unaudited)		(Unaudited)	
Numerator:						
Net loss applicable to common stockholders	$ (2,050,642)	$ (1,686,335)	$ (4,961,276)	$ (2,720,414)	$ (655,326)	$ (2,024,053)
Denominator:						
Weighted average common shares outstanding, basic	20,059,528	19,368,192	19,984,890	19,297,636	20,380,066	19,931,711
Effect of dilutive common shares	—	—	—	—	—	—
Weighted average common shares outstanding, diluted	20,059,528	19,368,192	19,984,890	19,297,636	20,380,066	19,931,711
Net loss per share:						
Basic	$ (0.10)	$ (0.09)	$ (0.25)	$ (0.14)	$ (0.03)	$ (0.10)
Diluted	$ (0.10)	$ (0.09)	$ (0.25)	$ (0.14)	$ (0.03)	$ (0.10)
Anti-dilutive securities excluded from diluted net loss per share:						
Stock options	68,455	318,157	82,344	318,157	62,968	82,657
Warrants	—	—	—	—		
Total anti-dilutive securities excluded from net loss per share	68,455	318,157	82,344	318,157		

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The statements contained in this Quarterly Report on Form 10-Q 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 (the "Exchange Act"). All statements other than statements of historical facts contained in or incorporated by reference into this Form 10-Q, 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 Form 10-Q include statements regarding the impact, if any, of the adoption of the an ASU on our consolidated financial statements; the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic on our results of operations and any changes to inflation rates; exposure to significant interest, currency, or credit risks arising from our financial instruments; and sufficiency of our cash and cash equivalents, borrowing capacity, and cash generated from operations to fund our operations for the next 12 months. 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 or incorporated by reference into this Form 10-Q reflect our views as of the date of this Form 10-Q 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, including the impact of our business acquisitions in 2022 and 2021 on future results, the state of the U.S. economy in general, general economic conditions and the potential effect of inflationary pressures and increased interest rates on our cost of doing business, could cause actual results to differ materially from those indicated by the forward-looking statements and other risks detailed from time to time in our reports to the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report").

Business Overview

We are a national provider of waste and recycling services to customers from across multiple industry sectors that are typically larger, multi-location businesses. We create customer-specific programs and perform the related services for the collection, processing, recycling, disposal, and tracking of waste streams and recyclables. We also provide information and data that tracks and reports the detailed transactional and environmental results of our services and provides actionable data to improve business operations. The data we generate also enables our customers to address their business, sustainability, environmental, social and governance goals and responsibilities.

Our revenue is primarily generated from fees charged for our collection, transfer, disposal and services for both solid waste and recyclable materials and from sales of recyclable materials. In addition, we have product sales and other revenue primarily from sales of products such as antifreeze and windshield washer fluid, as well as minor ancillary services.

This “Management’s Discussion and Analysis of Financial Condition and Results of Operations” is based on and relates primarily to the operations of QRHC and QRMG (collectively, “we,” “us,” “our,” or “our company”).

Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023 Operating Results

The following table summarizes our operating results for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(Unaudited)		(Unaudited)		(Unaudited)	
Revenue	$ 70,425,425	$ 73,358,293	$ 219,036,423	$ 221,785,249	$ 72,651,321	$ 74,113,703
Cost of revenue	57,995,192	61,174,960	180,471,602	183,685,111	58,614,865	61,483,944
Gross profit	12,430,233	12,183,333	38,564,821	38,100,138	14,036,456	12,629,759
Operating expenses:						
Selling, general, and administrative	9,620,114	9,332,721	28,249,820	27,975,550	9,798,369	9,417,436

Depreciation and amortization	2,341,581	2,473,339	7,218,683	7,308,591	2,362,104	2,424,844
Total operating expenses	11,961,695	11,806,060	35,468,503	35,284,141	12,160,473	11,842,280
Operating income	468,538	377,273	3,096,318	2,815,997	1,875,983	787,479
Interest expense	(2,408,076)	(1,911,989)	(7,407,207)	(5,057,400)	(2,471,961)	(2,443,028)
Loss before taxes	(1,939,538)	(1,534,716)	(4,310,889)	(2,241,403)	(595,978)	(1,655,549)
Income tax expense	111,104	151,619	650,387	479,011	59,348	368,504
Net loss	$ (2,050,642)	$ (1,686,335)	$ (4,961,276)	$ (2,720,414)	$ (655,326)	$ (2,024,053)

Three and Nine Months Ended September 30, 2023 March 31, 2024, compared to Three and Nine Months Ended September 30, 2022 March 31, 2023

Global Economic Trends

The global There has been heightened uncertainty in the macroeconomic environment, and concerns that the U.S. economy including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines may fall into a recession since the Federal Reserve began aggressively raising interest rates in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates and uncertainty about economic stability. For example, March 2022 to address persistently high inflation. There are also significant geopolitical concerns, including the current conflict between Ukraine and Russia has and the Israel-Hamas war, which have created extreme volatility in the global capital markets and is are expected to have further global economic consequences, including disruptions of the global supply chain and energy markets. Any such volatility and disruptions may have adverse consequences on us or the third parties on whom we rely. If the equity and credit markets continue to deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Inflation can adversely affect us by increasing our costs, including salary costs. Any significant increases in inflation and related increases in interest rates could have a material adverse effect on our business, results of operations and financial condition.

Revenue

For the quarter ended September 30, 2023 March 31, 2024, revenue was $70.4 million $72.7 million, a decrease of $2.9 million $1.5 million, or 4.0% 2.0%, compared to $73.4 million $74.1 million for the quarter ended September 30, 2022 March 31, 2023. For the nine months ended September 30, 2023,

The slight decline in revenue was $219.0 million, attributable to lower volumes from three customers, whose margins were lower overall than the rest of the business, resulting in a decrease of $2.7 million, or 1.2%, compared to $221.8 million for the nine months ended September 30, 2022.

The decrease for the quarter was primarily due to an revenues of approximately $6 million decrease in revenues at RWS, which $7 million. This was acquired in 2021. These declines were partially offset by an overall strong increase in demand for non-recyclable materials services from both new and continuing customers resulting in approximately $4 million in additional revenues, which includes an approximately $0.4 million negative billing adjustment for a large customer. Recyclable materials revenues decreased approximately $1 million in the quarter compared to the prior year.

For the nine months ended September 30, 2023, revenues declined slightly as an approximately $15.5 million increase in overall demand for non-recyclable materials services the remaining business which contributed approximately $5 million in additional revenue, an increase of 8% from both new and continuing customers were offset by an approximately $7 million decrease the same period in recyclable materials revenues and an approximately $11 million decline in revenues from RWS. 2023.

Cost of Revenue/Gross Profit

Cost of revenue decreased $3.2 million $2.9 million to $58.0 million $58.6 million for the quarter ended September 30, 2023 March 31, 2024 from $61.2 million $61.5 million for the quarter ended September 30, 2022. Cost of revenue decreased $3.2 million to $180.5 million for the nine months ended September 30, 2023 compared to $183.7 million for the nine months ended September 30, 2022 March 31, 2023. The changes were primarily due to the same reasons impacting the decrease in revenue and also includes an unfavorable adjustment to cost of revenues of approximately $0.5 million related to RWS. revenue.

Gross profit for the quarter ended September 30, 2023 March 31, 2024 was $12.4 million $14.0 million, an increase of $0.2 million $1.4 million, compared to $12.2 million $12.6 million for the quarter ended September 30, 2022 March 31, 2023. The gross profit margin was 17.7% 19.3% for the quarter ended September 30, 2023 March 31, 2024 compared to 16.6% 17.0% for the same quarter of 2022. Gross profit for the nine months ended September 30, 2023 was $38.6 million, compared to $38.1 million for the nine months ended September 30, 2022. The gross profit margin was 17.6% for the nine months ended September 30, 2023, compared to 17.2% for the nine months ended September 30, 2022. 2023. The changes in gross profit and gross profit margin percentage for the quarter were primarily due to the net effect impacts of the impact of increased services from certain new and continuing customers, change in the mix of services and relative gross profit margins from new and acquired customer base, reduced operations at certain other customers, and changes in values for recyclable materials. both revenue and cost of revenue combined with broad margin gains across most of our business.

Revenue, gross profit, and gross profit margins are affected period to period by the volumes of waste and recyclable materials generated by our customers, the frequency and type of services provided, the price and mix of the services provided, price changes for recyclable materials, the cost and mix of subcontracted services provided in any one reporting period, and the timing of acquisitions and integration. Volumes of waste and recycling recyclable materials generated by our customers is impacted period to period based on several factors including their production or sales levels, demand of their product or services in the market, supply chain reliability, and labor force stability, among other business factors.

Operating Expenses

Operating expenses were $12.0 million $12.2 million and $11.8 million for the quarters ended September 30, 2023 March 31, 2024 and 2022, respectively. Operating expenses were $35.5 million and $35.3 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Selling, general, and administrative expenses were $9.6 million $9.8 million and $9.3 million $9.4 million for the quarters ended September 30, 2023 March 31, 2024 and 2022, respectively. Selling, general, and administrative expenses were $28.2 million and $28.0 million for the nine months ended September 30, 2023 and 2022, 2023, respectively. Selling, general, and administrative expenses for both the quarter and nine months were mostly flat compared to the prior year periods.

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period.

Operating expenses for the quarters ended September 30, 2023 March 31, 2024 and 2022 2023 included depreciation and amortization of $2.3 million $2.4 million and $2.5 million, respectively. Operating expenses for the nine months ended September 30, 2023 and 2022 included depreciation and amortization of $7.2 million and $7.3 million $2.4 million, respectively.

Interest Expense

Interest expense was $2.4 million $2.5 million and $1.9 million $2.4 million for the quarters ended September 30, 2023 March 31, 2024 and 2022, respectively, an increase of approximately $0.5 million. Interest expense was $7.4 million and $5.1 million for the nine months ended September 30, 2023 and 2022, respectively, an increase of approximately $2.3 million. 2023, respectively. The slight increase is primarily due to increases in base interest rates, which is partially offset by reduced borrowings from voluntary paydowns on the term loan in the first nine months of 2023. We are amortizing debt issuance costs of $3.3 million $3.7 million and OID of $2.2 million $1.8 million to interest expense over the life of the related debt arrangements as discussed in Note 8 7 to our condensed consolidated financial statements.

Income Taxes

We recorded a provision for income tax of $111,104 $59,348 and $151,619 $368,504 for the quarters ended September 30, 2023 March 31, 2024 and 2022, respectively. We recorded a provision for income tax of $650,387 and $479,011 for the nine months ended September 30, 2023 and 2022, 2023, respectively. The provision for income tax is primarily attributable to state tax obligations based on current estimated state tax apportionments for states with no net operating loss carryforwards.

We recorded a full valuation allowance against all our deferred tax assets ("DTAs") as of both September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. We intend on maintaining a full valuation allowance on our DTAs until there is sufficient evidence to support the reversal of all

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or some portion of these allowances. However, given our current earnings and anticipated future earnings, we believe that there is a reasonable possibility that within the next 12 to 24 months, sufficient positive evidence may become available to allow us to reach a conclusion that a significant portion of the valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of certain DTAs and a decrease to income tax expense for the period the release is recorded. However, the exact timing and amount of the valuation allowance release are subject to change based on the level of profitability that we are able to actually achieve.

Net Loss

Net loss for the quarter ended September 30, 2023 March 31, 2024 was $(2.1) $(0.7) million compared to net loss of $(1.7) $(2.0) million for the quarter ended September 30, 2022. Net loss for the nine months ended September 30, 2023 was $(5.0) million compared to net loss of $(2.7) million for the nine months ended September 30, 2022 March 31, 2023. The explanations above detail the majority of the changes related to the change in net results.

Our operating results, including revenue, operating expenses, and operating margins, will vary from period to period depending on commodity prices of recyclable materials, the volumes and mix of services provided, as well as customer mix during the reporting period, and the timing of acquisitions and integration.

Loss per Share

Net loss per basic and diluted share attributable to common stockholders was $(0.03) and $(0.10) and $(0.09)for the quarters ended September 30, 2023 March 31, 2024 and 2022, respectively. Net loss per basic and diluted share attributable to common stockholders was $(0.25) and $(0.14) for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The basic and diluted weighted average number of shares of common stock outstanding were approximately 20.1 million 20.4 million and 19.4 million 19.9 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively. The basic and diluted weighted average number of shares of common stock outstanding were approximately 20.0 million and 19.3 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Adjusted EBITDA

For the three months ended September 30, 2023 March 31, 2024, Adjusted EBITDA (as defined below), a non-GAAP financial measure, decreased (3.6)% increased 28.4% to $3.7 million $5.1 million from $3.8 million $4.0 million for the three months ended September 30, 2022 March 31, 2023. For the nine months ended September 30, 2023, Adjusted EBITDA decreased (10.0)% to $12.7 million from $14.1 million for the same period in 2022.

We use the non-GAAP measurement of earnings before interest, taxes, depreciation, amortization, stock-related compensation charges, and other adjustments, or "Adjusted EBITDA," to evaluate our performance. Adjusted EBITDA is a non-GAAP measure that is also frequently used by analysts, investors and other interested parties to evaluate the market value of companies considered to be in similar businesses. We suggest that Adjusted EBITDA be viewed in conjunction with our reported financial results or other financial information prepared in accordance with GAAP. For the three and nine months ended September 30, 2023 March 31, 2024, other adjustments included severance and project costs certain professional fees as well as certain administrative fees related to borrowings. For the three and nine months ended September 30, 2022 March 31, 2023, other adjustments included earn-out adjustments, severance costs, and project costs and as well as certain administrative costs related to borrowings.

The following table reflects the reconciliation of net loss to Adjusted EBITDA for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	As Reported Three Months Ended September 30,		As Reported Nine Months Ended September 30,		As Reported Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(Unaudited)		(Unaudited)		(Unaudited)	
Net loss	$ (2,050,642)	$ (1,686,335)	$ (4,961,276)	$ (2,720,414)	$ (655,326)	$ (2,024,053)

Depreciation and amortization	2,437,667	2,554,242	7,485,606	7,541,430	2,495,897	2,508,967
Interest expense	2,408,076	1,911,989	7,407,207	5,057,400	2,471,961	2,443,028
Stock-based compensation expense	288,563	412,715	949,313	998,247	356,870	298,431
Acquisition, integration and related costs	374,035	327,308	1,026,325	2,301,424	41,884	477,601
Other adjustments	141,231	175,581	172,086	484,343	349,470	(85,593)
Income tax expense	111,104	151,619	650,387	479,011	59,348	368,504
Adjusted EBITDA	$ 3,710,034	$ 3,847,119	$ 12,729,648	$ 14,141,441	$ 5,120,104	$ 3,986,885

Adjusted Net Income and Adjusted Net Income per Diluted Share

Adjusted net income, a non-GAAP financial measure, was $0.5 million $1.7 million for the three months ended September 30, 2023 March 31, 2024, compared with $0.9 million $0.6 million for the three months ended September 30, 2022. Adjusted net income was $2.7 million for the nine months ended September 30, 2023, compared with $6.2 million for the nine months ended September 30, 2022 March 31, 2023. We present adjusted net income and adjusted net income per diluted share, both non-GAAP financial measures, supplementally because they are widely used by investors as a valuation measure in the solid waste industry. Management uses adjusted net income and adjusted net income per diluted share as one two of the principal measures to evaluate and monitor the ongoing financial performance of our operations. We provide adjusted net income to exclude the effects of items management believes impact the comparability of operating results between periods. Adjusted net income has limitations due to the fact that it excludes items that have an impact on our financial condition and results of operations. Adjusted net income and adjusted net income per diluted share are not a substitute for, and should be used in conjunction with, GAAP financial measures. Other companies may calculate these non-GAAP financial measures differently. Our adjusted net income and adjusted net income per diluted share for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 are calculated as follows:

	As Reported Three Months Ended September 30,		As Reported Nine Months Ended September 30,		As Reported Three Months Ended March 31,	
	2023	2022	2023	2022	2024	2023
	(Unaudited)		(Unaudited)		(Unaudited)	
Reported net loss (a)	$ (2,050,642)	$ (1,686,335)	$ (4,961,276)	$ (2,720,414)	$ (655,326)	$ (2,024,053)
Adjustments:						
Amortization of intangibles (b)	2,224,210	2,221,669	6,667,814	6,617,488	2,322,912	2,221,669
Acquisition, integration and related costs (c)	374,035	327,308	1,026,325	2,301,424	41,884	477,601

Other adjustments (d)	1,721	—	(74,605)	—	—	(76,326)
Adjusted net income	$ 549,324	$ 862,642	$ 2,658,258	$ 6,198,498	$ 1,709,470	$ 598,891
Diluted earnings per share:						
Reported net loss	$ (0.10)	$ (0.09)	$ (0.25)	$ (0.14)	$ (0.03)	$ (0.10)
Adjusted net income	$ 0.02	$ 0.04	$ 0.12	$ 0.29	$ 0.08	$ 0.03
Weighted average number of common shares outstanding:						
Diluted (e)	22,425,421	21,642,213	22,218,274	21,575,003	22,549,593	22,158,132

(a) Applicable to common stockholders	(a) Applicable to common stockholders	(a) Applicable to common stockholders
(b) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets	(b) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets	(b) Reflects the elimination of the non-cash amortization of acquisition-related intangible assets
(c) Reflects the add back of acquisition/integration related transaction costs	(c) Reflects the add back of acquisition/integration related transaction costs	(c) Reflects the add back of acquisition/integration related transaction costs
(d) Reflects adjustments to earn-out fair value	(d) Reflects adjustments to earn-out fair value	(d) Reflects adjustments to earn-out fair value
(e) Reflects adjustment for dilution as adjusted net income is positive	(e) Reflects adjustment for dilution as adjusted net income is positive	(e) Reflects adjustment for dilution as adjusted net income is positive

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we had $0.9 million $0.6 million and $9.6 million $0.3 million in cash and cash equivalents, respectively. Working capital was $9.0 million $19.8 million and $19.7 million $15.7 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. As part of our

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working capital management and in light of increasing interest rates, we made $7.0 million in prepayments toward our variable rate debt in the first nine months of 2023, utilizing excess cash.

We derive our primary sources of funds for conducting our business activities from operating revenues; borrowings under our credit facilities; and the placement of our equity securities to investors. We require working capital primarily to carry accounts receivable, service debt, purchase capital assets, fund operating expenses, address unanticipated competitive threats or technical problems, withstand adverse economic conditions, fund potential acquisition transactions, and pursue goals and strategies.

We believe our existing cash and cash equivalents of $0.9 million $0.6 million, our borrowing availability under our $25.0 million $35.0 million ABL Facility (as defined and discussed in Note 8 7 to our condensed consolidated financial statements), and cash expected to be generated from operations will be sufficient to fund our operations for the next 12 months and thereafter for the foreseeable future. Our known current- and long-term uses of cash include, among other possible demands, capital expenditures, lease payments and repayments to service debt and other long-term obligations. We have no agreements, commitments, or understandings with respect to any such placements of our securities and any such placements could be dilutive to our stockholders.

Cash Flows

The following discussion relates to the major components of our cash flows for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Cash Flows from Operating Activities

Net cash used in operating activities was $(1.7) million for the three months ended March 31, 2024 compared with net cash provided by operating activities was $6.7 million of $3.0 million for the nine three months ended September 30, 2023 compared with net March 31, 2023.

Net cash used in operating activities of $(4.3) million for the nine three months ended September 30, 2022.

Net cash provided by operating activities for the nine months ended September 30, 2023 March 31, 2024 related primarily to the net effect of the following:

- net loss of $(5.0) $(0.7) million;
- non-cash items of $10.5 million $3.7 million, which primarily related to depreciation, amortization of intangible assets and debt issuance costs, provision for doubtful accounts, and stock-based compensation; and
- net cash used in the net change in operating assets and liabilities of $(4.7) million, primarily associated with relative changes in accounts receivable, accounts payable, and accrued liabilities. This includes an earn-out payment of $(1.0) million.

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Net cash provided by operating activities for the three months ended March 31, 2023 related primarily to the net effect of the following:

- net loss of $(2.0) million;
- non-cash items of $3.3 million, which primarily related to depreciation, amortization of intangible assets and deb issuance costs, provision for doubtful accounts, and stock-based compensation; and
- net cash provided by the net change in operating assets and liabilities of $1.1 million $1.7 million, primarily

associated with relative changes in accounts receivable, accounts payable, and accrued liabilities.

Net cash used in operating activities for the nine months ended September 30, 2022 related primarily to the net effect of the following:

- net loss of $(2.7) million;
- non-cash items of $10.7 million, which primarily related to depreciation, amortization of intangible assets and de issuance costs, provision for doubtful accounts, and stock-based compensation; and
- net cash used in the net change in operating assets and liabilities of $(12.3) million, primarily associated with relative changes in accounts receivable, accounts payable, and accrued liabilities.

Our business, including revenue, operating expenses, and operating margins, may vary depending on the blend of services we provide to our customers, the terms of customer contracts, recyclable materials contracts, and our business volume levels. Fluctuations in net accounts receivable are generally attributable to a variety of factors including, but not limited to, the timing of cash receipts from customers, and the inception, increase, modification, or termination of customer relationships. Our operating activities may require additional cash in the future from our debt facilities and/or equity financings depending on the level of our operations.

Cash Flows from Investing Activities

Cash used in investing activities for the nine three months ended September 30, 2023 March 31, 2024 was $(1.3) million. $(2.3) million and primarily related to the purchase of $(1.6) million in compactors and related equipment. Cash used in investing activities for the nine three months ended September 30, 2022 March 31, 2023 was $(4.4) million and primarily related to the $3.1 million net purchase of the assets of a northeast-based independent environmental services company on February 10, 2022. $(0.2) million. Other investing activities are primarily from purchases of property and equipment and intangible assets such as software development costs. costs and other property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2024 was $4.2 million, primarily from net borrowings of $4.2 million on our ABL Facility. Net cash used in financing activities for the nine three months ended September 30, 2023 March 31, 2023 was $(14.1) $(2.5) million, primarily from net repayments of $(6.8) million $2.3 million on our ABL Facility and $(7.8) million repayment of long-term debt. Net cash provided by financing activities for the nine months ended September 30, 2022 was $7.4 million, primarily from net borrowings of $4.7 million on our ABL Facility and borrowings of $3.5 million from the Credit Agreement with Monroe Capital used to finance the February 2022 acquisition of an independent environmental services company. Facility. See Note 8 7 to our condensed consolidated financial statements for a discussion of the ABL Facility and other notes payable.

Inflation

Although the overall economy has experienced some inflationary pressures, we do not believe that inflation had a material impact on us during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023. We believe that current inflationary increases in costs, such as fuel, labor, and certain capital items, can be addressed by our flexible pricing structures and cost recovery fees allowing us to recover certain of the cost of inflation from our customer base. Consistent with industry practice, many of our contracts allow us to pass through certain costs to our customers or adjust pricing. Although we believe that we should be able to offset many cost increases that result from inflation in the ordinary course of business, we may be required to absorb at least part of these costs increases due to competitive pressures or delays in timing of rate increases. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation and increases in interest rates.

Critical Accounting Estimates and Policies

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to areas that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. These areas include carrying amounts of accounts receivable, goodwill and other intangible assets, stock-based compensation expense, deferred taxes and the fair value of assets and liabilities acquired in asset acquisitions. We base our estimates on historical experience, our observance of trends in particular areas, and information or valuations and various other assumptions that we believe to be reasonable under the circumstances and which form the basis for making judgments about the carrying value of assets and liabilities that may not be readily apparent from other sources. Actual amounts could differ significantly from amounts previously estimated. For a discussion of our critical accounting policies, refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2022 2023 Annual Report. Other than the adoption of ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* as discussed in Note 2 to our condensed consolidated financial statements, there There have been no significant changes in our critical accounting policies during the nine three months ended September 30, 2023 March 31, 2024.

Recent Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements.

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Off-Balance Sheet Arrangements

We have no off-balance sheet debt or similar obligations. We have no transactions or obligations with related parties that are not disclosed, consolidated into, or reflected in our reported results of operations or financial position. We do not guarantee any third-party debt.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2023 March 31, 2024.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements, errors, and instances of fraud, if any, within our Company company have been or will

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be prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. We base the design of any system of controls in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, internal controls may become inadequate as a result of changes in conditions, or through the deterioration of the degree of compliance with policies or procedures.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We may be subject to legal proceedings in the ordinary course of business. As of the date of this Quarterly Report on Form 10-Q, we are not aware of any legal proceedings to which we are a party that we believe could have a material adverse effect on us.

Item 1A. Risk Factors

The following risk factor supplements the risk factors described in Item 1A of our 2022 Annual Report and should be read in conjunction with the risk factors described in our 2022 Annual Report:

The instability of certain financial institutions may have adverse impacts on certain of our vendors and customers and/or on our ability to access our cash deposits and make borrowings, which could negatively impact our financial condition, results of operations and cash flows.

In 2023, there have been public reports of instability at certain financial institutions. Although we do not hold material deposits or investments at these financial institutions, and despite the steps taken to date by U.S. and foreign agencies and institutions to protect depositors, the follow-on effects of the events surrounding recent bank failures and pressure on other financial institutions are unknown, could include failures of other financial institutions to which we face direct or indirect exposure, and may lead to disruptions to the cash flows, operations and financial condition of our vendors, customers, and/or us. Additionally, tight credit conditions could generally result in economic slowdown and reduced demand for our services. Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Exhibit
10.1† 10.1	Form of Fifth Amendment to Credit Agreement, dated March 29, 2024, by and among Quest Resource Holding Corporation, Restricted Stock Unit Quest Resource Management Group, LLC and each of its Affiliates that are or may from time to time become parties thereto, the financial institutions that are or may from time to time become parties thereto, and Monroe Capital Management Advisors, LLC, as administrative agent for the lenders (incorporated by reference to the Company's Form 8-K, filed with the Commission on April 2, 2024).
10.2	Fourth Amendment to Loan, Security and Guaranty Agreement, dated as of March 29, 2024, by and among PNC Bank, National Association, Quest Resource Management Group, LLC, Landfill Diversion Innovations, L.L.C., Quest Resource Holding Corporation, Quest Sustainability Services, Inc., Youchange, Inc., Quest Vertigent Corporation, Quest Vertigent One, LLC and Global Alerts, LLC (incorporated by reference to the Company's Form 8-K, filed with the Commission on April 2, 2024).
10.3	Second Amendment to Intercreditor Agreement, dated as of March 29, 2024, by and between PNC Bank, National Association and Monroe Capital Management Advisors, LLC (incorporated by reference to the Company's Form 8-K, filed with the Commission on April 2, 2024).
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements (unaudited), tagged as blocks of text and including detailed tags
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101)

† Indicates management contract or compensatory plan or arrangement.

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 thereunto duly authorized.

	QUEST RESOURCE HOLDING CORPORATION
Date: November 14, 2023 May 9, 2024	By: */s/ S. Ray Hatch*
	S. Ray Hatch
	President and Chief Executive Officer
Date: November 14, 2023 May 9, 2024	By: */s/ Brett W. Johnston*
	Brett W. Johnston
	Senior Vice President and Chief Financial Officer

Exhibit 10.1

QUEST RESOURCE HOLDING CORPORATION
2012 INCENTIVE COMPENSATION PLAN
RESTRICTED STOCK UNIT AGREEMENT

FOR

[Insert name of Recipient]

1. ***Award of Restricted Stock Units*.** Quest Resource Holding Corporation, a Nevada corporation (the "**Company**"), hereby grants, as of __________________ (the "**Date of Grant**"), to ___________________ (the "**Recipient**"), the right to receive, at the times specified in Section 2 hereof, shares of the Company's common stock, par value $0.001 per share (collectively the "**RSUs**"). The RSUs shall be subject to the terms, provisions and restrictions set forth in this Agreement and the Company's 2012 Incentive Compensation Plan, as amended (the "**Plan**"), which is incorporated herein for all purposes. As a condition to entering into this Agreement, and to the issuance of any Shares (or any other securities of the Company pursuant thereto), the Recipient agrees to be bound by all of the terms and conditions herein and in the Plan. Unless otherwise provided herein, terms used herein that are defined in the Plan and not defined herein shall have the meanings attributable thereto in the Plan.

2. ***Vesting of RSUs.***

(a)***General Vesting.*** The RSUs shall become vested in the following amounts, at the following times and upon the following conditions, provided that the Continuous Service of the Recipient continues through and on the applicable Vesting Date:

Number of Shares Subject to the RSUs	Vesting Date
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]

[ ] [ ]

There shall be no proportionate or partial vesting of Shares subject to the RSUs in or during the months, days or periods prior to each Vesting Date, and except as otherwise provided in Sections [2(b)], [2(c)], [2(d)] or [2(e)] hereof, all vesting of Shares subject to the RSUs shall occur only on the applicable Vesting Date.

(b)***Acceleration of Vesting Upon Change in Control.*** [In the event that a Change in Control of the Company occurs during the Recipient's Continuous Service, the Shares subject to the RSUs subject to this Agreement shall become immediately vested as of the date of the Change in Control, unless either (i) the Company is the surviving entity in the Change in Control and the RSUs continue to be outstanding after the Change in Control on substantially the same terms and conditions as were applicable immediately prior to the Change in Control or (ii) the successor

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company or its parent company assumes or substitutes for the RSUs, as determined in accordance with Section 10(c)(ii) of the Plan.]

(c)***[Acceleration of Vesting Upon Termination.*** If, in the event of a Change in Control and the vesting of the Shares subject to the RSUs subject to this Agreement are not accelerated under Section 9(a) of the Plan, the Shares subject to the RSUs subject to this Agreement shall become fully vested in the event that the Recipient's employment is terminated without Cause by the Company or any Related Entity or by such successor company or by the Recipient for Good Reason within 24 months following such Change in Control.]

(d)***Acceleration of Vesting Upon Death[or Disability].*** [In the event that the Recipient's Continuous Service terminates by reason of the Recipient's [Disability or] death, the Shares subject to the RSUs subject to this Agreement shall be immediately vested as of the date of such [Disability or] death, [whichever is applicable,] and shall be delivered, subject to any requirements under this Agreement, to the [Recipient, in the event of his or her Disability, or in the event of the Recipient's death, to the] beneficiary or beneficiaries designated by the Recipient, or if the Recipient has not so designated any beneficiary(ies), or no designated beneficiary survives the Recipient, to the personal representative of the Recipient's estate.]

(e)***Acceleration of Vesting at Company Discretion.*** [Notwithstanding any other term or provision of this Agreement, the Board or the Committee shall be authorized, in its sole discretion, based upon its review and evaluation of the performance of the Recipient and of the Company, to accelerate the vesting of any Shares subject to the RSUs subject to this Agreement, at such times and upon such terms and conditions as the Board or the Committee shall deem advisable.]

(f) ***Definitions.*** For purposes of this Agreement, the following terms shall have the meanings indicated:

Alternative 1:

(i) [***"Delivery Date"*** means the date selected by the Committee that is within 30 days following the first to occur of any of the following while the Recipient is in Continuous Service: (1) the Recipient's death, [(2) the Recipient's Disability,] (3) the Recipient's Separation from Service for any reason other than the Recipient's death [or Disability], (4) the closing of a transaction resulting in a Change in Control, provided such Change in Control would constitute a "Chance in Control Event" as that term is defined in Treasury Regulations or other applicable guidance issued under Section 409(A) of the Code, (5) the applicable Vesting Date or (6) the [fifth (5th)] anniversary of the Date of Grant.]

Note: This definition is intended to comply with Section 409A.

Alternative 2:

[*"Delivery Date"* means any date selected by the Committee that is within 2 ½ months after the last day of the calendar year in which the RSUs vest pursuant to this Section 2.]

Note: Alternative 2 is intended to qualify for the short-term deferral exception to Section 409A.

Alternative 1:

(ii) ["***Good Reason***" shall have the equivalent meaning or the same meaning as "good reason" or "for good reason" set forth in any employment, consulting or other agreement for the performance of services between the Recipient and the Company or a Related Entity or, in the absence of any such agreement or any such definition in such agreement, such term shall mean (A) the assignment to the Recipient of any duties inconsistent in any respect with the Recipient's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as assigned by the Company (or a Related Entity), or any other action by the Company (or a Related Entity) which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company (or a Related Entity) promptly after receipt of notice thereof given by the Recipient; (ii) any failure by the Company (or a Related Entity) to comply with its obligations to the Recipient as agreed upon, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company (or a Related Entity) promptly after receipt of notice thereof given by the Recipient; (iii) the Company's (or Related Entity's) requiring the Recipient to be based at any office or location outside of fifty miles from the location of employment as of the Date of Grant, except for travel reasonably required in the performance of the Recipient's responsibilities; (iv) any purported termination by the Company (or a Related Entity) of the Recipient's Continuous Service otherwise than for Cause, or by reason of the Recipient's Disability. For purposes of this Agreement, any good faith determination of "Good Reason" made by the Committee shall be conclusive.]

Alternative 2 - Section 409A Safe Harbor Definition:

[“Good Reason” means the occurrence of any of the following: (i) a material diminution in the Recipient's base compensation; (ii) a material diminution in the Recipient's authority, duties, or responsibilities; [(iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Recipient is required to report, including a requirement that the Recipient report to a corporate officer or employee instead of reporting directly to the Board [of Directors of the Company;] [(iv) a material diminution in the budget over which the Recipient retains authority;] (v) a material change in the geographic location at which the Recipient must perform the services under any employment, consulting or other agreement for the performance of services between the Recipient and the Company or a Related Entity; or (vi) any other action or inaction that constitutes a material breach by the Company of this Agreement. For purposes of this Plan, Good Reason shall not be deemed to exist unless the Recipient's termination of employment for Good Reason occurs within 2 years following the initial existence of one of the conditions specified in clauses (i) through (vi) above, the Recipient provides the Company with written notice of the existence of such condition within 90 days after the initial existence of the condition, and the Company fails to remedy the condition within 30 days after its receipt of such notice.]

(iii) “***Non-Vested RSUs***” means any portion of the RSUs subject to this Agreement that have not become vested pursuant to this Section 2.

(iv) [***“Separation from Service”*** means the voluntary or involuntary separation from service with the Service Recipient, determined in a manner consistent with Section 409A of the Code and the Treasury Regulations thereunder.]

(v) “***Vested RSUs***” means any portion of the RSUs subject to this Agreement that are and have become vested pursuant to this Section 2.

3. ***Forfeiture of Non-Vested Shares***. If the Recipient's Continuous Service is terminated for any reason, any RSUs that are not Vested RSUs, and that do not become Vested RSUs pursuant to Section 2 hereof as a result of such termination, shall be forfeited immediately upon such termination

of Continuous Service without any payment to the Recipient. The Committee shall have the power and authority to enforce on behalf of the Company any rights of the Company under this Agreement in the event of the Recipient's forfeiture of Vested RSUs or Non-Vested RSUs pursuant to this Section 3.

4. ***Settlement of the RSUs***.

(a) ***Delivery of Shares.*** The Company shall deliver to the Recipient on the Delivery Date Shares corresponding to the Vested RSUs.

(b) ***Distribution to Specified Employees***. Notwithstanding the foregoing, if the Recipient is a Specified Employee, then no distributions otherwise required to be made under this Agreement on account of the Recipient's Separation from Service shall be made before the date that is six (6) months after the date of the Recipient's Separation from Service or, if earlier, the date of the Recipient's death if such deferral is required to comply with Section 409A of the Code.

5. ***Rights with Respect to RSUs.***

(a) ***No Rights as Shareholder Until Delivery.*** Except as otherwise provided in this Section 5, the Recipient shall not have any rights, benefits or entitlements with respect to the Shares corresponding to the RSUs unless and until those Shares are delivered to the Recipient (and thus shall have no voting rights, or rights to receive any dividend declared, before those Shares are so delivered). On or after delivery, the Recipient shall have, with respect to the Shares delivered, all of the rights of a holder of Shares granted pursuant to the articles of incorporation and other governing instruments of the Company, or as otherwise available at law.

(b) ***Adjustments to Shares.*** If at any time while this Agreement is in effect and before any Shares have been delivered with respect to any RSUs, there shall be any increase or decrease in the number of issued and outstanding Shares of the Company through the declaration of a stock dividend or through any recapitalization resulting in a stock split-up, combination or exchange of such Shares, then and in that event, the Committee (or Board as applicable) shall make any adjustments it deems fair and appropriate, in view of such change, in the number of Shares subject to the RSUs then subject to this Agreement. If any such adjustment shall result in a fractional Share, such fraction shall be disregarded.

(c) ***No Restriction on Certain Transactions.*** Notwithstanding any term or provision of this Agreement to the contrary, the existence of this Agreement, or of any outstanding RSUs awarded hereunder, shall not affect in any manner the right, power or authority of the Company or any Related

Entity to make, authorize or consummate: (i) any or all adjustments, recapitalizations, reorganizations or other changes in the Company's or any Related Entity's capital structure or its business; (ii) any merger, consolidation or similar transaction by or of the Company or any Related Entity; (iii) any offer, issue or sale by the Company or any Related Entity of any capital stock of the Company or any Related Entity, including any equity or debt securities, or preferred or preference stock that would rank prior to or on parity with the Shares represented by the RSUs and/or that would include, have or possess other rights, benefits and/or preferences superior to those that such Shares includes, has or possesses, or any warrants, options or rights with respect to any of the foregoing; (iv) the dissolution or liquidation of the Company or any Related Entity; (v) any sale, transfer or assignment of all or any part of the stock, assets or business of the Company or any Related Entity; or (vi) any other corporate transaction, act or proceeding (whether of a similar character or otherwise).

(d) [***Dividend Equivalents.*** During the term of this Agreement, the Recipient shall have the right to receive distributions (the "**Dividend Equivalents**") from the Company equal to any dividends or other distributions that would have been distributed to the Recipient if each of the Shares subject to the RSUs instead was an issued and outstanding Share owned by the Recipient. The Dividend Equivalents, reduced by any applicable withholding taxes, shall be paid at the same time, in the same form and in the same manner as dividends or other distributions are paid to the holders of Shares; *provided, however,* that if the dividend declared is a dividend of Shares, then any Dividend Equivalents payable in Shares with respect to the RSUs shall have the same status, and shall be subject to the same terms and conditions (including without limitation the vesting and forfeiture provisions), under this Agreement as the RSUs to which they relate, and shall be distributed on the same Delivery Date(s) as the RSUs to which they relate, and if the dividend declared is a dividend of cash, then the Recipient shall be granted the right to receive a number of Shares equal (i) to the number of RSUs held by the Recipient pursuant to this Agreement as of the dividend payment date, (ii) multiplied by the amount of the cash dividend per Share, and (ii) dividing the product so determined by the Fair Market Value of a Share on the dividend payment date, which Award shall have the same status, and shall be subject to the same terms and conditions (including without limitation the vesting and forfeiture provisions), under this Agreement as the RSUs to which they relate, and shall be distributed on the same Delivery Date(s) as the RSUs to which they relate. Each Dividend Equivalent shall be treated as a separate payment for purposes of Section 409A of the Code.]

6. ***Transferability*.** The RSUs are not transferable unless and until the Shares have been delivered to the Recipient in settlement of the RSUs in accordance with this Agreement, otherwise than by will or under the applicable laws of descent and distribution. The terms of this Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Recipient. Except as

otherwise permitted pursuant to the first sentence of this Section, any attempt to effect a Transfer of any RSUs prior to the date on which the Shares have been delivered to the Recipient in settlement of the RSUs shall be void *abinitio*. For purposes of this Agreement, "Transfer" shall mean any sale, transfer, encumbrance, gift, donation, assignment, pledge, hypothecation, or other

disposition, whether similar or dissimilar to those previously enumerated, whether voluntary or involuntary, and including, but not limited to, any disposition by operation of law, by court order, by judicial process, or by foreclosure, levy or attachment.

7. ***Tax Matters.***

(a) ***Withholding***. As a condition to the Company's obligations with respect to the RSUs (including, without limitation, any obligation to deliver any Shares) hereunder, the Recipient shall make arrangements satisfactory to the Company to pay to the Company any federal, state or local taxes of any kind required to be withheld with respect to the delivery of Shares corresponding to such RSUs. If the Recipient shall fail to make the tax payments as are required, the Company shall, to the extent permitted by law, have the right to deduct from any payment of any kind (including the withholding of any Shares that otherwise would be delivered to Recipient under this Agreement) otherwise due to the Recipient any federal, state or local taxes of any kind required by law to be withheld with respect to such Shares.

(b) ***Satisfaction of Withholding Requirements.*** The Recipient may satisfy the withholding requirements with respect to the RSUs pursuant to any one or combination of the following methods:

(i) payment in cash; or

(ii) if and to the extent permitted by the Committee, payment by surrendering unrestricted previously held Shares which have a value equal to the required withholding amount or the withholding of Shares that otherwise would be deliverable to the Recipient pursuant to this Agreement. The Recipient may surrender Shares either by attestation or by delivery of a certificate or certificates for Shares duly endorsed for transfer to the Company, and if required with medallion level signature guarantee by a member firm of a national stock exchange, by a national or state bank (or guaranteed or notarized in such other manner as the Committee may require).

(c) ***Recipient's Responsibilities for Tax Consequences.*** The tax consequences to the Recipient (including without limitation federal, state, local and foreign income tax consequences) with respect to the RSUs (including without limitation the grant, vesting and/or delivery thereof) are the sole responsibility of the Recipient. The Recipient shall consult with his or her own personal accountant(s) and/or tax advisor(s) regarding these matters and the Recipient's filing, withholding and payment (or tax liability) obligations.

8. ***Amendment, Modification & Assignment*****.** This Agreement may only be modified or amended in a writing signed by the parties hereto. No promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, with respect to the subject matter hereof, have been made by either party which are not set forth expressly in this Agreement. Unless otherwise consented to in writing by the Company, in its sole discretion, this Agreement (and Recipient's rights hereunder) may not be assigned, and the obligations of Recipient hereunder may not be delegated, in whole or in part. The rights and obligations created hereunder shall be binding on the Recipient and his heirs and legal representatives and on the successors and assigns of the Company.

9. ***Complete Agreement*****.** This Agreement (together with those agreements and documents expressly referred to herein, for the purposes referred to herein) embody the complete and entire agreement and understanding between the parties with respect to the subject matter hereof, and supersede any and all prior promises, assurances, commitments, agreements, undertakings or representations, whether oral, written, electronic or otherwise, and whether express or implied, which may relate to the subject matter hereof in any way.

10. ***Miscellaneous.***

(a)***No Right to (Continued) Employment or Service*****.** This Agreement and the grant of RSUs hereunder shall not confer, or be construed to confer, upon the Recipient any right to employment or service, or continued employment or service, with the Company or any Related Entity.

(b)***No Limit on Other Compensation Arrangements*****.** Nothing contained in this Agreement shall preclude the Company or any Related Entity from adopting or continuing in effect other or additional compensation plans, agreements or arrangements, and any such plans, agreements and arrangements may be either generally applicable or applicable only in specific cases or to specific persons.

(c)***Severability*****.** If any term or provision of this Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or under any applicable law, rule or regulation, then such provision shall be construed or deemed amended to conform to applicable law (or if such provision cannot be so construed or deemed amended without materially altering the purpose or intent of this Agreement and the grant of RSUs hereunder, such provision shall be stricken as to such jurisdiction and the remainder of this Agreement and the award hereunder shall remain in full force and effect).

(d) ***No Trust or Fund Created.*** Neither this Agreement nor the grant of RSUs hereunder shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Related Entity and the Recipient or any other person. To the extent that the Recipient or any other person acquires a right to receive payments from the Company or any Related Entity pursuant to this Agreement, such right shall be no greater than the right of any unsecured general creditor of the Company.

(e) ***Law Governing.*** This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Nevada (without reference to the conflict of laws rules or principles thereof).

(f) ***Interpretation.*** The Recipient accepts this award of RSUs subject to all of the terms, provisions and restrictions of this Agreement and the Plan. The undersigned Recipient hereby accepts as binding, conclusive and final all decisions or interpretations of the Board or the Committee upon any questions arising under this Agreement or the Plan.

(g) ***Headings.*** Section, paragraph and other headings and captions are provided solely as a convenience to facilitate reference. Such headings and captions shall not be deemed in any way material or relevant to the construction, meaning or interpretation of this Agreement or any term or provision hereof.

(h) ***Notices.*** Any notice under this Agreement shall be in writing and shall be deemed to have been duly given when delivered personally or when deposited in the United States mail, registered, postage prepaid, and addressed, in the case of the Company, to the Company's Secretary at

Quest Resource Holding Corporation
3184 Plano Parkway
The Colony, Texas 75056

or if the Company should move its principal office, to such principal office, and, in the case of the Recipient, to the Recipient's last permanent address as shown on the Company's records, subject to the right of either party to designate some other address at any time hereafter in a notice satisfying the requirements of this Section.

(i) ***Compliance with Section 409A.***

(i) ***General.*** It is the intention of both the Company and the Recipient that the benefits and rights to which the Recipient could be entitled pursuant to this Agreement comply with Section 409A of the Code and the Treasury Regulations and other guidance promulgated or issued thereunder ("**Section 409A**"), to the extent that the requirements of Section 409A are applicable thereto, and the provisions of this Agreement shall be construed in a manner consistent with that intention.

(ii) ***No Representations as to Section 409A Compliance.***Notwithstanding the foregoing, the Company does not make any representation to the Recipient that the shares of RSUs awarded pursuant to this Agreement are exempt from, or satisfy, the requirements of Section 409A, and the Company shall have no liability or other obligation to indemnify or hold harmless the Recipient or any Beneficiary for any tax, additional tax, interest or penalties that the Recipient or any Beneficiary may incur in the event that any provision of this Agreement, or any amendment or modification thereof or any other action taken with respect thereto is deemed to violate any of the requirements of Section 409A.

(iii) ***No Acceleration of Payments***. Neither the Company nor the Recipient, individually or in combination, may accelerate any payment or benefit that is subject to Section 409A, except in compliance with Section 409A and the provisions of this Agreement, and no amount that is subject to Section 409A shall be paid prior to the earliest date on which it may be paid without violating Section 409A.

(iv) ***Treatment of Each Installment as a Separate Payment.*** For purposes of applying the provisions of Section 409A to this Agreement, each separately identified amount to which the Recipient is entitled under this Agreement shall be treated as a separate payment. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments.

(j) ***Non-Waiver of Breach*****.** The waiver by any party hereto of the other party's prompt and complete performance, or breach or violation, of any term or provision of this Agreement shall be effected solely in a writing signed by such party, and shall not operate nor be construed as a waiver of any subsequent breach or violation, and the waiver by any party hereto to exercise any right or remedy which he or it may possess shall not operate nor be construed as the waiver of such right or remedy by such party, or as a bar to the exercise of such right or remedy by such party, upon the occurrence of any subsequent breach or violation.

(k)***Counterparts*****.** This Agreement may be executed in two or more separate counterparts, each of which shall be an original, and all of which together shall constitute one and the same agreement.

(l) ***Clawback of Benefits***. The Company may (i) cause the cancellation of the RSUs, (ii) require reimbursement of any benefit conferred under the RSUs to the Recipient or Beneficiary, and

(iii) effect any other right of recoupment of equity or other compensation provided under the Plan or otherwise in accordance with any Company policies that currently exist or that may from time to time be adopted or modified in the future by the Company and/or applicable law (each, a "**Clawback Policy**"). In addition, the Recipient may be required to repay to the Company certain previously paid compensation, whether provided under the Plan or this Agreement or otherwise, in accordance with any Clawback Policy. By accepting this Award, the Recipient agrees to be bound by any existing or future Clawback Policy adopted by the Company, or any amendments that may from time to time be made to the Clawback Policy in the future by the Company in its discretion (including without limitation any Clawback Policy adopted or amended to comply with applicable laws or stock exchange requirements) and further agrees that all of the Recipient's Award Agreements may be unilaterally amended by the Company, without the Recipient's consent, to the extent that the Company in its discretion determines to be necessary or appropriate to comply with any Clawback Policy.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement as of the date first written above.

QUEST RESOURCE HOLDING CORPORATION

By:
Name:
Title:

Agreed and Accepted:

RECIPIENT:

By: ________________________________

[Insert name of Recipient]

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Exhibit 31.1

RULE 13a-14(a)/15 d -14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, S. Ray Hatch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Quest Resource Holding Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 9, 2024

/s/ *S. Ray Hatch*

S. Ray Hatch

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

RULE 13a-14(a)/15 d -14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brett W. Johnston, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Quest Resource Holding Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2023 May 9, 2024

/s/ Brett W. Johnston

Brett W. Johnston

Senior Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

SECTION 1350 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

In connection with the Quarterly Report on Form 10-Q of Quest Resource Holding Corporation (the "Company") for the quarterly period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, S. Ray Hatch, President and Chief Executive Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ S. Ray Hatch

S. Ray Hatch

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 14, 2023 May 9, 2024

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Quest Resource Holding Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

SECTION 1350 CERTIFICATION OF CHIEF FINANCIAL OFFICER

In connection with the Quarterly Report on Form 10-Q of Quest Resource Holding Corporation (the "Company") for the quarterly period ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brett W. Johnston, Senior Vice President and Chief Financial Officer of the Company, certify, to the best of my knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brett W. Johnston

Brett W. Johnston
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 14, 2023 May 9, 2024

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Quest Resource Holding Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

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