

QUEST RESOURCE HOLDING CORPORATION

To Challenge, Manage & InformSM

2015 Annual Report

CEO Letter to Quest Resource Holding Corporation Stockholders

Dear Fellow Stockholders:

I believe effective communication with the current and future stockholders of Quest is an important aspect of the leadership position entrusted to me. As I begin my first year with Quest, I wanted to share my initial observations and explain my plans to lead the company to future success.

First, the positives. I have had an intense and instructive time immersing myself into our business, which has reinforced my initial enthusiasm when accepting the responsibility of leading this organization. The positives are numerous.

- Enhanced media coverage and expanded regulations regarding climate change and population growth are driving concern about the environment, resource availability, and consumer expectations for sustainable business practices.
- Industry trends will force companies to deal with the waste streams and recyclables generated by their businesses.
- Against this background, Quest has deep market and industry knowledge, offers flexible and evolving solutions, and delivers measurable results for its customers.
- Quest provides comprehensive, efficient, and cost-effective programs to reuse, recycle, and dispose of a wide variety of waste streams and recyclables generated by businesses.
- Quest's disruptive and differentiated approach to waste and recycling is built on a strong foundation that gives Quest experience with a vast array of materials, a scalable service platform, and an infrastructure that provides impactful business intelligence to its customers.
- Quest's business model provides the flexibility to adjust effectively to a dynamic market and create customized solutions to fit its ever changing customer needs.
- Probably most importantly, Quest has a team of experienced professionals that are dedicated to providing comprehensive, innovative, and cost-effective programs that reduce environmental negatives and a portfolio of world class customers that recognize the value Quest provides to their businesses.

However, there are negatives as well. Our fiscal 2015 financial performance was totally unacceptable. We had lower than traditional margin contribution from a portion of our new business and challenges from changes in the market. My job and goal is to take advantage of our positives and lead us to superior financial performance. We are instituting a number of initiatives to substantially improve our financial performance.

- Continue to expand our customer base and enhance our customer service and the value we bring to our customers;
- Capture a larger portion of the commodity value of waste streams and recyclables;
- Continue to develop innovative solutions to satisfy the needs of our customers;
- Increase supply chain efficiencies to reduce cost of sales;
- Enhance our technology platform to foster our scalability and reduce general and administrative costs; and
- Improve our operating margins through a focus on our core strengths, more efficient services, and more positive contractual programs.

We currently manage over 1.1 million tons of materials annually. We will continue to strive to be the premier solution provider to businesses for fiscal and ecological responsibility. We will focus on growing our business, improving our financial results, and enhancing our stockholder value. I am confident with our business model and our industry positioning. I look forward to implementing these initiatives and our strategy for Quest's long-term success. However, I ask for your patience for our initiatives and strategy to show results.

Sincerely,



S. Ray Hatch
President and Chief Executive Officer

BOARD OF DIRECTORS

Mitchell A. Saltz
Chairman of the Board

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

Jeffrey D. Forte
Director

Michael F. Golden
Director

Russell J. Knittel
Director

Ronald L. Miller, Jr
Director

Barry M. Monheit
Director

I. Marie Wadecki
Director

EXECUTIVE MANAGEMENT

S. Ray Hatch
President and Chief Executive Officer

Laurie L. Latham
Senior Vice President and Chief Financial Officer

Timothy A. Semones
Chief Operating Officer

TRANSFER AGENT

Continental Stock Transfer & Trust Company
17 Battery Place, 8th Floor
New York, New York 10004

INDEPENDENT PUBLIC ACCOUNTANTS

Semple, Marchal and Cooper, LLP
Phoenix, Arizona

LEGAL COUNSEL

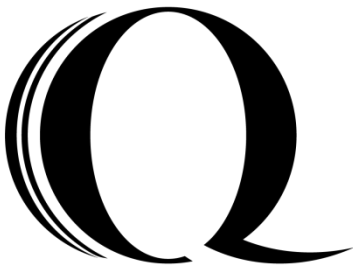
Greenberg Traurig, LLP
Phoenix, Arizona

STOCK LISTING

NASDAQ: QRHC – Common Stock

Safe Harbor Statement

The statements contained in this 2015 Annual Report may be deemed to be forward-looking statements under federal securities laws, and we intend that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements include our plan to lead our company to future success; our belief that enhanced media coverage and expanded regulations regarding climate change and population growth are driving concern about the environment, resource availability, and consumer expectations for sustainable business practices; our belief that industry trends will force companies to deal with the waste streams and recyclables generated by their businesses; our belief that we have deep market and industry knowledge, offer flexible and evolving solutions, and deliver measurable results for our clients; our belief that our disruptive and differentiated approach to waste and recycling is built on a strong foundation that gives us experience with a vast array of materials, a scalable service platform, and an infrastructure that provides impactful business intelligence to our customers; our belief that our business model provides the flexibility to adjust effectively to a dynamic market and create customized solutions to fit our ever changing customer needs; our initiatives to substantially improve our financial performance, including continuing to expand our customer base and enhance our customer service and the value we bring to our customers, capturing a larger portion of the commodity value of waste streams and recyclables, continuing to develop innovative solutions to satisfy the needs of our customers, increasing supply chain efficiencies to reduce cost of sales, enhancing our technology platform to foster our scalability and reduce general and administrative costs, and improving our operating margins through a focus on our core strengths, more efficient services, and more positive contractual programs; our belief that we will continue to strive to be the premier solution provider to businesses for fiscal and ecological responsibility; our focus on growing our business, improving our financial results, and enhancing our stockholder value; and our confidence with our business mode and our industry positioning. These statements are based on our current expectations, estimates, projections, beliefs, and assumptions. Such statements involve significant risks and uncertainties. Actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including, but not limited to, competition in the environmental services industry, the impact of the current economic environment, and other factors discussed in greater detail in our filings with the Securities and Exchange Commission (SEC), including our Report on Form 10-K for the year ended December 31, 2015. You are cautioned not to place undue reliance on such statements and to consult our SEC filings for additional risks and uncertainties that may apply to our business and the ownership of our securities. Our forward-looking statements are presented as of the date made, and we disclaim any duty to update such statements unless required by law to do so.



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