



*A Better Future for Surplus*

## Investor Presentation

First Quarter Fiscal Year 2023



# Forward-Looking Information

This document contains forward-looking statements. These statements are only predictions. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include but are not limited to the factors set forth in our Annual Report on Form 10-K for the fiscal year ended September 30, 2022, and subsequent filings with the Securities and Exchange Commission (SEC). You can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continues” or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this document and are expressly qualified in their entirety by the cautionary statements included in this document. Except as may be required by law, we undertake no

obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date of this document or to reflect the occurrence of unanticipated events.

To supplement our consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP measures of certain components of financial performance. These non-GAAP measures include earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Adjusted Net Income (Loss), and Adjusted Earnings (Loss) per Share. These non-GAAP measures are provided to enhance investors’ overall understanding of our current financial performance and prospects for the future. We use EBITDA and Adjusted EBITDA: (a) as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis as they do not reflect the impact of items not directly resulting from our core operations; (b) for planning purposes, including the preparation of our internal annual operating budget; (c) to allocate resources to enhance the financial performance of our business; (d) to evaluate the effectiveness of our operational strategies; and (e) to evaluate our capacity to fund capital expenditures and expand our business. We believe these non-GAAP measures provide useful information to both management and investors by excluding certain expenses that may not be indicative of our core operating measures. In addition, because we have historically reported certain non-GAAP measures to investors, we

believe the inclusion of non-GAAP measures provides consistency in our financial reporting. These measures should be considered in addition to financial information prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. A reconciliation of all non-GAAP measures included in this presentation to the most directly comparable GAAP measures is included in this presentation.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and the information contained in our Quarterly Report on Form 10-Q for the period ended December 31, 2022.



# Who We Are

Liquidity Services operates the world's largest B2B e-commerce marketplace platform for surplus assets powering the growth of the Circular Economy.

## To Power the Circular Economy, we:

- **Manage**, value, and sell surplus across the globe in a broad range of asset categories and conditions
- **Maximize** return with broadest buyer base, in our efficient global marketplace
- **Optimize** and execute surplus management strategies to achieve client business goals





# What is the Circular Economy?

**Definition:** “The process of planning, implementing, and controlling the efficient, cost-effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value...”\*

\*Reverse Logistics Industry Council

**Liquidity Services** is a first mover and global leader in transforming the Circular Economy, which provides long-term investors the opportunity to drive financial returns while making a positive impact on the environment.



# The Industry Leader in the Circular Economy

**+15,000**

Trusted Clients  
Worldwide

**+130**

Fortune 1000  
Global Clients

**+900K**

Transactions  
Completed Annually

**+600**

Asset Categories  
Experience

**5 Million**

Registered  
Buyers

**B2B | B2C**

Multichannel Marketing  
& Sales Strategies

**+\$10 Billion**

Completed  
Transactions

**LQDT ▲**

Publicly Traded  
Since 2006 IPO

# Our Purpose

To build the world's leading marketplace for surplus assets to benefit sellers, buyers and the planet

## Our Sellers



For enterprises with used, idle, or excess assets and inventory we provide:

- Expertise and intelligence that achieve high-performance results aligned to strategic goals
- Comprehensive and scalable solutions
- Superior people, processes, and systems to maximize return

## Our Buyers



For organizations and consumers looking to achieve business or personal goals we offer:

- Convenient access to a wide range of assets
- Accurate, comprehensive product information and fair market prices
- Helpful, responsive customer support when it is needed

## The Planet



For the planet's natural resources, environment, and beauty we:

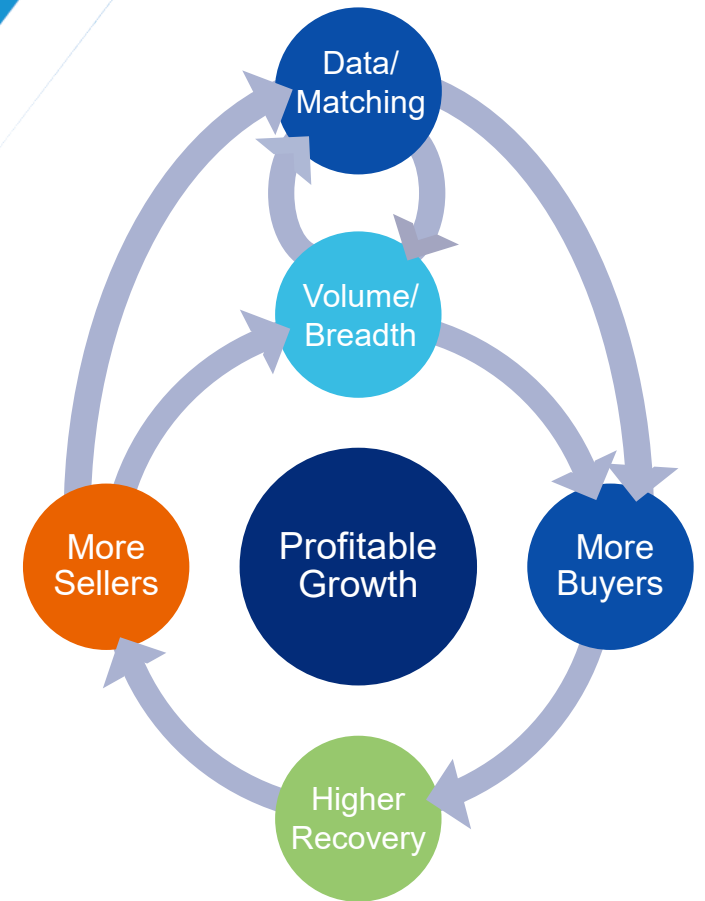
- Extend life of assets and inventory and increase reuse and recycling
- Prevent unnecessary waste and reduce the number of products headed to landfills
- Dispose of surplus in an environmentally safe manner

# Vision and Strategic Pillars

Liquidity Services will build the world's leading marketplace for surplus assets to benefit sellers, buyers and the planet.

- R** **Recovery Maximization**  
Drive higher net recovery through technology and innovation that improves the buyer experience
- I** **Increase Volume**  
Grow annualized volume transacted on our platform with flexible service offerings and pricing models to meet the needs of existing and new sellers
- S** **Service Expansion**  
Grow services with recurring revenue characteristics that leverage our domain expertise, data and marketplace channels
- E** **Expense Leverage**  
Improve operating expense leverage by controlling costs and through technology and innovation that increases productivity

# RESERVE



# Delivering Maximum Value to Sellers

## Better Service

Superior levels of industry and asset expertise, responsiveness, intelligence, and analytics that achieve high-performance results aligned to our sellers' goals.

## Better Scale

Comprehensive, modular, and scalable solutions spanning all volumes, asset categories, conditions, sales channels, and locations worldwide.

## Better Results

Right combination of great people, best-in-class processes, and cutting-edge systems to deliver maximum return today and into the future.

## Serving the Broadest Base of Industries



Aerospace & Defense



Electronic Manufacturing



Industrial Manufacturing



Automotive Manufacturing



Energy



Mining & Large Construction



Biopharma



Fast-Moving Consumer Goods



Retail



Consumer Brands & OEM's



Government



Transportation



# Providing Superior Buyer Experiences



## Superior Product Quality and Information

Large volumes and recurring flows of products; refurbishment services to enhance and ensure product quality; ability to view detailed product information, ask questions, and inspect items



## Fair Prices

Auction format ensures assets are sold for fair market value; assets available all over the world, making it easy to keep shipping costs low or pick up items



## Excellent Customer Service

Support every aspect of the buyer experience; 94% repeat bidder rate; rated A+ provider by the Better Business Bureau

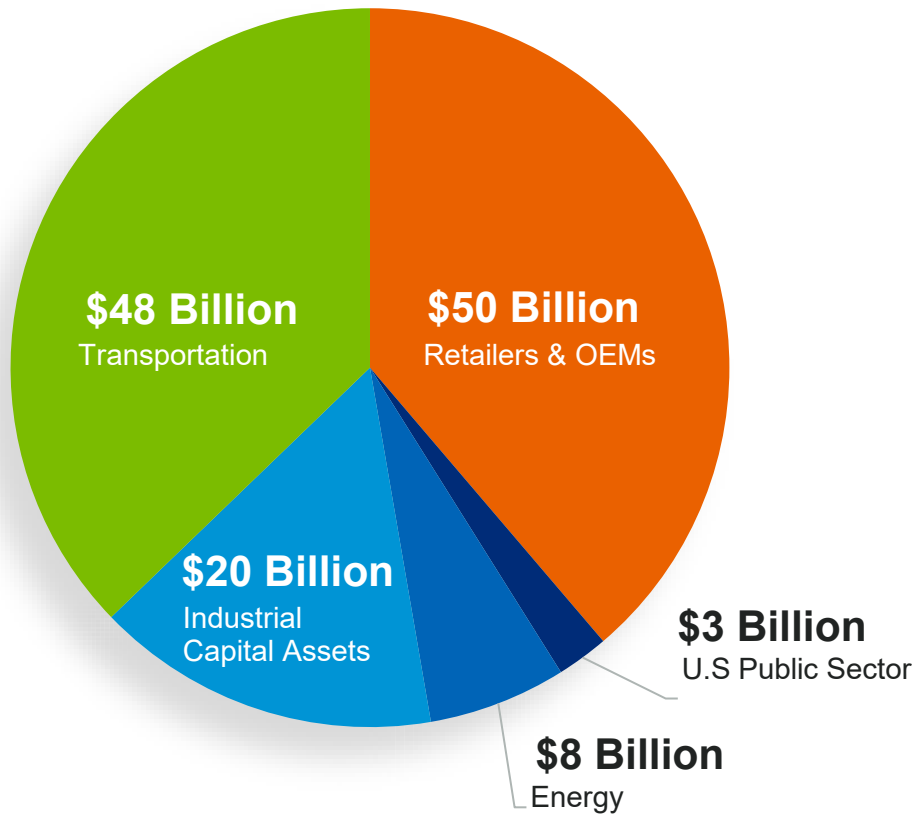
# Our ESG Objectives

<b>Environmental</b>	<b>Our Services Enable the Circular Economy.</b> We empower corporations and governments to use our e-commerce services to resell their surplus and scrap assets, which, in turn, enables a more sustainable and circular economy.
<b>Economic Opportunity</b>	<b>We Empower Small Business Entrepreneurs.</b> We empower small business entrepreneurs by enabling their access to a global supply of finished merchandise and capital assets, which, in turn, allows them to build and grow their businesses and contribute to the prosperity of their local communities.
<b>Social</b>	<b>Our Diverse and Inclusive Workplace Drives Innovation.</b> We constantly seek, develop and implement innovative new ideas to enhance our suite of solutions. To achieve this, we seek diverse perspectives, foster an inclusive workplace and strive to help each employee achieve success using each person's unique talents, skills and contributions.
<b>Governance</b>	<b>Trust Grows our Marketplaces.</b> Creating trust is fundamental to the long-term growth and success of our marketplaces. Accordingly, we continuously execute and improve our services following our core values of: Integrity; Mutual Trust and Accountability; and Doing Well and Doing Good.



# Market Opportunity\*

**\$130 Billion Total Addressable Market**



## Highlighted Sellers Across Industries



\*Data from evaluation of research from Appriss Retail (2018), Manfredi & Associates (2015), ACT Research (2016), and company data.



# Macro-Trends Expanding Our Opportunity

## E-Commerce Growth

- Increased demand for digital, no-contact solutions driving more opportunities with sellers and buyers
  - Continued online growth in retail driving increased volume of consumer returns
  - Trending appetite for self-directed solutions
- Increasing buyer demand for discounted, refurbished and secondary market assets
- Environmental Sustainability key goal for commercial and government sellers

## Technology Innovation

- Product obsolescence and shorter product life cycles
- Greater focus on compliance and transparency
- Higher adoption of digital marketplaces and no-contact sales channels among B2B buyers
- Increasing need for faster disposition cycle

## Sustainability

- Focus on zero waste
- Environmental compliance requires sophisticated tools and reporting
- Extending the useful life of assets of increasing importance



# Our Business Model

## Compelling Model

- ✓ Online, no-contact and self-service solutions
- ✓ Diversified products, services, and customer mix globally
- ✓ High-volume recurring revenue
- ✓ Value-added managed services
- ✓ Additional services beyond selling assets to create higher-margin revenue streams
- ✓ Network effect drives recovery maximization for sellers and increasing flow of asset supply for buyers
- ✓ High operating leverage on future growth

## Multiple, Synergistic Revenue Streams

- ✓ Consignment Model
- ✓ Purchase Model
- ✓ Service Revenue
- ✓ Subscription Revenues

# Liquidity Services Marketplace Success

Q1-23 total marketplace growth over the prior year included\*:

**+16%** Auction Participants

**+5%** Buyer Registrations

\* Q1-FY23 growth over prior year comparable quarter.

\*\* Growth includes our consumer Deals listings that offers retail products for curbside pickup in Phoenix, Arizona.

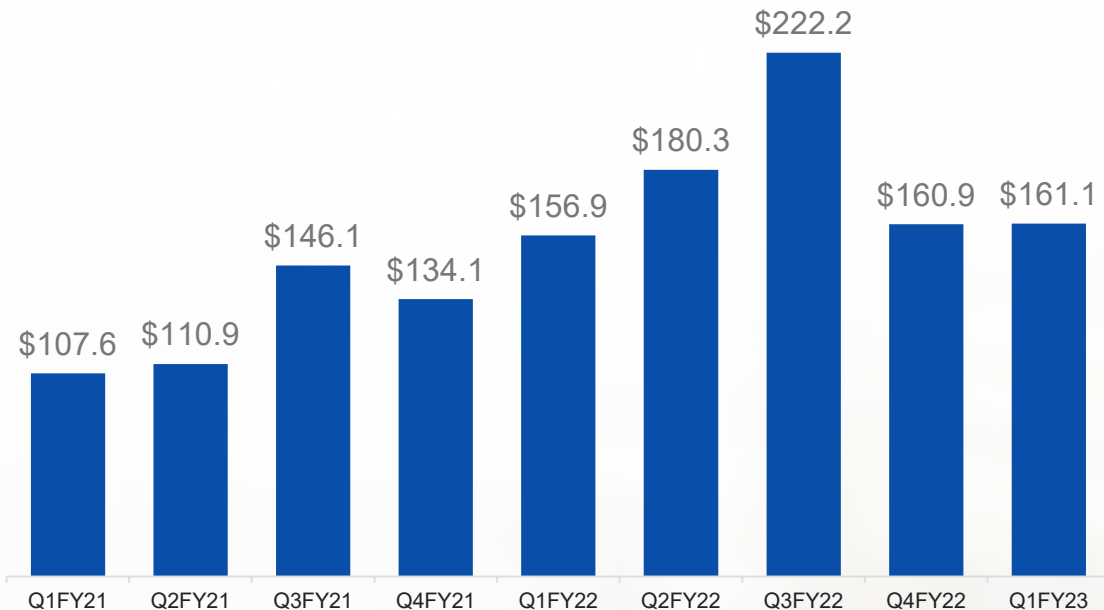
Marketplace	Q1-FY23 Marketplace Highlights*
<p><b>AllSurplus</b> (incl. GoIndustry DoveBid)</p>	<ul style="list-style-type: none"> <li>• <b>+63%</b> Closed Transactions**</li> <li>• <b>+85%</b> Auction Participants**</li> </ul>
<p><b>GovDeals</b> (incl. Bid4Assets)</p>	<ul style="list-style-type: none"> <li>• <b>+3%</b> Closed Transactions</li> <li>• <b>+10%</b> Buyer Registrations</li> </ul>
<p><b>Liquidation.com</b></p>	<ul style="list-style-type: none"> <li>• <b>+16%</b> Auction Participants</li> </ul>

# GovDeals Segment

Government agencies continue to adopt our digital marketplace solutions over traditional sales methods, transacting in a broader array of assets, including vehicles, heavy equipment, and real estate

**GovDeals Segment GMV Trendline**

\* In millions



## We are leading the trend for government sellers to access a mobile-first solution

- Well-positioned to serve increasing demand for virtual solutions

## GovDeals self-directed model is attractive to:

- Local, state and federal government entities
- Higher education institutions
- Non-profits

## Marketing technology and increase in online procurement are driving more buyer demand

New vehicle production limitations and heightened volatility in used car market prices are currently reducing GMV from used vehicles on the GovDeals marketplace.

# Bid4Assets Overview



- A leading online marketplace strategically focused on conducting real property auctions for the government, including tax and mortgage foreclosure sales
- Since inception, Bid4Assets has completed the sale of over \$1 billion in assets through the use of its data-driven technology and online sales platform
- With its strong track record of delivering value for government agency clients, our acquisition of Bid4Assets enhances our portfolio of digital solutions for our sellers, expands our buyer base, and strengthens our position as a leading marketplace for real estate

The results of Bid4Assets are included within our GovDeals segment

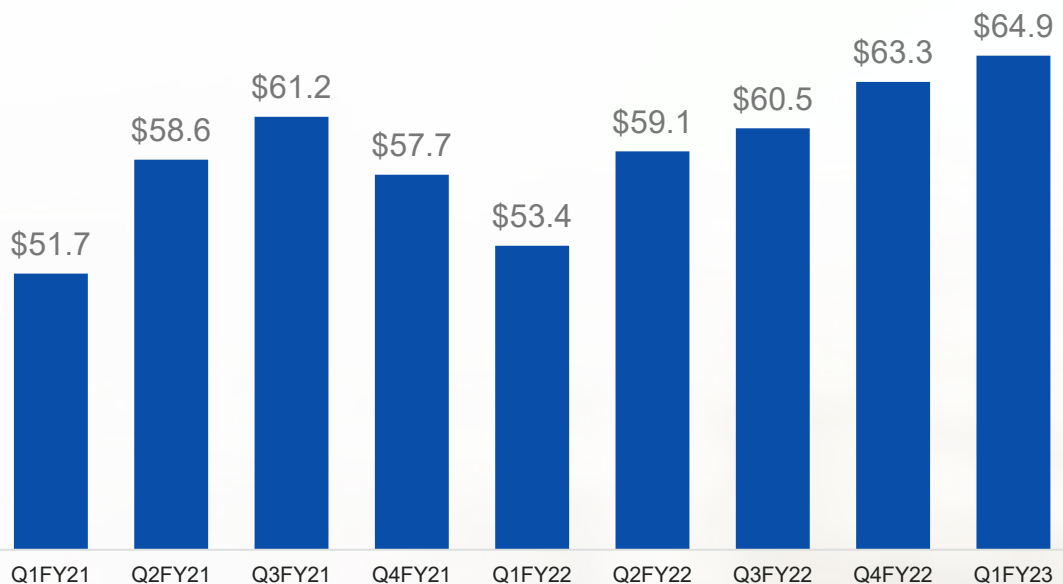


# RSCG Segment

RSCG continues to diversify its client programs, sales channels, and distribution networks

### RSCG Segment GMV Trendline

\* In millions



\* Fiscal Q1 is the seasonally low quarter for reverse supply chain activity in the retail sector.

### Our RSCG segment benefits from:

- Retailers increasingly seeking B2B marketplace platforms to conduct resale of surplus inventory
- Flexible service offerings that enable clients to rapidly respond to changing economic conditions

### Our expanded service offerings address a full spectrum of seller needs and create higher-margin revenue streams:

- Managed services for end-to-end solutions
- Self-directed solutions

### These services have positioned us well to respond to recent macro trends:

- Strong e-commerce growth drives increased volume of consumer returns
- Increasing buyer demand for discounted, refurbished and secondary market assets drives growth

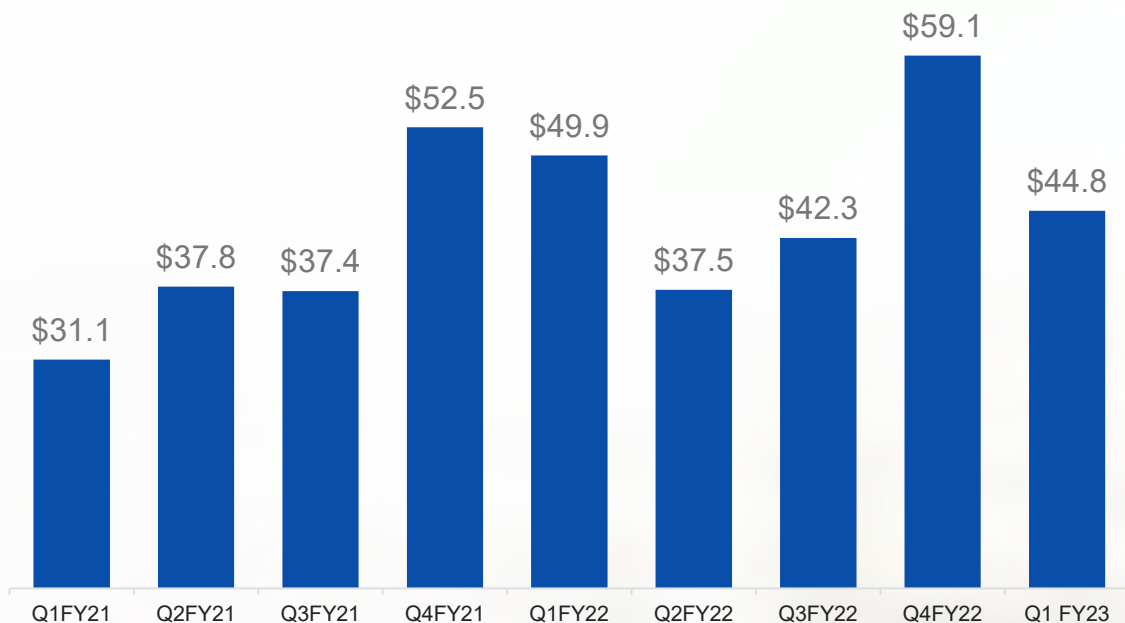
Changes in consumer sentiment can cause fluctuations in the value and mix of products transacted in any given period. Currently, this is resulting in higher product mix of lower value products.

# CAG Segment

Driving growth through expansion of key verticals including heavy equipment, automotive, energy, and biopharma

## CAG Segment GMV Trendline

\* In millions



### Continued execution through ongoing global supply chain disruptions:

- Global supply chains are experiencing heightened uncertainty from slowing global GDP growth, the ongoing Russia-Ukraine conflict, inflationary pressures, and the COVID-19 pandemic

### Clients continue to pursue CAG's solutions for:

- Greater need to recover investment on idle assets
- Increasing buyer demand for assets at less than new pricing

### AllSurplus enables delivery of self-directed and fully managed services to our sellers, including:

- AI-driven recommendations and search to help buyers
- Real time reporting and asset status for our sellers
- Ability to bid or buy assets through multiple sales types: auctions, buy now, and offers

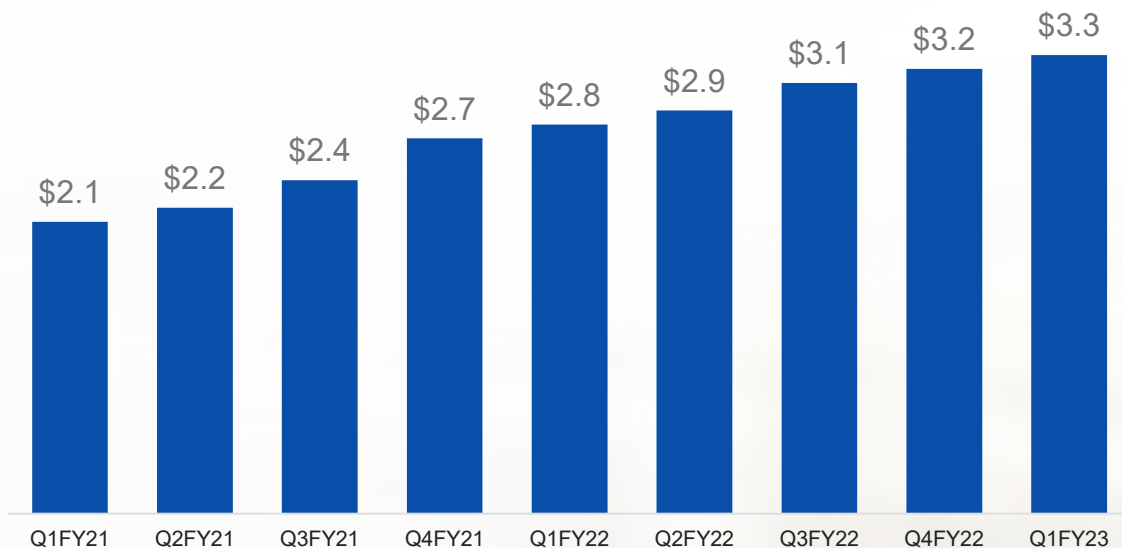
CAG GMV can be variable based on timing and project size

# Machinio Segment

Subscriber growth and strong renewal rates from Machinio Advertising and System drove 18% revenue growth in Q1-FY23

### Machinio Segment Revenue Trendline

\* In millions



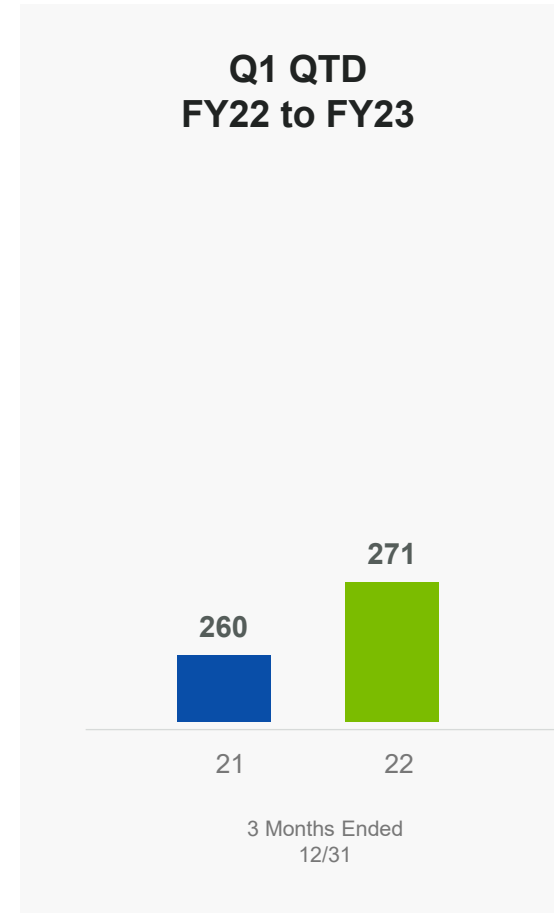
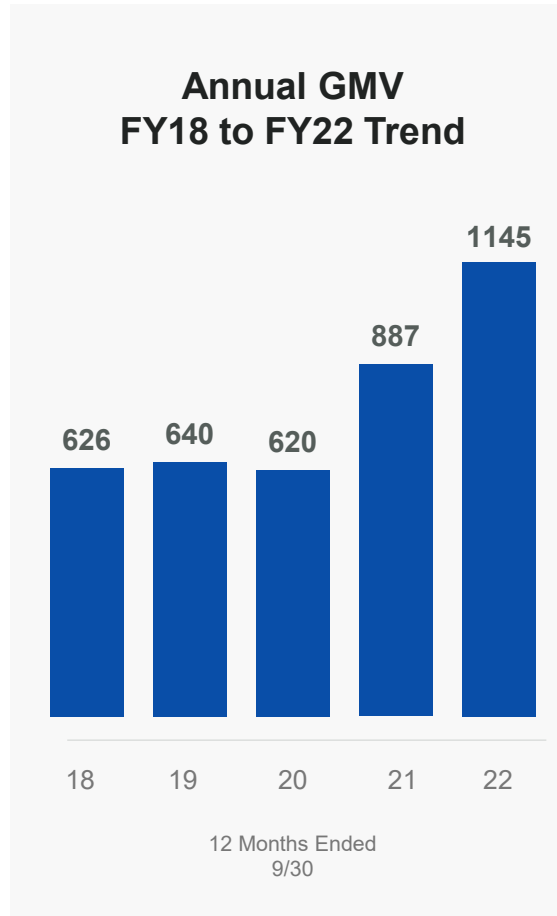
- **The Machinio worldwide search engine for used equipment aggregates more than 4.0 million active listings**
- **Machinio Advertising’s worldwide classifieds platform has over 3,800 subscribers, more than 1.3 million qualified leads annually, and over 500k alert email subscribers**
- **Machinio System’s management software for machinery dealers has over 500 subscribers**
- **Net Renewal Rates in excess of 90%**

# Financial Results



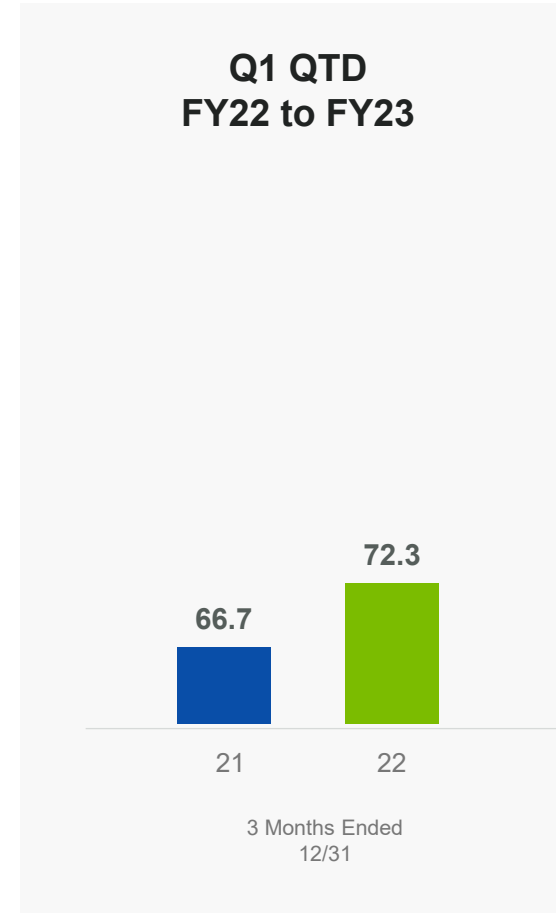
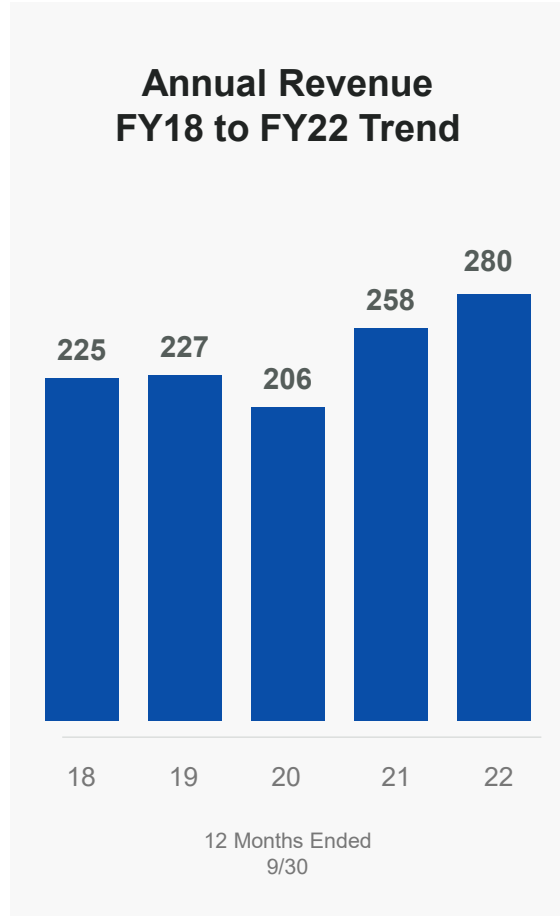
# Consolidated Results – Gross Merchandise Volume (GMV)

\$ in millions



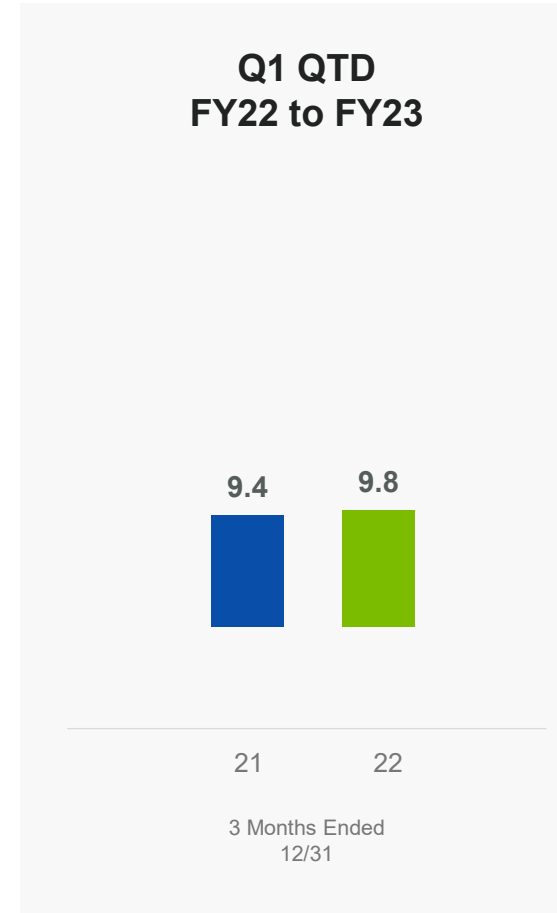
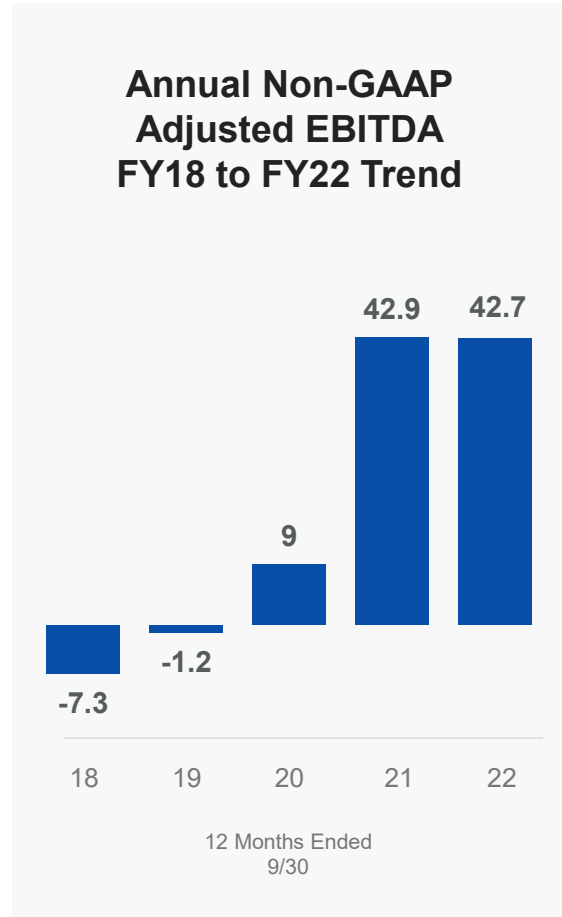
# Consolidated Results – Revenue

\$ in millions



# Consolidated Results – Non-GAAP Adjusted EBITDA<sup>(1)</sup>

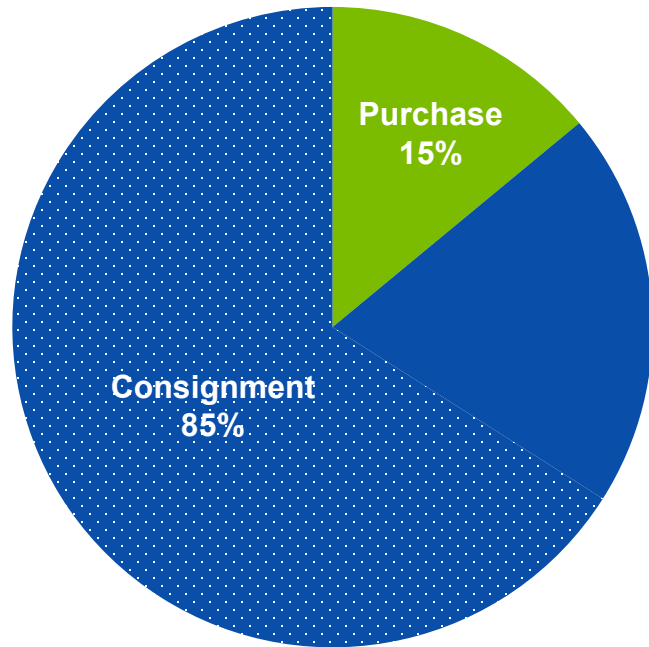
\$ in millions



(1) For the three months ended December 31, 2022, 2021, 2020, 2019, 2018, and 2017, Net Income (Loss) was \$4.0M, \$3.6M, \$4.5M, (\$5.2)M, (\$5.0)M, and \$(1.2)M respectively. See slide #27 for a reconciliation of Adjusted EBITDA

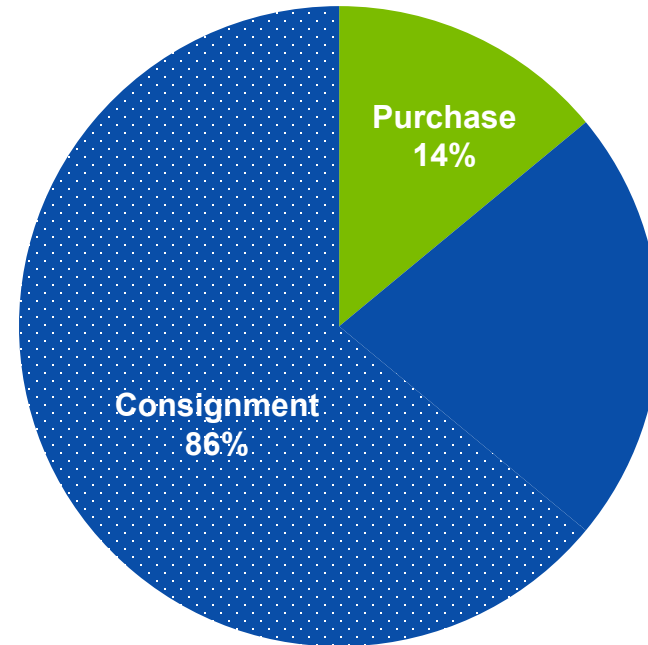
# Diversification By Pricing Model | GMV Mix

Q1 FY22



■ Purchase ■ Consignment ■ Self-Directed Consignment

Q1 FY23

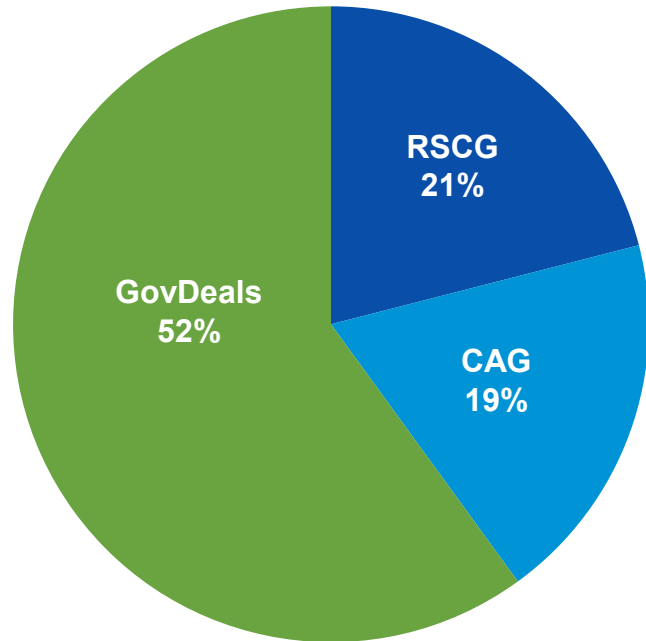


■ Purchase ■ Consignment ■ Self-Directed Consignment

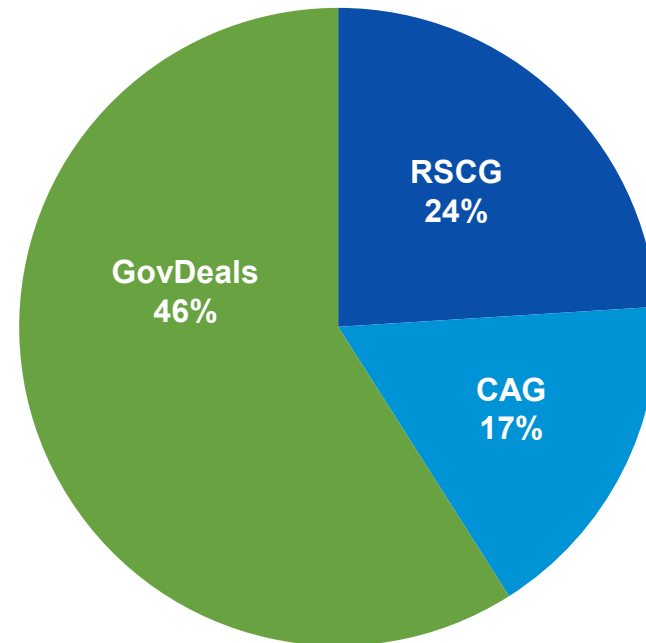


# Diversification By Segment | GMV Mix

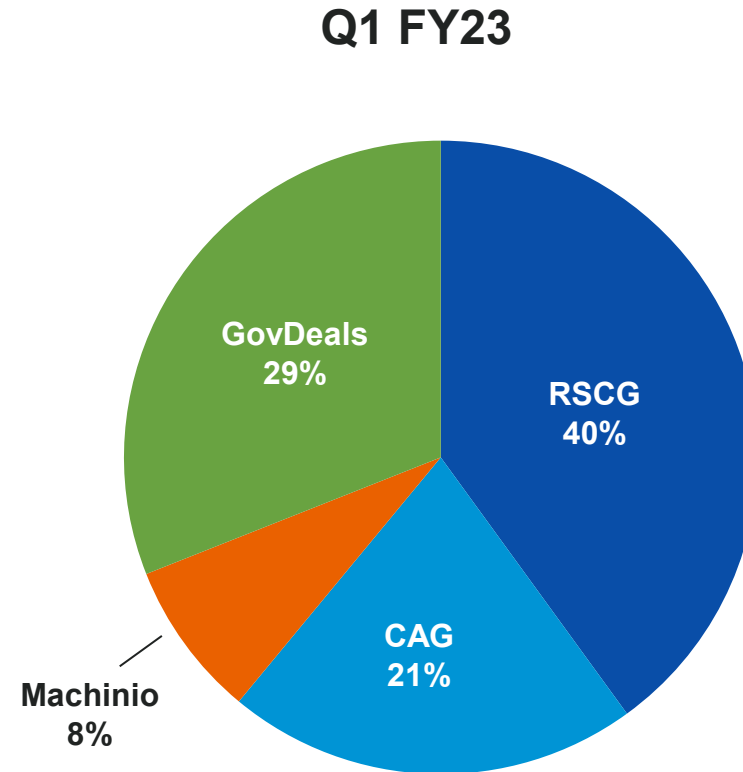
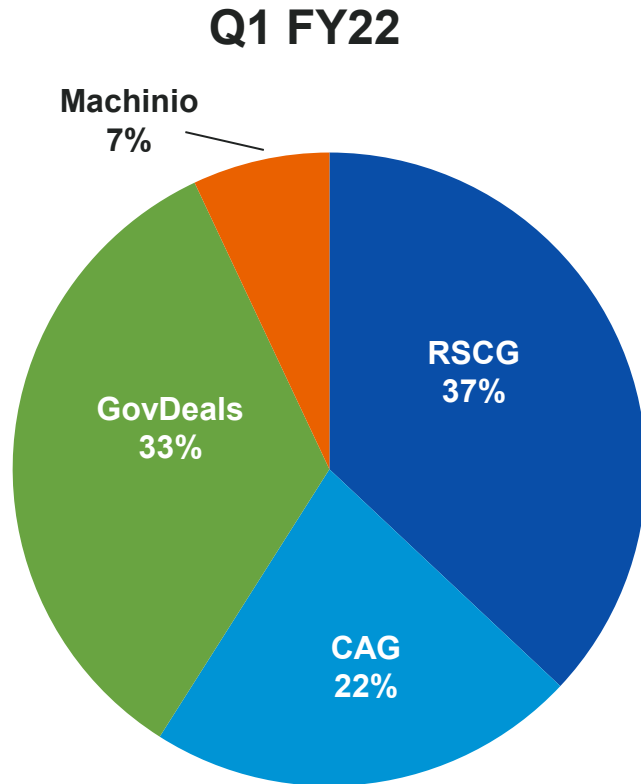
Q1 FY22



Q1 FY23



# Diversification By Segment | Segment Direct Profit Mix<sup>(1)</sup>



(1) See our Form 10-Q for the three months ended December 31, 2022, Note 14 – *Segment Information* therein, for a reconciliation of Total Segment direct profit (previously referred to as Segment gross profit, and which continues to be calculated as Total revenue less Cost of goods sold (excluding Depreciation and amortization) to Income before provision for income taxes.

# Reconciliation of Financial Data

## Adjusted EBITDA Reconciliation

(in thousands)	Q1 FY21 QTD	Q2 FY21 QTD	Q3 FY21 QTD	Q4 FY21 QTD	Q1 FY22 QTD	Q2 FY22 QTD	Q3 FY22 QTD	Q4 FY22 QTD	Q1 FY23 QTD
Net Income (Loss)	\$4,514	\$5,260	\$8,419	\$32,755	\$3,602	\$11,970	\$16,408	\$8,345	\$3,967
Interest & other income (expense), net	103	69	157	115	33	51	(196)	88	303
Provision (benefit) for income taxes	297	407	429	(24,503)	1,012	1,059	2,183	3,075	1,149
Depreciation and amortization	1,871	1,670	1,705	1,723	2,302	2,603	2,641	2,776	2,764
Non-GAAP EBITDA	\$6,579	\$7,406	\$10,396	\$10,090	\$6,883	\$15,683	\$21,428	\$14,108	\$7,577
Stock compensation expense	2,229	1,761	1,803	1,154	2,280	1,992	1,884	2,325	2,081
Acquisition costs and impairment of long-lived and other non-current assets	-	203	1,136	125	211	40	43	179	184
Business realignment expenses	5	-	-	-	-	-	-	191	-
Fair value adjustments to acquisition earn-outs	-	-	-	-	-	-	(11,500)	(4,500)	-
Deferred revenue purchase accounting adjustment	-	-	-	-	-	(8,500)	-	-	-
Non-GAAP Adjusted EBITDA	\$8,813	\$9,370	\$13,335	\$11,369	\$9,374	\$9,215	\$11,855	\$12,303	\$9,842



Investor Relations

[investorrelations@liquidityservicesinc.com](mailto:investorrelations@liquidityservicesinc.com)