

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 31, 2023



Liquidity Services Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-51813
(Commission File Number)

52-2209244
(IRS Employer
Identification No.)

6931 Arlington Road
Suite 200
Bethesda, Maryland
(Address of Principal Executive Offices)

20814
(Zip Code)

Registrant's Telephone Number, Including Area Code: 202 4676868

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	LQDT	The Nasdaq Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Departure of Director

On January 31, 2023, Patrick W. Gross, a member of the Board of Directors (the “Board”) of Liquidity Services, Inc. (the “Company”), a member of the Audit Committee of the Board (the “Audit Committee”), the Corporate Governance and Nominating Committee of the Board, and the Company’s Lead Independent Director, notified the Company of his intention to retire effective February 1, 2023. Mr. Gross has served as a director of the Company since February 2001 and is retiring consistent with the Company’s succession plan to accommodate the onboarding of new directors. Mr. Gross’s departure from the Board was not as a result of any disagreement with the Company on any matter relating to its operations, policies or practices.

Following the departure of Mr. Gross, the Company’s independent directors elected Beatriz V. Infante as the Lead Independent Director effective February 1, 2023. Ms. Infante has served on the Board since 2015 and is currently the Chair of the Compensation Committee of the Board and a member of the Audit Committee.

Appointment of New Director

The Board also appointed Thierno “Amath” Fall, as a director of the Company and a member of the Audit Committee, effective February 1, 2023. Mr. Fall will serve as a Class III Director, to fill the vacancy created by Mr. Gross’s departure, until the Company’s 2024 Annual Meeting of Stockholders or until his earlier resignation or removal.

Mr. Fall is a senior executive with over twenty years of experience leading a variety of financially and operationally focused roles. Since 2022, Mr. Fall has served as Operating Partner at The Sterling Group, a private equity firm based in Houston, TX. From 2019 to 2021, Mr. Fall served as the Chief Financial Officer (2019-2020) and then as the Chief Operating Officer (2020-2021) of Berlin Packaging, a \$2.5B in sales global packing distribution company based in Chicago, IL. From 2016 to 2019, Mr. Fall was the Chief Financial Officer of FleetPride, a \$1.6B in sales, heavy duty truck distribution company based in Irving, TX. Prior to that, Mr. Fall held various financial roles at public and private companies, including AmeriCold (NYSE: COLD), and Nashfinch, now SpartanNash (NASDAQ: SPTN).

Mr. Fall graduated from the University of Nebraska at Omaha with a B.S. in Accounting and a M.S. in Business Economics. Mr. Fall received a NACD Directorship Certification from the National Association of Corporate Directors. Additionally, he is a Certified Public Accountant, a Certified Management Accountant, a Certified Financial Accountant, a Chartered Global Management Accountant, and a Certified Forensic Accountant. Mr. Fall is also a member of the American Institute of Certified Public Accountants.

The Board has determined that Mr. Fall qualifies as an independent director under all standards applicable to his service on the Board and as a member of the Audit Committee. The Board has also designated Mr. Fall as an “audit committee financial expert” as defined by Item 407(d)(5) of Regulation S-K under the Securities Act of 1933, as amended.

There are no transactions in which Mr. Fall has an interest requiring disclosure under Item 404(a) of Regulation S-K. There are no family relationships between him and any other executive officer or director of the Company. There is no other arrangement or understanding between Mr. Fall and any other persons or entities pursuant to which Mr. Fall was appointed as a director of the Company. Mr. Fall will be compensated for his services as a director consistent with the Company’s compensation policies for nonemployee directors approved by the Compensation Committee of the Company’s Board of Directors for calendar year 2023, including annual cash retainers for service as directors and as members of Board committees, and grants of equity compensation under the Company’s Third Amended and Restated 2006 Omnibus Long-Term Incentive Plan, as amended. The Company also anticipates that Mr. Fall will enter into an Indemnification Agreement with the Company, consistent with all of the Company’s directors and officers, on substantially the form attached as Exhibit 10.10 to the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LIQUIDITY SERVICES, INC.

(Registrant)

Date: February 2, 2023

By: /s/ Mark A. Shaffer

Name: Mark A. Shaffer

Title: Chief Legal Officer and
Corporate Secretary

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT (“**Agreement**”) is entered into as of the date of signature of the last party to sign (the “**Effective Date**”), by and between Liquidity Services, Inc., a Delaware corporation (the “**Company**”), and _____ (the “**Executive**”). Terms used herein with initial capitalization are defined in Section 11 (Definitions) below.

WHEREAS, the Executive is already employed by the Company and the Company wishes to continue to employ the Executive;

WHEREAS, the Executive is a key employee who is expected to continue to make major contributions to the profitability, growth and financial strength of the Company and its subsidiaries and affiliates; and

WHEREAS, the Executive is willing to render services on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and conditions herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

- 1) **Employment Agreement**. On the terms and conditions set forth in this Agreement, the Company agrees to employ the Executive and the Executive agrees to be employed by the Company for the Employment Period set forth in Section 2 (Term) and in the position and with the duties set forth in Section 3 (Positions and Duties).
- 2) **Term**. The term of employment commences on the Effective Date and continues until terminated pursuant to Section 7 (Termination of Employment) (the “**Employment Period**”).
- 3) **Position and Duties**. The Executive shall serve in the position and with the duties and title set forth in Schedule 1 (Certain Terms of Employment) attached hereto during the Employment Period. In such capacity, the Executive shall have the normal duties, responsibilities, and authority of such position, subject to the power of the Executive’s “**Reporting Officer**” as designated in Schedule 1 (Certain Terms of Employment) or the Company’s Board of Directors (the “**Board**”) to reasonably expand or limit such duties, responsibilities and authority. The Executive shall report to the Reporting Officer designated in Schedule 1 (Certain Terms of Employment). The Executive shall devote the Executive’s best efforts and full business time and attention to the business and affairs of the Company; *provided, however*, that Executive may, to the extent such participation or service does not materially interfere with the performance of the obligations described in this Agreement: (i) participate in charitable, civic, political, social, trade, or other non-profit organizations; (ii) with the consent of Chief Executive Officer, such consent not to be unreasonably withheld, serve as a non-management director of a business corporation (or in a like capacity in other for-profit organizations); or (iii) managing Executive’s personal investments.

- 4) **Place of Performance.** In connection with the Executive's employment by the Company, the Executive shall be based at a remote home office location in the continental United States that complies with the Company's policies and procedures concerning remote work.
- 5) **Compensation.**
- a) **Base Salary.** During the Employment Period, the Company shall pay an annual base salary (the "**Base Salary**") to the Executive, which Base Salary initially shall be at the rate per year as set forth in Schedule 1 (Certain Terms of Employment). The Compensation Committee of the Board (the "**Committee**") shall review Executive's Base Salary from time to time. The Base Salary shall be payable biweekly or in such other installments as shall be consistent with the Company's payroll procedures. The Base Salary may be increased at any time or from time to time, but it may not be decreased without the consent of the Executive.
- b) **Annual Cash Incentive Award.** During the Employment Period, Executive shall be eligible for an annual target cash incentive opportunity based on a percentage of Executive's Base Salary, which percentage is set forth in Schedule 1 (Certain Terms of Employment), provided that the payment of Executive's annual cash incentive shall be determined by the Compensation Committee in its good faith discretion based on Company's collective performance as a whole and, to the extent applicable, individual performance to the extent of an individual performance metric is applied. From time to time, the Committee shall review the percentage of Base Salary used to calculate Executive's annual target cash incentive. In its sole discretion, the Committee may award an annual cash incentive in excess of the annual cash incentive opportunity. Notwithstanding the foregoing, the Committee may grant a special bonus at any time. Annual cash incentive awards shall be deemed "earned" only if Executive is employed on the last day of the fiscal year to which the annual cash incentive award relates and shall be otherwise paid in accordance with the Company's Annual Incentive Plan at the sole discretion of the Compensation Committee.
- c) **Long-Term Incentive Awards.** During the Term, Executive shall be eligible for long-term incentive award opportunities. The Committee shall review Executive's annual long-term incentive award from time to time. Long-term cash incentive awards not granted under the Company's Third Amended and Restated 2006 Omnibus Long Term Incentive Plan, as amended (collectively, with any successor plan thereto, the "**Equity Incentive Plan**") shall be deemed "earned" only if Executive is employed on the last day of the applicable performance period and shall be paid in accordance with the Company plan or award agreement for such award. Equity awards granted under the Equity Incentive Plan shall be administered subject to the terms and conditions of such plan and the applicable award agreement.
- d) **Benefits.** During the Employment Period, the Executive will be entitled to receive such other benefits approved by the Board and made available to similarly situated senior executives of the Company, including health insurance, disability insurance, and 401(k) benefits. At all times the Company agrees to maintain Director's and Officer's Liability

coverage for the Executive. Nothing contained in this Agreement shall prevent the Company from changing insurance carriers.

- e) **Employee Leave**. The Executive shall be entitled to all public holidays observed by the Company and a total of 26 days of paid time off (“PTO”) in accordance with the applicable law and policies of the Company, which shall be taken at a reasonable time or times per year.
 - f) **Compensation Clawback**. Notwithstanding any other provisions in this Agreement to the contrary, any incentive or other compensation paid to the Executive pursuant to this Agreement or any other plan, policy, program, or agreement or arrangement with the Company that is subject to clawback or other similar recovery under applicable law, government regulation, stock exchange listing requirement or the Company’s Clawback Policy (or any successor thereof), as any of the same may be in effect from time to time, will be subject to such clawback or other recovery as may be required thereunder.
 - g) **Executive Stock Holding Policy**. The Executive is subject to the Company’s Executive Stock Holding Policy to align the Executive’s interest with those of the Company’s stockholders. This policy requires the Executive to accumulate and hold shares of the Company’s common stock having an aggregate value equal to one hundred and fifty percent (150%) of the Executive’s Base Salary.
- 6) **Expenses**. The Executive is expected and is authorized to incur reasonable expenses in the performance of Executive’s duties hereunder, including the costs of entertainment, travel, and similar business expenses incurred in the performance of Executive’s duties. Company shall reimburse the Executive for all reasonable business expenses in accordance with the Company’s policies and procedures
- 7) **Termination of Employment**.
- a) **Termination**. The Executive’s employment by the Company during the Employment Period will continue until:
 - i) Executive’s death,
 - ii) Executive’s Disability,
 - iii) Voluntary resignation by the Executive;
 - iv) Resignation by the Executive for Good Reason;
 - v) Involuntary termination of Executive’s employment by the Company without Cause; or
 - vi) Involuntary termination of Executive’s employment by the Company with Cause.
 - b) **Notice of Termination**. Any termination of Executive’s employment by the Company or by the Executive (other than because of the Executive’s death) shall be communicated by

written Notice of Termination to the other party hereto in accordance with Section 10(a) (Notices). For purposes of this Agreement, a “**Notice of Termination**” shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon under Section 7(a) (Termination), and the Date of Termination. In the event that the Executive terminates Executive’s employment for Good Reason (*i.e.*, Section 7(a)(iv)) or the Company terminates Executive’s employment for Cause (*i.e.*, Section 7(a)(vi)), the Notice of Termination shall set forth the facts and circumstances for Good Reason or Cause as applicable. In the event of termination by Executive without Good Reason, Executive shall provide at least 30 days’ notice unless the Company consents, in its sole discretion, to a shorter period of time. The Executive is not entitled to assert that her, his or their termination is for Good Reason unless the Executive gives the Company written notice of the event or events that are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Company to address the event or events and a period of not less than thirty (30) days after to cure the alleged condition, the Company fails to cure such event or events within 30 days of such written notice, and Executive must actually terminate Executive’s employment within 90 days of the initial existence of such event or events.

8) Compensation Upon Termination.

- a) **Death.** If the Executive’s employment is terminated during the Employment Period as a result of the Executive’s death, the Company shall pay to the Executive’s estate, or as may be directed by the legal representatives of such estate, the Executive’s Base Salary through the next full calendar month following the Date of Termination and all other unpaid Accrued Benefit Amounts, if any, to which the Executive is entitled as of the Date of Termination. Subject to Section 8(e) (Code Section 409A Matters), the payments contemplated by this Section 8(a) (Death) shall be paid at the time they are due, and the Company shall have no further obligations to the Executive or her, his or their estate under this Agreement.
- b) **Disability.** If the Company terminates the Executive’s employment during the Employment Period because of the Executive’s Disability, the Company shall pay the Executive twenty five percent (25%) of her, his or their annual Base Salary (*i.e.*, three months of Base Salary) and any unpaid Accrued Benefits.
- c) **By the Company with Cause or by the Executive without Good Reason.** If the Company terminates the Executive’s employment during the Employment Period for Cause or, alternatively, if the Executive voluntarily resigns her, his or their employment other than for Good Reason, the Company shall pay to the Executive any unpaid Accrued Benefits.
- d) **By the Company without Cause or by the Executive for Good Reason.** If the Company terminates the Executive’s employment other than for Cause, death, or Disability or the Executive terminates her, his or their employment for Good Reason, the Company shall pay the Executive her, his or their:
 - i) Severance Payment as defined and described in Section 8(f) (Severance Payment);

- ii) any unpaid Accrued Benefits; and
 - iii) a lump sum payment reflecting the aggregate amount of twelve (12) months of the total premium that Executive would be required to pay to maintain coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“**COBRA**”) for the plan options that Executive was enrolled in under the Company’s group medical plan as of the Date of Termination, *less* the aggregate amount of twelve (12) months of the Executive’s monthly premium contribution for participation in such plan as was in effect immediately prior to the Date of Termination. For the avoidance of doubt, it is Executive’s sole responsibility to enroll in COBRA coverage and pay all premiums associated with such coverage at Executive’s sole cost and expense. The Company’s sole obligation under this Section 8(d)(iii) is to make the payment specified herein and Company shall not be obligated to make payments for benefits in which Executive had not been enrolled at the time of termination.
- e) **Code Section 409A Matters.** The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “**Code**”) to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding any provisions of this Agreement to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Executive under Section 8 of this Agreement until the Executive would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A of the Code. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Executive under this Agreement shall be paid to the Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Executive) during any one year may not affect amounts reimbursable or provided in any subsequent year; provided, however, that with respect to any reimbursements for any taxes which the Executive would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which the Executive remits the related taxes were incurred. Notwithstanding any provisions of this Agreement to the contrary, if the Executive is a “specified employee” (within the meaning of Section 409A of the Code and determined pursuant to any policies adopted by the Company consistent with Section 409A of the Code, at the time of the Executive’s separation from service and if any portion of the payments or benefits to be received by the Executive upon separation from service would be considered deferred compensation under Section 409A of the Code and cannot be paid or provided to the Executive during the six-month period immediately following the Executive’s separation

from service without the Executive incurring taxes, interest or penalties under Section 409A of the Code, such amounts that would otherwise be payable pursuant to this Agreement and benefits that would otherwise be provided pursuant to this Agreement, in each case, during the six-month period immediately following the Executive's separation from service will instead be paid or made available on the earlier of (i) first business day after the date that is six (6) months following the Executive's separation from service and (ii) the Executive's death.

f) Severance Payment.

- i) Calculation. The term “**Severance Payment**” means an aggregate amount equal to the sum of:
- (1) the Executive's Base Salary; and
 - (2) the Executive's annual target cash incentive opportunity for the fiscal year in which Executive is terminated.
- ii) Condition of Release. As a condition to receiving any portion of the Severance Payment, Executive shall have executed and delivered to the Company a general release of claims in favor of the Company, its current and former Subsidiaries, affiliates and stockholders, and the current and former directors, officers, employees and agents of the Company in substantially the form set forth on Schedule 2 attached hereto (the “**Release**”), and the Release shall have become irrevocable. The Executive shall forfeit the right to receive the Severance Payment if the Executive fails to deliver a signed copy of the Release to the Company within sixty (60) days of the Date of Termination.
- iii) Timing of Payment. The Company will pay the Severance Payment as a single lump sum at the next regularly scheduled payroll date following the date that Executive's Release becomes irrevocable.
- iv) Acknowledgement. The parties acknowledge and agree that the payment of the portion of the Severance Payment in Section 8(f)(i)(2) is liquidated damages for any claim by Executive for full or partial payment of such annual target cash opportunity that will not be paid because Executive will not be an employee at the end of performance measurement period. As such, the parties acknowledge and agree that (i) the parties have agreed the amount of any calculation of a payment for a target cash incentive opportunity is incapable or is difficult to precisely estimate prior to the end of the performance period, (ii) the amounts specified in this component of the Severance Agreement bear a reasonable relationship to, and are not plainly or grossly disproportionate to, the probable loss likely to be incurred in connection with any failure by the Company to pay such amounts, (iii) one of the reasons for the Company and Executive reaching an agreement as to such amounts was the uncertainty and cost of litigation regarding the question of actual damages, and (iv) the Company and the Executive are sophisticated business parties and have been negotiated at arm's length.

9) **Other Agreements.** As a pre-condition to the effectiveness of this Agreement, Executive agrees to execute the Confidentiality & Non-Compete Agreement, the terms and conditions of which are specifically incorporated herein by reference. Further, as a pre-condition to the effectiveness of this Agreement, the Company and the Executive agree to execute the Indemnification Agreement and the CIC Agreement.

10) **Miscellaneous.**

- a) **Notices.** Any notices, requests, demands, or other communications provided for by this Agreement shall be sufficient if in writing and if sent by Federal Express, United Parcel Service or registered or certified U.S. postal mail to the Executive at the last address he or she has filed in writing with the Company or, in the case of the Company, at its principal offices
- b) **Representations.** Executive agrees to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. Executive represents that performance of all the terms of this Agreement and the Confidentiality & Non-Compete Agreement will not breach any non-compete or similar agreement entered into by the Executive. Executive represents that Executive has not entered into, and Executive agrees not to enter into, any oral or written agreement in conflict herewith.
- c) **Severability.** The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect.
- d) **Survival.** It is the express intention and agreement of the parties hereto that the provisions of Section 8 hereof shall survive the termination of employment of the Executive. In addition, all obligations of the Company to make payments hereunder shall survive any termination of this Agreement on the terms and conditions set forth herein.
- e) **Assignment.** The rights and obligations of the parties to this Agreement shall not be assignable or delegable, except that (i) in the event of the Executive's death, the personal representative or legatees or distributees of the Executive's estate, as the case may be, shall have the right to receive any amount owing and unpaid to the Executive hereunder and (ii) the rights and obligations of the Company hereunder shall be assignable and delegable to any Affiliate of the Company or in connection with any subsequent merger, consolidation, sale of all or substantially all of the assets of the Company or similar reorganization of a successor corporation.
- f) **Binding Effect.** Subject to any provisions hereof restricting assignment, this Agreement shall be binding upon the parties hereto and shall inure to the benefit of the parties and their respective heirs, devisees, executors, administrators, legal representatives, successors and assigns.
- g) **Amendment; Waiver.** This Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the parties hereto; provided, that the parties may amend Schedule 1 (Certain Terms of Employment) hereto by executing and delivering

a revised version of Schedule 1 (Certain Terms of Employment) and attaching such revised version to this Agreement. Neither the waiver by either of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

- h) Withholding.** The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.
- i) Headings.** Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.
- j) Governing Law.** This Agreement and all matters relating to Executive's employment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles thereof. Each party to this Agreement (i) consents to the personal jurisdiction of the state and federal courts having jurisdiction in New Castle County, Delaware, (ii) stipulates that the proper, exclusive, and convenient forum and venue for legal adjudication of any issue arising out of this Agreement or relating to claims between the parties is New Castle County, Delaware for state court proceedings, and the United States District Court for the District of Delaware, for federal district court proceedings, and (iii) waives any defense, whether asserted by a motion or pleading, that New Castle County, Delaware, or the United States District Court for the District of Delaware, is an improper or inconvenient venue.
- k) Entire Agreement.** This Agreement, including Schedule 1 (Certain Terms of Employment) hereto constitutes the entire agreement between the parties respecting the employment of Executive, there being no representations, warranties or commitments except as set forth herein.
- l) Counterparts and Electronic Signature.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

11) Definitions.

“**Affiliate**” means as to a specified Person any other person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

“**Accrued Benefits**” shall mean the sum of the following:

- (i) accrued but unpaid Base Salary through the Date of Termination, payable at the next regularly scheduled pay date for employees following the Date of Termination;
- (ii) any annual cash incentive award earned but unpaid with respect to the fiscal year preceding the year in which the Date of Termination occurs, payable in accordance with Section 5(b) above;
- (iii) any long-term incentive award earned but unpaid with respect to performance periods that ended in the fiscal year preceding the year in which Date of Termination occurs, payable in accordance with Section 5(c) above;
- (iv) accrued but unused PTO days paid in accordance with Section 5(e) above;
- (v) reimbursement for any unreimbursed business expenses incurred through the Date of Termination and any expenses incurred through the Date of Termination under Section 6 above, payable within thirty days following the Date of Termination; and (vi) all other payments, benefits, or fringe benefits to which Executive shall be entitled as of the Date of Termination under the terms of this Agreement or any other applicable compensation arrangement or benefit, equity, or fringe benefit plan or program or grant.

“**Agreement**” means this Amended and Restated Executive Employment Agreement.

“**Base Salary**” is defined in Section 5(a) above.

“**Beneficial Owner**” means a beneficial owner within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

“**Cause**” means the Executive shall have:

- (1) committed an intentional act of fraud, embezzlement or theft in connection with her, his or their duties or in the course of her, his or their employment with the Company or any Subsidiary;
- (2) committed intentional wrongful damage to property of the Company or any Subsidiary;
- (3) committed intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary;
- (4) been convicted of a felony (specifically excluding felonies or crimes under any applicable state or federal vehicle code);
- (5) committed intentional wrongful engagement in any competitive activity which would constitute a material breach of the duty of loyalty to the

Company and any such act shall have been materially harmful to the Company and its Subsidiaries taken as a whole; or

- (6) committed recurring violations of material Company rules, regulations, or policies (to the extent such rules, regulations, or policies are consistent with and do not conflict with this Agreement), or breached any material provisions of this Agreement or the Confidentiality & Non-Compete Agreement, in any case after written notice to Executive from the Company specifically enumerating all of the facts and circumstances constituting the violation or breach, the conduct or action which can be taken by Executive to cure the violation or breach, and a reasonable opportunity (which in no event shall be less than thirty (30) calendar days) for Executive to take corrective action.

“Confidentiality & Non-Compete Agreement” means that certain Employee Agreement Regarding Confidentiality, Intellectual Property, and Competitive Activities, dated as of the date hereof, by and between the Executive and the Company.

“Company” means Liquidity Services, Inc. and its successors and assigns.

“Date of Termination” means (i) if the Executive’s employment is terminated by the Executive’s death, the date of the Executive’s death; (ii) if the Executive’s employment is terminated because of the Executive’s Disability, 30 days after Notice of Termination; or (iii) if the Executive’s employment is otherwise terminated by the Company or by the Executive, the date specified in the Notice of Termination.

“Disability” means the Executive’s inability to perform all of the Executive’s duties hereunder by reason of illness, physical or mental disability or other similar incapacity, as determined by a competent medical doctor appointed by the Board after a complete and thorough medical examination and evaluation, which inability shall continue for more than three consecutive months or for such shorter periods that when aggregated exceed six (6) months in any twelve (12) month period.

“Effective Date” means the date as of which this Agreement is executed as set out above.

“Employment Period” is defined in Section 2 above.

“Good Reason” means:

- (i) the Company’s failure to perform or observe any of the material terms or provisions of this Agreement (including the provisions of Schedule 1 of this Agreement) or the Indemnification Agreement; or
- (ii) a material reduction in the scope of the Executive’s authority, duties or responsibilities without the prior written consent of the Executive; or
- (iii) any change to the job title given to Executive without the prior written

consent of Executive;

- (iv) any material diminution in Base Salary or any other material change in benefits provided to Executive hereunder without the prior written consent of Executive; or
- (v) Any request, instruction, directive or order whether direct or indirect, to the Executive by the Company or any executive officer of the Company to perform any act which is unlawful; or
- (vi) A relocation of Executive's primary geographic work location (including a remote home office) to a distance of more than fifty (50) miles from its location as of immediately prior to such change without the prior written consent of Executive.

provided that Executive is not entitled to assert that her, his or their termination is for Good Reason unless the Executive gives the Company written notice of the event or events that are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Company to address the event or events and a period of not less than thirty (30) days after to cure the alleged condition, the Company fails to cure such event or events within 30 days of such written notice, and Executive must actually terminate Executive's employment within 90 days of the initial existence of such event or events.

"Indemnification Agreement" dated as of the date hereof by and between the Executive and the Company.

"Notice of Termination" is defined in Section 7.2 above.

"Person" means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

[Signature Page Follows]

Amended and Restated
Executive Employment Agreement

Page | 11

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement, or have caused this Agreement to be duly executed on their behalf, as of the day and year first hereinabove written.

LIQUIDITY SERVICES, INC.

By: _____

Name:

Title:

Date: _____

EXECUTIVE

Date: _____

Signature Page to Amended and Restated Executive Employment Agreement

**SCHEDULE 1 TO AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT**

CERTAIN TERMS OF EMPLOYMENT

All capitalized but undefined terms in this Schedule shall have the meaning ascribed to them in the Agreement.

Name:	
Position/Title:	
Duties:	
Reporting Officer:	
Base Salary:	
Target Cash Incentive Opportunity as a Percentage of Base Salary:	
Work Arrangement:	

SCHEDULE 2 TO AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

FORM OF RELEASE AGREEMENT

This release (the “Release”) is entered into by Liquidity Services, Inc. (the “Company”) and _____ (“Executive”) pursuant to the Amended and Restated Executive Employment Agreement by and between the Company and Executive, effective as of _____ (the “Employment Agreement”). This is the Release referenced in Section 8(f) of the Employment Agreement. Capitalized terms used herein but not defined herein shall have the meaning ascribed to such terms in the Employment Agreement.

In exchange for and as a condition of receiving the payments and benefits set forth in Section 8 of the Employment Agreement, the parties agree as follows:

• **Release and Covenant Not to Sue.** Executive, on behalf of Executive’s self and Executive’s heirs, administrators, executors, and assigns, forever releases the Company and its subsidiaries and each of the Company’s and its subsidiaries’ successors, assigns, predecessors, affiliates, divisions, directors, officers, shareholders, employees, representatives, agents, counsel, and insurers, and any persons acting with them (collectively “Released Parties”) from, and covenants not to bring suit or otherwise institute legal proceedings against any of them arising in whole or in part from, all claims that Executive now has or may have or that Executive may hereafter have of any nature whatsoever, that arose out of or are related to any matter occurring prior to the Effective Date (as defined below), be they common law or statutory, legal or equitable, in contract or tort, including but not limited to: (a) all claims arising out of or in any way relating to Executive’s employment with or separation of employment from the Company or its affiliates; (b) all claims for compensation or benefits, including salary, commissions, bonuses, vacation pay, expense reimbursements, severance pay, fringe benefits, stock options, restricted stock units or any other ownership interests in the Company or its affiliates, including, without limitation, any claims arising under any employment agreement between the Company and Executive or the Employment Agreement; (c) all claims for breach of under any employment agreement between the Company and Executive or the Employment Agreement or other breach of contract, wrongful termination, breach of the implied covenant of good faith and fair dealing or breach of any policy, plan or practice; (d) all tort claims, including claims for fraud, defamation, invasion of privacy and emotional distress; (e) all other common law claims; and (f) all claims (including claims for discrimination, harassment, retaliation, attorney’s fees, expenses or otherwise) that were or could have been asserted by Executive or on Executive’s behalf in any federal, state, or local court, commission, or agency, or under any federal, state, local, employment, services or other law, regulation, ordinance, constitutional provision, executive order or other source of law, including without limitation under any of the following laws, as amended from time to time: (i) the Age Discrimination in Employment Act of 1967, as amended; (ii) Title VII of the Civil Rights Act of 1964, as amended; (iii) the Civil Rights Act of 1991, as amended; (iv) Sections 1981 through 1988 of Title 42 of the United States Code, as amended; (v) the Employee Retirement Income Security Act of 1974, as amended; (vi) the Immigration Reform Control Act, as amended; (vii) the Americans with Disabilities Act of 1990, as amended; (viii) the National Labor Relations Act, as amended; (ix) the Occupational Safety and Health Act, as amended; (x) the Fair Labor Standards Act; (xi) New York Human Rights Law; (xii) the

West Virginia Human Rights Act; (xiii) Massachusetts Wage Act; (xiv) S.D. Codified Laws § 20-7-11; (xv) N.D. Cent. Code § 9-13-02; (xvi) any state or federal, state or local anti-discrimination law, (xvii) any state or federal, state or local wage and hour, overage or payment law; (xviii) any other local, state or federal law, regulation or ordinance in the United States of America and in any jurisdiction anywhere in the world; (xix) any public policy, contract, tort, or common law claim; (g) any allegation for costs, fees, or other expenses including attorneys' fees incurred in the matters referenced herein; and (h) any and all claims the Executive may have arising as the result of any alleged breach of contract, compensation, incentive, bonus or commission plan or agreement with any Released Party (collectively, the "Released Claims"). This Release does not waive any claims in respect of (A) rights to indemnification and to be held harmless and be defended by the Company pursuant to its charter and bylaws and/or any indemnification agreement between Executive and any of the Released Parties, to the extent that Executive is entitled thereto, (B) directors or officers insurance rights to which Executive, to the extent that Executive is entitled thereto, (C) rights that Executive has in his capacity as a securityholder of any of the Released Parties, (D) rights under this Release, to the extent that Executive is entitled thereto, (E) rights under the Employment Agreement, including rights under Section 8 (Termination Compensation) for which this Release is required, to the extent that Executive is entitled thereto, (H) rights to any vested benefits under any long-term equity incentive plan, annual incentive plan or employee benefit or plan or arrangement of, or sponsored by, any of the Released Parties, or (I) rights that cannot be waived by law.

Executive hereby represents and warrants that (s)he has not filed or reported any claims or complaints in any forum and that (s)he has not assigned to any third party or filed with any agency or court any claim released by this Section, except for any claims, reports or information filed with or provided to the Securities and Exchange Commission (the "SEC") or other government agency or court confidentially pursuant to Section 21F of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Executive is not waiving any claim for workers' compensation, although Executive acknowledges (s)he has not sustained a work-related injury or illness and has no intent to file a claim against the Company as a result of any work-related injury or illness sustained in the course of her, his or their employment with the Company. Nothing in this Release prohibits Executive from filing a charge with the Equal Employment Opportunity Commission, National Labor Relations Board or a comparable state or local administrative agency related to Executive's employment or separation of employment. Executive does forever waive Executive's right to recover or receive any monetary damages, attorneys' fees, back pay, reinstatement or injunctive relief from the Released Parties relating to any matter whatsoever up to the date of this Agreement. However, nothing in this Release (i) prohibits, limits or restricts, or shall be construed to prohibit, limit or restrict, Executive from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Exchange Act and the rules and regulations thereunder), without notice to or consent from the Company, or (ii) to the extent required by law, prohibits or shall be construed to prohibit Executive from receiving a reward from the SEC or other applicable government agency pursuant to Section 21F of the Exchange Act or other applicable whistleblower or other law or regulation in connection therewith.

- **Waiver of Unknown Claims**. If and to the extent Executive is a resident of California
-

or California law may apply to this Agreement, Executive understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known and unknown, suspected or unsuspected, past or present, which the Executive has or may have against the Released Parties, and the Executive hereby knowingly waives any and all rights and protections under Section 1542 of the California Civil Code, which states:

1542. GENERAL RELEASE - CLAIMS EXTINGUISHED.

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HER, HIS OR THEIR SETTLEMENT WITH THE DEBTOR.

Executive agrees that this waiver is an essential and material term of this Release, without which this document would not have been executed. For all purposes of this Release, the term “creditor” as used and referred to in Section 1542 of the California Civil Code means and includes Executive

: Consideration of Agreement by Executive.

(a) The Company hereby advises Executive and Executive acknowledges that Executive has been so advised, to consult with an attorney before executing this Release.

(b) Executive acknowledges that, before entering into this Release, Executive had twenty-one (21) calendar days after receipt of this Release (the “Consideration Period”) to consider this Release before signing it. Executive and the Company agree that no changes to this Release will re-start the Consideration Period. If Executive signs this Release, the date on which (s)he signs the Release shall be the “Execution Date.” In the event Executive executes and returns this Release prior to the end of the Consideration Period, (s)he acknowledges that Executive’s decision to do so was voluntary and that (s)he had the opportunity to consider this Release for the entire Consideration Period. If Executive works from West Virginia, Executive acknowledges receipt of the toll-free West Virginia State Bar Association phone number 1-866-989-8227.

(c) The Parties agree that this Release will not become effective until seven (7) calendar days (or, if Executive works from the State of Minnesota fifteen (15) calendar days) after the Execution Date and that Executive may, within seven (7) calendar days (or, if Executive works from the State of Minnesota fifteen (15) calendar days) after the Execution Date, revoke the Release in its entirety by providing written notice to the Company’s Chief Human Resources Officer. If written notice of revocation is not received by the Company by the 8th day (or, if Executive works from the State of Minnesota by the sixteenth (16) calendar day) after the execution of this Release, this Release will become effective and enforceable on that day (the “Effective Date”).

[Signature Page Follows]

Executive represents and agrees that he has fully read and understands the meaning of this Release and is voluntarily entering into this Release with the intention of giving up all claims against the Released Parties.

EXECUTIVE

LIQUIDITY SERVICES, INC.

_____ By: _____
Name:
Title:

Date: _____ Date: _____

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement (“**Agreement**”), dated as of the date of signature of the last party to sign, by and between Liquidity Services, Inc., a Delaware corporation (the “**Company**”), and _____ (the “**Employee**”).

WHEREAS, the Company wishes to employ the Employee or, if the Employee is already employed by the Company, the Company wishes to continue to employ the Employee;

WHEREAS, the Company desires to set forth the general terms of the Employee’s employment with the Company in connection with a Change in Control (as defined below);

WHEREAS, the Company and the Employee entered into the following agreements: the Amended and Restated Executive Employment Agreement, dated as of the date hereof (the “**Employment Agreement**”), the Indemnification Agreement, dated as of the date hereof (the “**Indemnification Agreement**”), and the Employee Agreement Regarding Confidentiality, Intellectual Property and Competitive Activities, dated as of the date hereof (the “**Confidentiality & Non-Compete Agreement**”);

WHEREAS, the Employee is a key employee who is expected to make, or continue to make, major contributions to the profitability, growth and financial strength of the Company and its Subsidiaries (as that term is hereafter defined);

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change in Control (as that term is hereafter defined) exists;

WHEREAS, the Company desires to assure itself and its Subsidiaries of both present and future continuity of management in the event of a Change in Control and desires to establish certain minimum compensation rights for key employees, including the Employee, applicable in the event of a Change in Control;

WHEREAS, the Company wishes to ensure that key employees are not practically disabled from discharging their duties upon a Change in Control; and

WHEREAS, the Employee is willing to render services on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and conditions herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. **Certain Definitions**. For the purposes of this Agreement, the following terms shall have the respective meanings set forth below:
 - (a) “**Board**” means the Board of Directors of the Company.
 - (a) “**Cause**” has the meaning provided for such term in the Equity Plan.

- (b) “**Change in Control**” has the same meaning as provided for the term “Corporate Transaction” in the Equity Plan.
- (c) “**Code**” means the Internal Revenue Code of 1986, as amended.
- (d) “**Date of Termination**” means the date on which the Employee incurs a “separation from service,” within the meaning of Code Section 409A, with the Company and its Subsidiaries.
- (e) “**Disabled**” means the Employee has become permanently disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect immediately prior to the Change in Control for key employees of the Company and its Subsidiaries.
- (f) “**Equity Plan**” means the Company’s Third Amended and Restated 2006 Omnibus Long-Term Incentive Plan, as amended, and any successor plan.
- (g) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
- (h) “**Good Reason**” has the meaning provided for such term in the Equity Plan; provided, however, clause (3) of the Equity Plan shall be interpreted in the case of the Company’s relocation of an Employee’s primary work location (including home office location if remote work is permitted for such Employee) to a location more than fifty (50) miles from his, her or their location immediately prior to the Change in Control and Employee is not afforded the opportunity to work remotely from Employee’s home office location. An Employee is not entitled to assert that her, his or their termination is for Good Reason unless the Employee gives the Company written notice of the event or events that are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Company to address the event or events and a period of not less than thirty (30) days after to cure the alleged condition, the Company fails to cure such event or events within 30 days of such written notice, and Employee must actually terminate Employee’s employment within 90 days of the initial existence of such event or events.
- (i) “**Change in Control Severance Amount**” means the amount resulting from multiplying: (1) 1.5 *times* (2) the sum of (i) the Employee’s Base Salary and (ii) the dollar amount that would have been paid to Employee under the Company’s Annual Incentive Plan in the fiscal year of the Change in Control as such plan was in effect immediately prior to the Change in Control, and assuming that the one hundred percent (100%) of the target level of performance under such plan was achieved.
- (j) “**Subsidiary**” means a corporation, company or other entity (i) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but more than fifty percent (50%) of whose

ownership interest representing the right generally to make decisions for such other entity is, now or hereafter owned or controlled, directly or indirectly, by the Company, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

(k) **“Term”** means the period commencing as of the date of this Agreement and expiring as of the third anniversary following a Change in Control. Notwithstanding the foregoing, subject to Section 11, if, at any time prior to a Change in Control, the Employee for any reason is no longer an employee of the Company or a Subsidiary, thereupon the Term shall be deemed to have expired effective as of the date of the Employee’s separation from employment.

2. **Acknowledgment of Consideration.** The Employee agrees that this Agreement was entered into for good and valuable consideration, including, but not limited to the Company’s employment or continued employment of the Employee, the Company’s provision of Confidential Information (as that term is defined in the Confidentiality & Non-Compete Agreement) to the Employee, and the compensation and benefits associated with that employment.

3. **Employment Prior to a Change in Control.** Prior to a Change in Control, the following terms shall govern the Employee’s employment.

(a) **Employment.** The Employee is employed subject to the terms of the Employment Agreement. The Employee understands and agrees that nothing in this Agreement constitutes an express or implied contract, or any promise or commitment, guaranteeing continued employment with the Company.

(b) **General Employment Duties.** The Employee agrees to diligently perform her, his or their job duties as may be assigned by the Company to the best of Employee’s ability. The Employee will keep informed of the Company’s policies, procedures, and practices, and will comply with them at all times. The Employee also agrees that, while employed by the Company, the Employee shall not engage in any activity that might impair or otherwise interfere with the proper performance of the Employee’s duties or responsibilities.

4. **Employment Following a Change in Control.** Effective only upon a Change in Control, the following terms shall apply:

(a) The Employee shall devote substantially all of her, his or their time during normal business hours (subject to vacations, sick leave and other absences in accordance with the policies of the Company and its Subsidiaries as in effect for key employees immediately prior to the Change in Control) to the business and affairs of the Company and its Subsidiaries, but nothing in this Agreement shall preclude the Employee from devoting reasonable periods of time during normal business hours to (i) serving as a director, trustee or member of or participant in any organization or business so long as such activity is not directly competitive with the business of

the Company as then being carried on, (ii) engaging in charitable and community activities, or (iii) managing her, his or their personal investments.

- (b) For her, his or their services pursuant to Section 4(a), the Employee shall (i) be paid an annual base salary at a rate not less than the Employee's annual fixed or base compensation (payable monthly or otherwise as in effect for key employees of the Company immediately prior to the occurrence of a Change in Control) or such higher rate as may be approved from time to time by the Board, the Compensation Committee thereof or management (which base salary at such rate is herein referred to as "Base Salary") and (ii) have a bona fide opportunity to earn an annual amount equal to not less than the annual cash incentive or other opportunity for payments of cash compensation in addition to the amounts referred to in clause (i) above made or to be made in regard to services rendered in any calendar year during the year in which the Change in Control occurred pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar policy, plan, program or arrangement of the Company or any Subsidiary or any successor thereto providing an annual target cash bonus opportunity at least equal to the cash incentive award opportunity payable thereunder (in both value and achievability) prior to a Change in Control ("**Target Incentive Pay**"); provided, however, that with the prior written consent of the Employee, nothing herein shall preclude a change in the mix between Base Salary and Target Incentive Pay so long as the aggregate annual cash compensation opportunity for the Employee in any one calendar year is not reduced in connection therewith or as a result thereof; and provided further, however, that in no event shall any increase in the Employee's aggregate cash compensation or any portion thereof in any way diminish any other obligation of the Company under this Agreement.
- (c) For her, his or their services pursuant to Section 4(a), the Employee shall be a full participant in, and shall be entitled to the perquisites, benefits and service credit for benefits as provided under, any and all employee retirement, income and welfare benefit policies, plans, programs or arrangements in which key employees of the Company or its Subsidiaries participate, including without limitation any stock option, stock purchase, stock appreciation, restricted stock grant, savings, pension, supplemental retirement or other retirement, income or welfare benefit, deferred compensation, group and/or executive life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company or any Subsidiary), disability, salary continuation, expense reimbursement, financial planning and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs, or arrangements that may be adopted hereafter by the Company or any Subsidiary providing perquisites, benefits and service credit for benefits at least equal to those provided or are payable thereunder prior to a Change in Control (collectively, "Employee Benefits"). If and to the extent such perquisites, benefits or service credit for benefits are not payable or provided under any such policy, plan, program or arrangement as a result of the amendment or termination thereof, then the Company shall itself pay or provide therefor. Nothing in this Agreement shall preclude improvement or enhancement of any such Employee Benefits, provided

that no such improvement shall in any way diminish any other obligation of the Company under this Agreement.

5. Termination of Employment Following a Change in Control.

- (a) **Death or Disability.** The Employee's employment shall terminate automatically if the Employee dies or becomes Disabled following a Change in Control.
- (b) **Cause.** The Company may terminate the Employee's employment for Cause or without Cause following a Change in Control.
- (c) **Good Reason.** The Employee's employment may be terminated by the Employee for Good Reason or by the Employee voluntarily without Good Reason following a Change in Control, provided that the Employee is not entitled to assert that her, his or their termination is for Good Reason unless the Employee gives the Company written notice of the event or events that are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Company to address the event or events and a period of not less than thirty (30) days after to cure the alleged condition, the Company fails to cure such event or events within 30 days of such written notice, and Employee must actually terminate Executive's employment within 90 days of the initial existence of such event or events.
- (d) **Notice of Termination.** Any termination by the Company for Cause, or by the Employee for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 13(b). "**Notice of Termination**" means a written notice that (1) indicates the specific termination provision in this Agreement relied upon, (2) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Employee's employment under the provision so indicated, and (3) if the termination date is other than the date of receipt of such notice, specifies the termination date (which termination date shall be not more than thirty (30) days after the giving of such notice). The failure by the Employee or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Employee or the Company, respectively, hereunder or preclude the Employee or the Company, respectively, from asserting such fact or circumstance in enforcing the Employee's or the Company's respective rights hereunder.

6. Exclusive Obligations of the Company upon Certain Terminations Following a Change in Control.

- (a) **Good Reason by Employee; Other Than for Cause.** If, during the one (1) year period following a Change in Control, (X) the Company terminates the Employee's employment other than for Cause, death, or Disability or (Y) the Employee resigns for Good Reason, the Company shall pay to the Employee (or the Employee's estate or beneficiary, in the event of the Employee's death after

the Date of Termination), at the time specified herein (except as otherwise provided by Section 13(d)), the following amounts:

- (1) a lump sum payment equal to the Change in Control Severance Amount; and
- (2) a lump sum payment equal to: (A) the dollar amount that would have been paid to Employee under the Company's Annual Incentive Plan in the fiscal year of termination and assuming that one hundred percent (100%) of the target level of performance under such plan was achieved; *multiplied by* (B) a fraction, the numerator of which is the total number of full and partial months during which the Employee was employed in the fiscal year in which the termination occurs and the denominator of which is 12; and
- (3) a lump sum payment reflecting the aggregate amount of twelve (12) months of the total premium that Employee would be required to pay to maintain coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for the plan options that Employee was enrolled in under the Company's group medical plan as of the Date of Termination, *less* the aggregate amount of twelve (12) months of the Employee's monthly premium contribution for participation in such plan as was in effect immediately prior to the Date of Termination. For the avoidance of doubt, it is Employee's sole responsibility to enroll in COBRA coverage and pay all premiums associated with such coverage at Employee's sole cost and expense. The Company's sole obligation under this Section 6(a)(3) is to make the payment specified herein and Company shall not be obligated to make payments for benefits in which Employee had not been enrolled at the time of termination.

The payments to be made under this Section 6(a) shall be payable and shall start being provided within sixty (60) calendar days following the Date of Termination, provided all conditions to payment have been satisfied. If such sixty (60) day period begins in one calendar year and ends in the following calendar year, the Employee shall not have the right to designate the calendar year of payment of any lump sum amount.

In addition to the above payments, all outstanding shares of Restricted Stock shall be deemed to have vested, all Stock Units shall be deemed to have vested and the shares of Stock underlying such Stock Units shall be delivered to Employee, and all Options and SARs outstanding shall become immediately exercisable and shall remain exercisable until the earlier of one (1) year following such termination or the expiration date of such Option or SAR. The terms Restricted Stock, Stock Units, Stock, Options and SARs shall have the meanings provided for them in the Equity Plan.

- (b) **Release.** As a condition to receiving payments under this Section 6 and the other benefits provided therein, no later than forty-five (45) days after having been

presented such release by the Company, the Employee shall have executed and delivered to the Company a general release of claims in favor of the Company, its current and former Subsidiaries, affiliates and stockholders, and the current and former directors, officers, employees and agents of the Company in substantially the form set forth on Exhibit A attached hereto, and the Employee's general release shall have become irrevocable.

- (c) **Failure to Pay.** Without limiting the rights of the Employee at law or in equity, if the Company fails to make any payment required to be made under Sections 4 and 6 of this Agreement on a timely basis, the Company shall pay interest on the amount thereof to the Employee until the date such payment is made at an annualized rate of interest equal to twelve percent (12%).

7. **No Set-Off; Company's Obligations; Mitigation.** The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action that the Company may have against the Employee or others. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Employee obtains other employment.
8. **Indemnification of Legal Fees.** Effective only upon a Change in Control, it is the intent of the Company that the Employee will not be required to incur the expenses associated with the enforcement of her, his or their rights under this Agreement following such a Change in Control by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits and payments intended to be extended to the Employee hereunder following a Change in Control. Accordingly, following a Change in Control if it should appear to the Employee that the Company has failed to comply with any of its obligations under this Agreement which arose following a Change in Control or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Employee the benefits intended to be provided to the Employee hereunder, the Company irrevocably authorizes the Employee from time to time to retain counsel of her, his or their choice, at the expense of the Company as hereafter provided, to represent the Employee in connection with the initiation or defense of any litigation or other legal action with respect to this Agreement, whether by or against the Company, or any Subsidiary, director, officer, stockholder or other person affiliated with the Company. Following a Change in Control, the Company shall pay or cause to be paid and shall be solely responsible for any and all attorneys' and related fees and expenses incurred by the Employee as a result of the Company's failure to perform this Agreement or any provision of this Agreement or as a result of the Company or any person contesting the validity or enforceability of this Agreement or any provision of this Agreement.

9. **Code Section 280G Matters.**

- (a) Notwithstanding any other provision of this Agreement or other agreement, contract, or understanding heretofore or hereafter entered into by the Employee with the Company or any Subsidiary, except an agreement, contract, or understanding that expressly addresses Section 280G or Section 4999 of the Code (an “**Other Agreement**”), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Employee (including groups or classes of employees or beneficiaries of which the Employee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Employee (a “**Benefit Arrangement**”), if the Employee is a “**disqualified individual**,” as defined in Section 280G(c) of the Code, any right to receive any payment or other benefit under this Agreement shall not become due (i) to the extent that such right to payment or benefit, taking into account all other rights, payments, or benefits to or for the Employee under this Agreement, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Employee under this Agreement to be considered a “parachute payment” within the meaning of Section 280G(b)(2) of the Code as then in effect (a “**Parachute Payment**”), and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Employee from the Company under this Agreement, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Employee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to payment or benefit under this Agreement, in conjunction with all other rights, payments, or benefits to or for the Employee under any Other Agreement or any Benefit Arrangement would cause the Employee to be considered to have received a Parachute Payment under this Agreement that would have the effect of decreasing the after-tax amount received by the Employee as described in clause (ii) of the preceding sentence, then the Employee shall have the right, in the Employee’s sole discretion, to designate those rights, payments, or benefits under this Agreement, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Employee under this Agreement be deemed to be a Parachute Payment.
- (b) At the time that payments are made under this Agreement, the Company will provide the Employee with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company received from tax counsel, its auditor, or other advisors or consultants (and any such opinions or advice which are in writing will be attached to the statement). All such calculations and opinions shall be binding on the Company and the Employee.

10. **Covenants of Employee.**

- (a) **Non-Disparagement.** Employee shall not, at any time while employed by the Company or a Subsidiary or thereafter make statements or representations, or

otherwise communicate, directly or indirectly, in writing, orally, or otherwise, or take any action which may, directly or indirectly, disparage or be damaging to the Company, a Subsidiary or their respective officers, directors, employees, advisors, businesses or reputations. Notwithstanding the foregoing, nothing in this Agreement shall preclude Employee from making truthful statements that are required by applicable law, regulation or legal process.

- (b) **Employee Disclosure.** Notwithstanding the foregoing, nothing in this Agreement prohibits, limits, or restricts, or shall be construed to prohibit, limit, or restrict, Employee from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Exchange Act and the rules and regulations thereunder), without notice to or consent from the Company. Moreover, the federal Defend Trade Secrets Act of 2016 immunizes Employee against criminal and civil liability under federal or state trade secret laws - under certain circumstances - if Employee discloses a trade secret for the purpose of reporting a suspected violation of law. Immunity is available if Employee discloses a trade secret in either of these two circumstances: (1) Employee discloses the trade secret (a) in confidence, (b) directly or indirectly to a government official (federal, state or local) or to a lawyer, and (c) solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a legal proceeding, Employee discloses the trade secret in the complaint or other documents filed in the case, so long as the document is filed “under seal” (meaning that it is not accessible to the public).
- (c) **Reasonableness of Restrictions.** The Employee acknowledges that he or she has carefully considered the nature and extent of the restrictions upon him or her, and the rights and remedies conferred upon the Company in this Agreement, and acknowledges and agrees that the same: (i) are reasonable in scope, territory, and duration; (ii) are designed to eliminate competition which otherwise would be unfair to the Company; (iii) do not stifle her, his or their inherent skill and experience; (iv) would not operate as a bar to her, his or their sole means of support; (v) are fully required to protect the legitimate interests of the Company; and (vi) do not confer a benefit upon the Company disproportionate to the detriment of the Employee. Notwithstanding the foregoing, to the extent Employee is employed in the State of California upon the execution of this Agreement, Sections 10(b) and 10(c) are not applicable.

11. **Employment Rights.** Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company or the Employee to have the Employee remain in the employment of the Company or any Subsidiary prior to or after any Change in Control; provided, however, that any termination of employment of the Employee or the removal of the Employee from such Employee’s office or position (other than a termination by the Company for Cause, or termination for death or Disability) in the three (3) month period preceding a Change in Control shall be deemed to be a termination or removal of the Employee after a Change in Control for purposes of this Agreement.

12. **Successors.**

- (a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Employee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the “Company” for the purposes of this Agreement), but shall not otherwise be assignable, transferable or delegable by the Company.
- (b) This Agreement shall inure to the benefit of and be enforceable by the Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees or legatees.
- (c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Section 12(a). Without limiting the generality of the foregoing, the Employee’s right to receive payments hereunder shall not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by her, his or their will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 12(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.
- (d) The Company and the Employee recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and the Employee hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

13. Miscellaneous.

- (a) **Applicable Law, Forum, Venue and Jurisdiction.** This Agreement and all matters relating to Employee’s employment shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles thereof. Each party to this Agreement (i) consents to the personal jurisdiction of the state and federal courts having jurisdiction in New Castle County, Delaware, (ii) stipulates that the proper, exclusive, and convenient forum and venue for legal adjudication of any issue arising out of this Agreement or relating to claims between the parties is New Castle County, Delaware for state court proceedings, and the United States District Court for the District of Delaware, for federal district court proceedings, and (iii) waives any defense, whether asserted by a motion or

pleading, that New Castle County, Delaware, or the United States District Court for the District of Delaware, is an improper or inconvenient venue.

- (b) **Notices.** Any notices, requests, demands, or other communications provided for by this Agreement shall be sufficient if in writing and if sent by registered or certified mail to the Employee at the last address he or she has filed in writing with the Company or, in the case of the Company, at its principal offices.
- (c) **Invalidity or Unenforceability.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. Any invalid or unenforceable provision shall be deemed severed from this Agreement to the extent of its invalidity or unenforceability, and this Agreement shall be construed and enforced as if the Agreement did not contain that particular provision to the extent of its invalidity or unenforceability, provided that in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.
- (d) **Code Section 409A Matters.** The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding any provisions of this Agreement to the contrary, to the extent required in order to avoid accelerated taxation or tax penalties under Section 409A of the Code, the Employee shall not be considered to have terminated employment with the Company for purposes of this Agreement and no payments shall be due to the Employee under Section 6 of this Agreement until the Employee would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A of the Code. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimbursable to the Employee under this Agreement shall be paid to the Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Employee) during any one year may not affect amounts reimbursable or provided in any subsequent year; provided, however, that with respect to any reimbursements for any taxes which the Employee would become entitled to under the terms of the Agreement, the payment of such reimbursements shall be made by the Company no later than the end of the calendar year following the calendar year in which the Employee remits the related taxes were incurred. Notwithstanding any provisions of this Agreement to the contrary, if the Employee is a “specified employee” (within the meaning of Section 409A of the Code and determined pursuant to any policies

adopted by the Company consistent with Section 409A of the Code), at the time of the Employee's separation from service and if any portion of the payments or benefits to be received by the Employee upon separation from service would be considered deferred compensation under Section 409A of the Code and cannot be paid or provided to the Employee during the six-month period immediately following the Employee's separation from service without the Employee incurring taxes, interest or penalties under Section 409A of the Code, such amounts that would otherwise be payable pursuant to this Agreement and benefits that would otherwise be provided pursuant to this Agreement, in each case, during the six-month period immediately following the Employee's separation from service will instead be paid or made available on the earlier of (i) first business day after the date that is six (6) months following the Employee's separation from service and (ii) the Employee's death.

- (e) **Withholding**. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.
- (f) **Original Grant Agreements**. Except as otherwise provided herein, treatment of outstanding long-term equity incentive awards shall be in accordance with the terms and conditions of the award agreements and plan pursuant to which the incentives were granted.
- (g) **Amendment**. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Employee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.
- (h) **At Will Employment**. The Employee and the Company acknowledge that, except as provided in any other written agreement between the Employee and the Company, the employment of the Employee by the Company is "at will" and, prior to or after the occurrence of a Change in Control, the Employee's employment may be terminated by either the Employee or the Company at any time.
- (i) **Entire Agreement**. This Agreement represents the entire agreement between the parties relating to the subject matter of this Agreement and replaces any and all prior agreements pertaining thereto between the Employee and the Company.
- (j) **Coordination with Other Plans and Agreements**. The Employment Agreement shall be in full force and effect and to the extent there are inconsistencies between this Agreement and the Employment Agreement, the terms of this Agreement shall control. To the extent (and only to the extent) that a payment or benefit that is to be provided under this Agreement has been paid or provided for the same purpose under the terms of another applicable plan, program, agreement or arrangement,

including any employment or severance agreement between the Employee and the Company, then the payment or benefit provided under this Agreement shall be reduced by the payments or benefits made under such applicable plan, program, agreement or arrangement. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter of this Agreement have been made by either party which are not set forth expressly in this Agreement.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

EMPLOYEE

LIQUIDITY SERVICES, INC.

_____ By: _____

Name:

Title:

Date: _____ Date: _____

EXHIBIT A TO CHANGE IN CONTROL AGREEMENT

FORM OF RELEASE AGREEMENT

This release (the “Release”) is entered into by Liquidity Services, Inc. (the “Company”) and _____ (“Employee”) pursuant to the Change in Control Agreement between the Company and Employee, effective as of _____ (the “CIC Agreement”). This is the Release referenced in Section 6(b) of the CIC Agreement.

In exchange for and as a condition of receiving the payments and benefits set forth in Section 6(a) of the CIC Agreement, the parties agree as follows:

1. **Release and Covenant Not To Sue.** Employee, on behalf of Employee’s self and Employee’s heirs, administrators, executors, and assigns, forever releases the Company and its subsidiaries and each of the Company’s and its subsidiaries’ successors, assigns, predecessors, affiliates, divisions, directors, officers, shareholders, employees, representatives, agents, counsel, and insurers, and any persons acting with them (collectively “Released Parties”) from, and covenants not to bring suit or otherwise institute legal proceedings against any of them arising in whole or in part from, all claims that Employee now has or may have or that Employee may hereafter have of any nature whatsoever, that arose out of or are related to any matter occurring prior to the Effective Date (as defined below), be they common law or statutory, legal or equitable, in contract or tort, including but not limited to: (a) all claims arising out of or in any way relating to Employee’s employment with or separation of employment from the Company or its affiliates; (b) all claims for compensation or benefits, including salary, commissions, bonuses, vacation pay, expense reimbursements, severance pay, fringe benefits, stock options, restricted stock units or any other ownership interests in the Company or its affiliates, including, without limitation, any claims arising under any employment agreement between the Company and Employee or the CIC Agreement; (c) all claims for breach of under any employment agreement between the Company and Employee or the CIC Agreement or other breach of contract, wrongful termination, breach of the implied covenant of good faith and fair dealing or breach of any policy, plan or practice; (d) all tort claims, including claims for fraud, defamation, invasion of privacy and emotional distress; (e) all other common law claims; and (f) all claims (including claims for discrimination, harassment, retaliation, attorney’s fees, expenses or otherwise) that were or could have been asserted by Employee or on Employee’s behalf in any federal, state, or local court, commission, or agency, or under any federal, state, local, employment, services or other law, regulation, ordinance, constitutional provision, executive order or other source of law, including without limitation under any of the following laws, as amended from time to time: (i) the Age Discrimination in Employment Act of 1967, as amended; (ii) Title VII of the Civil Rights Act of 1964, as amended; (iii) the Civil Rights Act of 1991, as amended; (iv) Sections 1981 through 1988 of Title 42 of the United States Code, as amended; (v) the Employee Retirement Income Security Act of 1974, as amended; (vi) the Immigration Reform Control Act, as amended; (vii) the Americans with Disabilities Act of 1990, as amended; (viii) the National Labor Relations Act, as amended; (ix) the Occupational Safety and Health Act, as amended; (x) the Fair Labor Standards Act; (xi) New York Human Rights Law; (xii) the West Virginia Human Rights Act; (xiii) Massachusetts Wage Act; (xiv) S.D. Codified Laws § 20-7-11; (xv) N.D. Cent. Code § 9-13-02; (xvi) any state or federal, state or local anti-discrimination law, (xvii) any state or federal, state or local wage and hour, overage or payment law; (xviii) any other local, state or federal law,

regulation or ordinance in the United States of America and in any jurisdiction anywhere in the world; (xix) any public policy, contract, tort, or common law claim; (g) any allegation for costs, fees, or other expenses including attorneys' fees incurred in the matters referenced herein; and (h) any and all claims the Employee may have arising as the result of any alleged breach of contract, compensation, incentive, bonus or commission plan or agreement with any Released Party (collectively, the "Released Claims"). This Release does not waive any claims in respect of (A) rights to indemnification and to be held harmless and be defended by the Company pursuant to its charter and bylaws and/or any indemnification agreement between Executive and any of the Released Parties, to the extent that Employee is entitled thereto, (B) directors or officers insurance rights to which Employee, to the extent that Employee is entitled thereto, (C) rights that Executive has in his capacity as a securityholder of any of the Released Parties, (D) rights under this Release, to the extent that Executive is entitled thereto, (E) rights under this CIC Agreement, including rights under Section 6(a) of the CIC Agreement for which this Release is required, to the extent that Executive is entitled thereto, (H) rights to any vested benefits under any long-term equity incentive compensation plan, annual incentive plan or other employee plan or benefit or arrangement of, or sponsored by, any of the Released Parties, or (I) rights that cannot be waived by law.

Employee hereby represents and warrants that (s)he has not filed or reported any claims or complaints in any forum and that (s)he has not assigned to any third party or filed with any agency or court any claim released by this Section, except for any claims, reports or information filed with or provided to the Securities and Exchange Commission (the "SEC") or other government agency or court confidentially pursuant to Section 21F of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Employee is not waiving any claim for workers' compensation, although Employee acknowledges (s)he has not sustained a work-related injury or illness and has no intent to file a claim against the Company as a result of any work-related injury or illness sustained in the course of her, his, or their employment with the Company. Nothing in this Release prohibits Employee from filing a charge with the Equal Employment Opportunity Commission, National Labor Relations Board or a comparable state or local administrative agency related to Employee's employment or separation of employment. Employee does forever waive Employee's right to recover or receive any monetary damages, attorneys' fees, back pay, reinstatement or injunctive relief from the Released Parties relating to any matter whatsoever up to the date of this Agreement. However, nothing in this Release (i) prohibits, limits or restricts, or shall be construed to prohibit, limit or restrict, Employee from exercising any legally protected whistleblower rights (including pursuant to Section 21F of the Exchange Act and the rules and regulations thereunder), without notice to or consent from the Company, or (ii) to the extent required by law, prohibits or shall be construed to prohibit Employee from receiving a reward from the SEC or other applicable government agency pursuant to Section 21F of the Exchange Act or other applicable whistleblower or other law or regulation in connection therewith.

Waiver of Unknown Claims. If and to the extent Employee is a resident of California or California law may apply to this Agreement, Employee understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known and unknown, suspected or unsuspected, past or present, which the Employee has or may have against the

Released Parties, and the Employee hereby knowingly waives any and all rights and protections under Section 1542 of the California Civil Code, which states:

1542. GENERAL RELEASE - CLAIMS EXTINGUISHED.

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HER, HIS OR THEIR SETTLEMENT WITH THE DEBTOR.

Employee agrees that this waiver is an essential and material term of this Release, without which this document would not have been executed. For all purposes of this Release, the term “creditor” as used and referred to in Section 1542 of the California Civil Code means and includes Employee

2. Consideration of Agreement by Employee.

(a) The Company hereby advises Employee and Employee acknowledges that Employee has been so advised, to consult with an attorney before executing this Release.

(b) Employee acknowledges that, before entering into this Release, Employee had twenty-one (21) calendar days after receipt of this Release (the “Consideration Period”) to consider this Release before signing it. Employee and the Company agree that no changes to this Release will re-start the Consideration Period. If Employee signs this Release, the date on which (s)he signs the Release shall be the “Execution Date.” In the event Employee executes and returns this Release prior to the end of the Consideration Period, (s)he acknowledges that Employee’s decision to do so was voluntary and that (s)he had the opportunity to consider this Release for the entire Consideration Period. If Employee works from West Virginia, Employee acknowledges receipt of the toll-free West Virginia State Bar Association phone number 1-866-989-8227.

(c) The Parties agree that this Release will not become effective until seven (7) calendar days (or, if Employee works from the State of Minnesota fifteen (15) calendar days) after the Execution Date and that Employee may, within seven (7) calendar days (or, if Employee works from the State of Minnesota fifteen (15) calendar days) after the Execution Date, revoke the Release in its entirety by providing written notice to the Chief Executive Officer at the Company. If written notice of revocation is not received by the Company by the 8th day (or, if Employee works from the State of Minnesota by the sixteenth (16) calendar day) after the execution of this Release, this Release will become effective and enforceable on that day (the “Effective Date”).

[Signature Page Follows]

Employee represents and agrees that he has fully read and understands the meaning of this Release and is voluntarily entering into this Release with the intention of giving up all claims against the Released Parties.

EMPLOYEE

LIQUIDITY SERVICES, INC.

_____ By: _____

Name:

Title:

Date: _____ Date: _____

LIQUIDITY SERVICES ANNOUNCES FOURTH QUARTER FISCAL YEAR 2022 FINANCIAL RESULTS

Bethesda, MD - December 8, 2022 - Liquidity Services (NASDAQ:LQDT; www.liquidityservices.com), a leading global commerce company powering the circular economy, today announced the following financial results as of the quarter ended September 30, 2022 as compared to the applicable prior year periods:

- Gross Merchandise Volume (GMV) of \$283.3 million, up 16%, and Revenue of \$75.2 million, up 7%, from higher consignment activity
- GAAP Net Income of \$8.3 million¹, down \$24.4 million², and GAAP Diluted Earnings Per Share (EPS) of \$0.25¹, down \$0.68² due to non-cash benefits to net income realized last year
- Non-GAAP Adjusted EBITDA of \$12.3 million, up \$0.9 million, and Non-GAAP Adjusted Diluted EPS of \$0.19, down \$0.08 reflecting our higher effective tax rate
- Cash balances of \$97.9 million³ with zero financial debt and trailing 12-month operating cash flow of \$44.8 million

“We delivered strong EPS and Non-GAAP Adjusted EBITDA results during the quarter, reflecting our efficient business model and diversified client portfolio, despite macro challenges which limited the supply of vehicles in our marketplace. For our full fiscal year 2022, we generated a record number of auction participants and completed transactions on our platform, showcasing the strength of our buyer liquidity in a recessionary environment. In addition, our team continued to advance our strategic and operational objectives, including record customer additions and asset sales activity in our GovDeals segment, growth and diversification of our Retail segment, continued global expansion of our CAG and Machinio segments, expansion of our new real estate vertical, and continued improvement in our data driven sales and marketing capabilities. For the full fiscal year 2022, our progress generated a record \$1.1 billion of GMV, up 29% over last year, GAAP Net Income of \$40.3 million¹, and \$42.7 million of Non-GAAP Adjusted EBITDA; and we also grew our registered buyer base to a record 4.9 million reflecting strong interest in our circular economy platform during this inflationary environment.

“As we commence fiscal year 2023, we remain focused on expanding our position with commercial and government clients as the most trusted marketplace to manage, value and sell surplus assets in the circular economy. Despite near term headwinds which have limited supply in high value categories such as vehicles, we have a strong pipeline and continue to see opportunities to reach \$1.5 billion in annualized GMV and expand our technology-enabled, asset-light services to drive long-term shareholder value,” said Bill Angrick, Liquidity Services CEO.

Fiscal Fourth Quarter Business Highlights

- Liquidity Services was named as a finalist for the World Sustainability Awards 2022, Circular Economy category, which recognizes organizations that are leading the way to a more environmentally sound future by integrating sustainability into their core business practices.
- Our GovDeals segment continues to facilitate the transition of tax, judicial, and agency owned real estate sales to an online format, including new mandates with Lancaster and Somerset counties in Pennsylvania, Jacksonville, Texas and Petersburg, Virginia.
- Our Retail Supply Chain Group (RSCG) segment opened a new distribution center in Kentucky, increasing its capacity to efficiently serve a more diversified set of retail buyers and sellers in the midwestern and southern U.S.
- Our Capital Assets Group (CAG) segment continues to be a reliable source to critical infrastructure components of the economy in categories that have been experiencing supply chain disruptions, including heavy equipment and energy.

Fiscal Fourth Quarter Financial Highlights

GMV for the fiscal fourth quarter of 2022 was \$283.3 million, a 16% increase from \$244.4 million in the fiscal fourth quarter of 2021.

- GMV in our GovDeals segment increased 20%, driven by continuing adoption of our digital marketplace solutions by government agencies over traditional sales methods for a broader array of assets, including vehicles, heavy equipment and real estate, and higher recovery rates in selected categories due to strong buyer engagement and other macroeconomic factors. These increases, which also include our acquired Bid4Assets marketplace, have been partially offset by lower volumes of used vehicles made available for sale, as new vehicle production limitations are impacting government agency vehicle fleet retirement timelines.
 - GMV in our RSCG segment increased 10%, driven by expanded diversification in client programs, sales channels, and our distribution network, partially offset by macro changes in retail consumer behavior. Some client returns management programs provided fewer higher value products than in the prior year, which impacted margins.
 - GMV in our CAG segment increased 13%, driven by strong sales in our energy and heavy equipment verticals and the completion of selected large spot purchase transactions with international clients.
 - Company-wide, consignment sales were 83% of total GMV, consistent with the fourth quarter of 2021.
-

Revenue for the fiscal fourth quarter of 2022 was \$75.2 million, a 7% increase from \$70.3 million in the fiscal fourth quarter of 2021.

- Consolidated revenue growth, as expected, increased below the GMV growth rate due to our shift towards more consignment GMV, a lower blended take rate due to an increase in higher value assets being sold, including real estate, and from an increase in CAG transactions conducted with partner organizations during the quarter.
- Revenue in our GovDeals segment increased 8%, reflecting a lower blended take rate from an increase in higher value assets being sold, such as real estate.
- Revenue in our RSCG segment increased 6%, reflecting product mix changes including a higher proportion of consignment sales than in the prior year.
- Revenue in our CAG segment increased 6%, which was lower than our GMV growth rate, due to an increase in transactions conducted with partner organizations during the quarter.
- Revenue in our Machinio segment increased 18%, as equipment owners and dealers continue to demonstrate strong engagement with our digital marketing and inventory management solutions for capital assets.

GAAP Net Income was \$8.3 million¹, or \$0.25 per share¹, for the fiscal fourth quarter of 2022, a decrease from \$32.8 million², or \$0.93² per share, for the same quarter last year which included non-cash benefits to net income.

- In Q4-FY21, GAAP Net Income included a \$24.6 million, or \$0.70 per share, non-cash benefit from the release of our valuation allowance on U.S. deferred tax assets. Q4-FY22 GAAP Net Income is also impacted by the resulting higher effective tax rate. In addition, a \$4.5 million non-cash reduction in the fair value of the Bid4Assets earn-out liability¹ was partially offset by an increase in amortization expense from the Bid4Assets acquisition and increased stock compensation.

Non-GAAP Adjusted Net Income for the fiscal fourth quarter of 2022 was \$6.4 million, or \$0.19 per share, a decrease from \$9.5 million, or \$0.27 per share last year, primarily driven by the increase in our effective tax rate following the release of our valuation allowance on U.S. deferred tax assets in Q4-FY21, reflective of our improved profitability.

Non-GAAP Adjusted EBITDA for the fiscal fourth quarter of 2022 was \$12.3 million, a \$0.9 million increase from \$11.4 million in the fiscal fourth quarter of 2021, primarily due to increased revenues and reduced variable compensation expenses, partially offset by increased operations, sales, and technology expenses to support longer-term growth.

On December 6, 2022, the Company's Board of Directors authorized a new share repurchase program of up to \$8.4 million of the Company's common stock, to expire on December 31, 2024. This authorization is in addition to the \$6.6 million remaining under the May 13, 2022 authorization to repurchase up to \$12.0 million shares through June 30, 2024. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, and the existence of alternative investment opportunities. The repurchase program will be executed consistent with the Company's capital allocation strategy of prioritizing investment to grow the business over the long term.

- The fiscal fourth quarter of 2022 includes a \$4.5 million, or \$0.14 per share, non-cash benefit to GAAP Net Income from a reduction in the fair value of the Bid4Assets earn-out liability due to an expected decline in the auction events and transactions that will be completed during the earn-out period ending December 31, 2022. For the full fiscal year 2022, the non-cash benefit to GAAP Net Income was \$24.5 million, or \$0.73 per share. The expected decline in the auction events and transactions resulted from developments occurring subsequent to the November 1, 2021 acquisition date, including extended timelines to advance legislation which would allow for online auctions of foreclosed real estate in certain target markets, and other client-specific delays in bringing foreclosed real estate to auction. For further information, see Note 13 - Fair Value Measurement to our annual report on Form 10-K for the year ended September 30, 2022.
- The fiscal fourth quarter of 2021 includes a net \$24.6 million, or \$0.70 per share, non-cash benefit from the release of our valuation allowance on US deferred tax assets during that quarterly period. For further information, see Note 10 - Income Taxes to our annual report on Form 10-K for the year ended September 30, 2022.
- Includes \$96.1 million of Cash and cash equivalents and \$1.8 million of Short-term investments. 2

Fourth Quarter Segment Operating Results

We present operating results in four reportable segments: GovDeals, RSCG, CAG and Machinio. Segment gross profit is calculated as total revenue less cost of goods sold (excludes depreciation and amortization).

Our Q4-FY22 segment results are as follows (unaudited, in millions):

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2022	2021	2022	2021
GovDeals:				
GMV	\$ 160.9	\$ 134.1	\$ 720.3	\$ 498.7
Total revenue	\$ 14.2	\$ 13.1	\$ 59.4	\$ 49.6
Segment gross profit	\$ 13.5	\$ 12.5	\$ 56.4	\$ 47.0
<i>% of Total revenue</i>	<i>95 %</i>	<i>95 %</i>	<i>95 %</i>	<i>95 %</i>

RSCG:

GMV	\$	63.3	\$	57.7	\$	236.2	\$	229.3
Total revenue	\$	43.2	\$	40.7	\$	166.1	\$	158.8
Segment gross profit	\$	16.9	\$	16.2	\$	63.7	\$	64.6
<i>% of Total revenue</i>		<i>39 %</i>		<i>40 %</i>		<i>38 %</i>		<i>41 %</i>

CAG:

GMV	\$	59.1	\$	52.5	\$	188.8	\$	158.7
Total revenue	\$	14.6	\$	13.8	\$	42.6	\$	39.6
Segment gross profit	\$	8.0	\$	8.9	\$	29.1	\$	29.3
<i>% of Total revenue</i>		<i>55 %</i>		<i>64 %</i>		<i>68 %</i>		<i>74 %</i>

Machinio:

GMV	\$	—	\$	—	\$	—	\$	—
Total revenue	\$	3.2	\$	2.7	\$	12.1	\$	9.6
Segment gross profit	\$	3.0	\$	2.5	\$	11.5	\$	9.0
<i>% of Total revenue</i>		<i>94 %</i>		<i>93 %</i>		<i>95 %</i>		<i>94 %</i>

Consolidated:

GMV	\$	283.3	\$	244.4	\$	1,145.4	\$	886.7
Revenue	\$	75.2	\$	70.3	\$	280.1	\$	257.5

Additional Fourth Quarter 2022 Operational Results

- **Registered Buyers**— At the end of Q4-FY22, registered buyers totaled approximately 4.9 million, representing a 22% increase over the approximately 4.0 million registered buyers at the end of Q4-FY21, which includes approximately 625,000 buyers attributable to the Bid4Assets marketplace acquired in Q1-FY22.
- **Auction Participants**— Auction participants, defined as registered buyers who have bid in an auction during the period (a registered buyer who bids in more than one auction is counted as an auction participant in each auction in which he or she bids), increased to approximately 775,000 in Q4-FY22, a 33% increase from the approximately 584,000 auction participants in Q4-FY21.
- **Completed Transactions**— Completed transactions increased to approximately 240,000 in Q4-FY22, a 25% increase from the approximately 192,000 completed transactions in Q4-FY21.

Business Outlook

The uncertain economic business climate and global supply chain disruptions can impact volume and timing of assets made available for sale in any period. Notwithstanding such volatility, our expertise in diverse sectors, buyer base across numerous asset categories, and global reach are continuing to provide advantages as our clients navigate this macroeconomic environment.

Our Q1-FY23 guidance range for GMV is above the same period last year, with year-over-year growth expected across our segments. Relative to Q4-FY22, GovDeals' GMV may experience a decline sequentially, as the fiscal first quarter has been seasonally lower historically and its real estate initiative led by the acquisition of Bid4Assets experiences extended timelines for growth as it is dependent on legislative and other client-specific regulatory progress over which we have limited control. We also expect CAG's GMV to decline sequentially, based on lower projected international spot purchase transaction activity. Periods containing more significant spot purchase transactions can cause our ratio of revenue to GMV to fluctuate upwards. GovDeals is expected to continue to drive adoption of digital marketplace solutions for government agencies for a broader array of assets, including vehicles, heavy equipment and real estate, which will be partly offset by the anticipated decline in the volume and pricing of used vehicles made available for sale, including ongoing disruption of new vehicle production impacting timelines for the retirement of government agency vehicle fleets. Our RSCG segment expects to continue to diversify its seller base and be a key resource for retailers and their vendors to manage an inflationary environment, shifting consumer demand and changing product mix. Our profit guidance for Q1-FY23 reflects year-over-year top line growth and an increasing proportion of consignment transactions, with slightly higher sales, technology and operations expense expected to support longer-term growth across our segments.

Our Business Outlook includes forward-looking statements which reflect the following trends and assumptions for Q1-FY23 as compared to the prior year's period:

- Global supply chain uncertainties, including impacts from the Russian invasion of Ukraine and the COVID-19 pandemic, are disrupting international trade and energy markets, and resulting in macroeconomic trends such as inflation, increased interest rates, fluctuations in foreign currency exchange rates, reduced consumer sentiment, and fluctuating retailer inventory levels. These macroeconomic conditions

could adjust the volume, timing, and pricing of assets made available for sale in any quarterly period, which could impact our actual Q1-FY23 performance relative to our current outlook;

- continued R&D spending to support omni-channel behavioral marketing, analytics, and buyer/seller payment optimization;
- spending in business development activities to capture market opportunities, targeting efficient payback periods;
- marketplace seasonality converging back to prior historical trends;
- continued mix shift to consignment pricing model, which may lower revenue as a percent of GMV but can improve segment gross profit as a percentage of revenue;
- variability in the inventory product mix handled by our RSCG segment, which can cause a change in revenues and/or segment gross profit as a percentage of revenue, including variability from sellers returning more product to shelves or reorganizing product flows within their warehouse and distribution networks;
- continued growth in the government real estate category within the GovDeals segment, noting that take rates as a percentage of GMV are lower in this category but are not expected to significantly impact segment gross profit as a percentage of revenue. GMV from real estate transactions can be subject to significant variability due to changes that include postponements or cancellations of scheduled or expected auction events, the value of properties to be included in the auction event, and the value of the properties that may potentially be withdrawn due to the property holder curing their delinquency or taking other legal actions to delay the sale of their property. In addition, COVID-19 and its variants can impact government policies and the availability of resources towards making properties available for auction, which could cause delays in the timing of auction events;
- continued variability in project size and timing within our CAG segment, especially as the Russian invasion of Ukraine and COVID-19 and its variants continue to impact the global economy and the ability to conduct transactions;
- continued growth and expansion resulting from the continuing acceleration of broader market adoption of the digital economy, particularly in our GovDeals and RSCG seller accounts and programs, including the execution by RSCG on its business plans for AllSurplus Deals and expansion of its distribution network;
- continued growth in our Machinio advertising subscription service and acceptance of other Machinio service offerings;
- no significant changes to the fair value of the Bid4Assets earn-out liability during Q1-FY23. Changes to the fair value of the Bid4Assets earn-out liability, which has limited visibility and can be highly variable, can impact our GAAP Net Income and GAAP EPS metrics until the earn-out period is complete. The maximum potential earn-out value is \$37.5 million;
- successful integration of Bid4Assets and execution by Bid4Assets on planned real estate auction activity and its business plan, including efforts that are underway with local and state governments to advance legislation that allows for online auctions for foreclosed and tax foreclosed real estate.
- Our Q1-FY23 effective tax rate (ETR) is expected to range from approximately 25% to 31%. This range excludes any potential impacts from legislative changes to U.S. corporate tax rates that may be enacted during Q1-FY23; and potential impacts from items that have limited visibility and can be highly variable, including effects of stock compensation due to participant exercise activity and changes in our stock price, and the effects of changes in the fair value of the Bid4Assets earn-out liability. We are not expecting a substantial increase to cash paid for income taxes due to our continued net operating loss carryforward position; and
- our diluted weighted average number of shares outstanding is expected to be between 33.5 and 34.0 million. As of September 30, 2022, we had \$6.6 million in remaining authorization to repurchase shares and on December 6, 2022, our Board of Directors authorized an incremental \$8.4 million.

For Q1-FY23 our guidance is as follows:

GMV - We expect GMV to range from \$265 million to \$295 million.

GAAP Net Income - We expect GAAP Net Income to range from \$1.0 million to \$4.0 million.

GAAP Diluted EPS - We expect GAAP Diluted Earnings Per Share to range from \$0.03 to \$0.12.

Non-GAAP Adjusted EBITDA - We expect Non-GAAP Adjusted EBITDA to range from \$7.0 million to \$10.0 million.

Non-GAAP Adjusted Diluted EPS - We expect Non-GAAP Adjusted Earnings Per Diluted Share to range from \$0.09 to \$0.18.

Reconciliation of GAAP to Non-GAAP Measures

Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA. Non-GAAP EBITDA is a supplemental non-GAAP financial measure and is equal to net income plus interest and other (income) expenses, net; provision for (benefit from) income taxes; and depreciation and amortization. Our definition of Non-GAAP Adjusted EBITDA differs from Non-GAAP EBITDA because we further adjust Non-GAAP EBITDA for stock compensation expense, acquisition costs such as transaction expenses and changes in earn-out estimates, business realignment expenses, deferred revenue purchase accounting adjustments, and goodwill, long-lived and other asset impairment. A reconciliation of Net Income to Non-GAAP EBITDA and Non-GAAP Adjusted EBITDA is as follows:

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2022	2021	2022	2021
	(Unaudited)			
Net income	\$ 8,345	\$ 32,755	\$ 40,324	\$ 50,949
Interest and other (income) expenses, net ¹	(88)	115	126	(76)
Provision for (benefit from) income taxes	3,075	(24,503)	7,329	(23,370)
Depreciation and amortization	2,776	1,723	10,322	6,969
Non-GAAP EBITDA	\$ 14,108	\$ 10,090	\$ 58,101	\$ 34,472
Stock compensation expense	2,325	1,154	8,482	6,947
Acquisition costs and impairment of long-lived and other assets ²	179	125	473	1,464
Fair value adjustments to acquisition earn-outs	(4,500)	—	(24,500)	—
Business realignment expenses ³	191	—	191	5
Non-GAAP Adjusted EBITDA	\$ 12,303	\$ 11,369	\$ 42,747	\$ 42,888

- *Interest and other (income) expenses, net, per the Consolidated Statements of Operations, excluding the non-service components of net periodic pension (benefit).*

²Acquisition costs and impairment of long-lived and other assets are included in Other operating expenses, net on the Consolidated Statements of Operations.

³Business realignment expenses include the amounts accounted for as exit costs under ASC 420, and the related impacts of business realignment actions subject to other accounting guidance.

Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Basic and Diluted Earnings Per Share. Non-GAAP Adjusted Net Income is a supplemental non-GAAP financial measure and is equal to Net Income plus stock compensation expense, amortization of intangible assets, acquisition related costs such as transaction expenses and changes in earn-out estimates, business realignment expenses, deferred revenue purchase accounting adjustments, goodwill, long-lived and other asset impairments, and the estimated impact of income taxes on these non-GAAP adjustments as well as non-recurring tax adjustments. Non-GAAP Adjusted Basic and Diluted Income Per Share are determined using Adjusted Net Income. For Q4-FY22 the tax rate used to estimate the impact of income taxes on the non-GAAP adjustments was 32% compared to 16% used for the Q4-FY21 results, except no impact of income taxes was applied to the fair value adjustments to earn-out liabilities as it is not subject to income taxation. These tax rates exclude the impacts of the charge to our U.S. valuation allowance and the fair value adjustments to earn-out liabilities. A reconciliation of Net Income to Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Basic and Diluted Income Per Share is as follows, with the prior year results recast to reflect the previously announced change in the Company's calculation method to adjustment for the amortization of intangible assets:

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2022	2021	2022	2021
	(Unaudited) (recast)**			
(Dollars in thousands, except per share data)				(recast)**
Net income	\$ 8,345	\$ 32,755	\$ 40,324	\$ 50,949
Stock compensation expense	2,325	1,154	8,482	6,947
Intangible asset amortization expense*	1,005	334	3,740	1,341
Acquisition costs and impairment of long-lived and other non-current assets**	179	125	473	1,464
Change in valuation allowance***	—	(24,567)	—	(24,567)
Fair value adjustments to acquisition earn-outs	(4,500)	—	(24,500)	—
Business realignment expenses	191	—	191	5
Income tax impact of adjustments	(1,173)	(263)	(4,085)	(1,590)
Non-GAAP Adjusted net income	\$ 6,372	\$ 9,538	\$ 24,625	\$ 34,549
Adjusted basic income per common share	\$ 0.20	\$ 0.29	\$ 0.76	\$ 1.04
Adjusted diluted income per common share	\$ 0.19	\$ 0.27	\$ 0.73	\$ 0.99
Basic weighted average shares outstanding	31,731,111	33,297,879	32,292,978	33,333,557
Diluted weighted average shares outstanding	33,072,803	35,294,326	33,719,424	35,024,108

- *In response to the acquisition of Bid4Assets, in the first quarter of 2022, the Company's calculation method for Adjusted Net Income and Adjusted EPS was modified and prior period results were recast to reflect an adjustment for amortization of intangible assets. This change to the calculation improves the comparability of our Non-GAAP financial results between periods, as the timing of acquisitions and their impacts to intangible amortization expense through the application of purchase accounting can be variable, impacting our ability to otherwise assess and communicate changes in the performance of the Company's underlying operations.*

***Acquisition related costs, impairment of long-lived and other assets, and business realignment expenses, which are excluded from Non-GAAP Adjusted Net Income, are included in Other operating expenses, net on the Statements of Operations.*

- *Represents the net deferred tax benefit resulting from the release of our valuation allowance on US deferred tax assets in Q4-FY21 (i.e., the overall impact to the benefit provision) for income taxes attributable to the valuation allowance release.*

Q4-FY22 Conference Call

The Company will host a conference call to discuss this quarter's results at 10:30 a.m. Eastern Time today. Investors and other interested parties may access the teleconference by registering here to receive the dial-in number and unique conference pin. A live web cast of the conference call will be provided on the Company's investor relations website at <http://investors.liquidityservices.com>. An archive of the web cast will be available on the Company's website until December 8, 2023 at 11:59 p.m. Eastern Time. The replay will be available starting at 1:30 p.m. Eastern Time on the day of the call.

Non-GAAP Measures

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 and Adjusted Earnings 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. Adjusted Earnings per Share is the result of our Adjusted Net Income and diluted shares outstanding.

We prepare Non-GAAP Adjusted EBITDA by eliminating from Non-GAAP EBITDA the impact of items that we do not consider indicative of our core operating performance. You are encouraged to evaluate these adjustments and the reasons we consider them appropriate for supplemental analysis. As an analytical tool, Non-GAAP Adjusted EBITDA is subject to all of the limitations applicable to Non-GAAP EBITDA. Our presentation of Non-GAAP Adjusted EBITDA should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

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 historical Non-GAAP measures included in this press release, to the most directly comparable GAAP measures, may be found in the financial tables included in this press release.

We do not quantitatively reconcile our guidance ranges for our Non-GAAP measures to their most comparable GAAP measures in the Business Outlook section of this press release. The guidance ranges for our GAAP and Non-GAAP financial measures reflect our assessment of potential sources of variability in our financial results and are informed by our evaluation of multiple scenarios, many of which have interactive effects across several financial statement line items. Providing guidance for individual reconciling items between our Non-GAAP financial measures and the comparable GAAP measures would imply a degree of precision and certainty in those reconciling items that is not a consistent reflection of our scenario-based process to prepare our guidance ranges. To the extent that a material change affecting the individual reconciling items between the Company's forward-looking Non-GAAP and comparable GAAP financial measures is anticipated, the Company has provided qualitative commentary in the Business Outlook section of this press release for your consideration. However, as the impact of such factors cannot be predicted with a reasonable degree of certainty or precision, a quantitative reconciliation is not available without unreasonable effort.

Supplemental Operating Data

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain supplemental operating data as a measure of certain components of operating performance. We review GMV because it provides a measure of the volume of goods being sold in our marketplaces and thus the activity of those marketplaces. GMV and our other supplemental operating data, including registered buyers, auction participants and completed transactions, also provide a means to evaluate the effectiveness of investments that we have made and continue to make in the areas of seller and buyer support, value-added services, product development, sales and marketing and operations. Therefore, we believe this supplemental operating data provides useful information to both management and investors. In addition, because we have historically reported certain supplemental operating data to investors, we believe the inclusion of this supplemental operating data provides consistency in our financial reporting. This data 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.

Forward-Looking Statements

This document contains forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. 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 statements include, but are not limited to, statements regarding the Company's business outlook; expected future results; expected future effective tax rates; and trends and assumptions about future periods.

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. Our business is subject to a number of risks and uncertainties, and our past performance is no guarantee of our performance in future periods. 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 are several risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements in this document. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements are set forth in our filings with the SEC from time to time, and include, among others: changes in political, business and economic conditions; the duration and impact of the COVID-19 pandemic, the Russian invasion of Ukraine, and inflation on the Company’s operations, the operations of customers, project size and timing of auctions, operating costs, and general economic conditions; retail clients investing in their warehouse operations capacity to handle higher volumes of online returns resulting in retailers sending the Company a reduced volume of returns merchandise or sending us a product mix that is lower in value due to the removal of high value returns; the numerous factors that influence the supply of and demand for used merchandise, equipment and surplus assets; the Company’s need to manage the attraction of sellers and buyers in a broad range of asset categories with varying degrees of maturity and in many different geographies; economic and other conditions in local, regional and global sectors; the Company’s ability to successfully integrate acquired companies, including its most recent acquisitions of Machinio Corp. and Bid4Assets, Inc., and successfully execute on anticipated business plans such as the efforts that are underway with local and state governments to advance legislation that allows for online auctions for foreclosed and tax foreclosed real estate; the Company’s need to successfully react to the increasing importance of mobile commerce and the increasing environmental and social impact aspects of e-commerce in an increasingly competitive environment for our business, including not only risks of disintermediation of our e-commerce services by our competitors but also by our buyers and sellers; the Company’s ability to timely upgrade and develop our technology systems, infrastructure and marketing and customer service capabilities at reasonable cost while maintaining site stability and performance and adding new products and features; the Company’s ability to attract, retain and develop the skilled employees that we need to support our business; and the risks and uncertainties set forth in the Company’s Annual Report on Form 10-K for the year ended September 30, 2022, which are available on the SEC and Company websites. There may be other factors of which we are currently unaware or which we 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.

About Liquidity Services

Liquidity Services (NASDAQ:LQDT) operates the world’s largest B2B e-commerce marketplace platform for surplus assets with over \$10 billion of completed transactions, to more than 4.9 million qualified buyers worldwide and 15,000 corporate and government sellers. It supports its clients' sustainability efforts by helping them extend the life of assets, prevent unnecessary waste and carbon emissions, and defer products from landfills.

Contact:

Investor Relations

investorrelations@liquidityservicesinc.com

Liquidity Services and Subsidiaries

Unaudited Condensed Consolidated Balance Sheets

(Dollars in Thousands, Except Par Value)

	September 30,	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 96,122	\$ 106,335
Short-term investments	1,819	—
Accounts receivable, net of allowance for doubtful accounts of \$449 and \$490	11,792	5,866
Inventory, net	11,679	12,468
Prepaid taxes and tax refund receivable	1,631	1,713
Prepaid expenses and other current assets	6,551	5,460
Total current assets	129,594	131,842
Property and equipment, net	19,094	17,634
Operating lease assets	13,207	13,478
Intangible assets, net	16,234	3,453
Goodwill	88,910	59,872
Deferred tax assets	13,628	23,822
Other assets	7,437	5,475
Total assets	\$ 288,104	\$ 255,576
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 41,982	\$ 40,611
Accrued expenses and other current liabilities	23,304	25,975
Current portion of operating lease liabilities	4,540	4,250
Deferred revenue	4,439	4,624
Payables to sellers	49,238	33,713
Total current liabilities	123,503	109,173
Operating lease liabilities	9,687	10,098
Other long-term liabilities	378	1,290
Total liabilities	133,568	120,561
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock, \$0.001 par value; 120,000,000 shares authorized; 35,724,057 shares issued and outstanding at September 30, 2022; 35,457,095 shares issued and outstanding at September 30, 2021	36	35
Additional paid-in capital	258,275	252,017
Treasury stock, at cost; 3,813,199 shares at September 30, 2022, and 2,222,083 shares at September 30, 2021	(62,554)	(36,628)
Accumulated other comprehensive loss	(10,285)	(9,011)
Accumulated deficit	(30,936)	(71,398)
Total stockholders' equity	154,536	135,015
Total liabilities and stockholders' equity	\$ 288,104	\$ 255,576

Liquidity Services and Subsidiaries**Unaudited Condensed Consolidated Statements of Operations****(Dollars in Thousands, Except Per Share Data)**

	Three Months Ended September 30,		Year Ended September 30,	
	2022	2021	2022	2021
Purchase revenues	\$ 42,162	\$ 41,249	\$ 151,271	\$ 146,151
Consignment and other fee revenues	33,040	29,078	128,779	111,380
Total revenues	75,202	70,327	280,050	257,531
Costs and expenses from operations:				
Cost of goods sold (excludes depreciation and amortization)	33,745	30,177	119,407	107,678
Technology and operations	13,949	12,721	55,522	47,673
Sales and marketing	11,007	9,956	43,224	37,635
General and administrative	6,610	7,360	28,282	28,938
Depreciation and amortization	2,776	1,723	10,322	6,969
Fair value adjustment of acquisition earn-outs	(4,500)	—	(24,500)	—
Other operating expenses, net	370	80	388	1,470
Total costs and expenses	63,957	62,017	232,645	230,363
Income from operations	11,245	8,310	47,405	27,168
Interest and other income, net	(175)	58	(248)	(411)
Income before income taxes	11,420	8,252	47,653	27,579
Provision (benefit) for income taxes	3,075	(24,503)	7,329	(23,370)
Net income	\$ 8,345	\$ 32,755	\$ 40,324	\$ 50,949
Basic income per common share	\$ 0.26	\$ 0.98	\$ 1.25	\$ 1.53
Diluted income per common share	\$ 0.25	\$ 0.93	\$ 1.20	\$ 1.45
Basic weighted average shares outstanding	31,731,111	33,297,879	32,292,978	33,333,557
Diluted weighted average shares outstanding	33,072,803	35,294,326	33,719,424	35,024,108

Liquidity Services and Subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows
(Dollars in Thousands)

Year Ended September 30,

	2022	2021
Operating activities		
Net income	\$ 40,324	\$ 50,949
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,322	6,969
Change in fair value of earn-out liability	(24,500)	—
Stock compensation expense	8,482	6,947
Inventory adjustment to net realizable value	194	174
Provision for doubtful accounts	136	297
Deferred tax expense (benefit)	6,287	(24,510)
Impairment of long-lived and other non-current assets	31	1,338
(Gain) loss on disposal of property and equipment	(14)	80
Gain on disposal of lease assets	(240)	(23)
Changes in operating assets and liabilities:		
Accounts receivable	(6,290)	(843)
Inventory	441	(7,035)
Prepaid taxes and tax refund receivable	82	(61)
Prepaid expenses and other assets	(1,805)	(2,022)
Operating lease assets and liabilities	396	(79)
Accounts payable	1,548	18,554
Accrued expenses and other current liabilities	(2,653)	6,060
Deferred revenue	(185)	1,369
Payables to sellers	13,000	7,543
Other liabilities	(723)	(290)
Net cash provided by operating activities	44,833	65,417
Investing activities		
Purchases of property and equipment, including capitalized software	(8,121)	(5,419)
Proceeds from note receivable	—	4,343
Purchase of short-term investments	(1,820)	—
Cash paid for business acquisition, net of cash acquired	(11,164)	—
Other investing activities, net	21	72
Net cash used in investing activities	(21,084)	(1,004)
Financing activities		
Payments of the principal portion of finance lease liabilities	(99)	(42)
Payments of debt issuance costs	(91)	—
Proceeds from exercise of common stock options, net of tax	—	445
Taxes paid associated with net settlement of stock compensation awards	(2,806)	(3,915)
Payment of earn-out liability related to business acquisition	(3,500)	—
Common stock repurchases	(25,447)	(31,143)
Net cash used in financing activities	(31,943)	(34,655)
Effect of exchange rate differences on cash and cash equivalents	(2,019)	541
Net increase (decrease) in cash and cash equivalents	(10,213)	30,299
Cash and cash equivalents at beginning of year	106,335	76,036
Cash and cash equivalents at end of year	\$ 96,122	\$ 106,335
Supplemental disclosure of cash flow information		
Cash paid for income taxes, net	885	1,442
Non-cash: Common stock surrendered in the exercise of stock options	479	1,502

