



A Better Future for Surplus

Investor Presentation

Second Quarter Fiscal Year 2021



Forward-Looking Information

This document contains forward-looking statements. These statements are only predictions. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include but are not limited to the factors set forth in our Annual Report on Form 10-K for the year ended September 30, 2020 and subsequent filings with the Securities and Exchange Commission. 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 may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this document and are expressly

qualified in their entirety by the cautionary statements included in this document. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date of this document or to reflect the occurrence of unanticipated events.

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

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

The following discussion should be read in conjunction with our consolidated financial statements and related notes and the information contained in our Quarterly Report on Form 10-Q for the period March 31, 2021.



Who We Are

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

To Power the Circular Economy, we:

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



What is the Reverse Supply Chain?

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

*Reverse Logistics Industry Council

Liquidity Services is a first mover and global leader in transforming the Reserve Supply Chain market, which provides long term investors the opportunity to drive financial returns while making a positive impact on the environment.



The Industry Leader in the Reverse Supply Chain

+15,000

Trusted Clients
Worldwide

+130

Fortune 1000
Global Clients

+500K

Transactions
Completed Annually

+600

Asset Categories
Experience

+3.8 Million

Registered
Active Buyers

B2B | B2C

Multichannel Marketing
& Sales Strategies

+\$8.5 Billion

Completed
Transactions

LQDT ▲

Publicly Traded
Since 2006 IPO

Our Purpose

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

Our Sellers



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

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

Our Buyers



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

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

The Planet



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

- Extend life of assets and inventory and increase reuse and recycling
- Prevent unnecessary waste and defer assets from landfills
- Dispose of surplus in environmentally safe manner

Delivering Maximum Value to Sellers

Better Service

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

Better Scale

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

Better Results

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

Serving the Broadest Base of Industries



Aerospace & Defense



Electronic Manufacturing



Industrial Manufacturing



Automotive Manufacturing



Energy



Mining & Large Construction



Biopharma



Fast-Moving Consumer Goods



Retail



Consumer Brands & OEM's



Government



Transportation

Providing Superior Buyer Experiences



Superior Product Quality and Information

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



Fair Prices

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



Excellent Customer Service

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

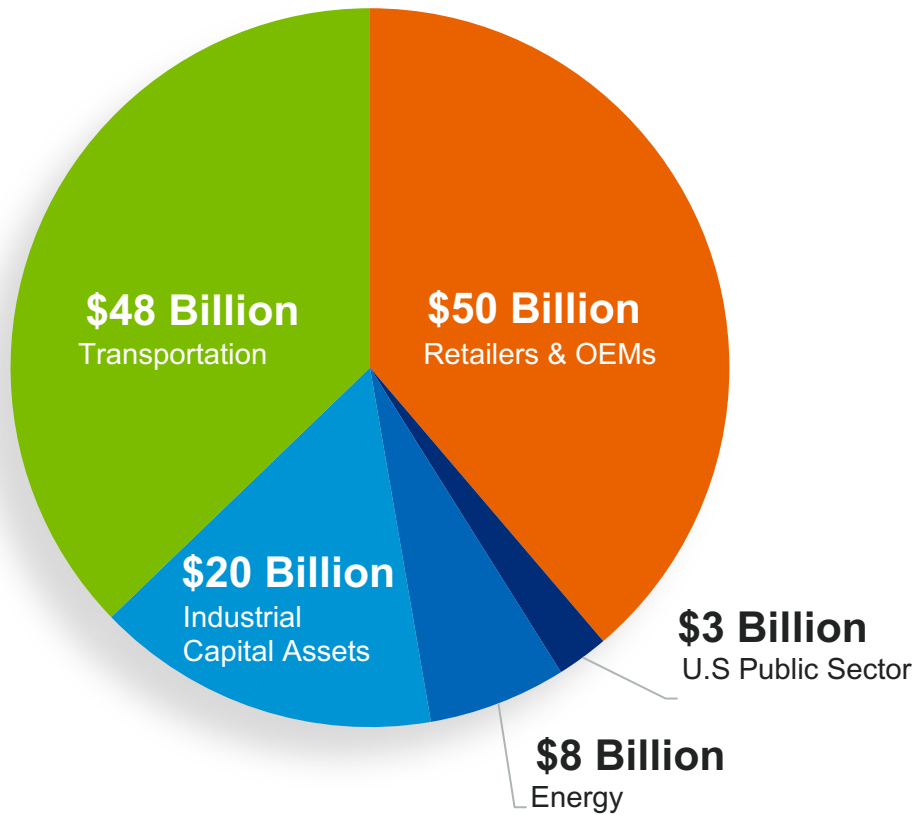
Our ESG Objectives

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



Market Opportunity*

\$130 Billion Total Addressable Market



Highlighted Sellers Across Industries



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

Macro-Trends Expanding Our Opportunity

Sustainability

- Environmental Sustainability key goal for commercial & government sellers
- Focus on Zero Waste
- Environmental compliance requires sophisticated tools and reporting
- Extending the useful life of assets of increasing importance

E-Commerce Growth

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

Technology Innovation

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

Our Business Model

Compelling Model

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

Multiple, Synergistic Revenue Streams

- ✓ Consignment Model
- ✓ Purchase Model
- ✓ Service Revenue
- ✓ Buyer Premium Fees

Liquidity Services Marketplace Success

Consolidated **GMV growth of 44%** in Q2-FY21, strong momentum thus far in Q3

*Q2-FY21 growth over prior year comparable quarter.

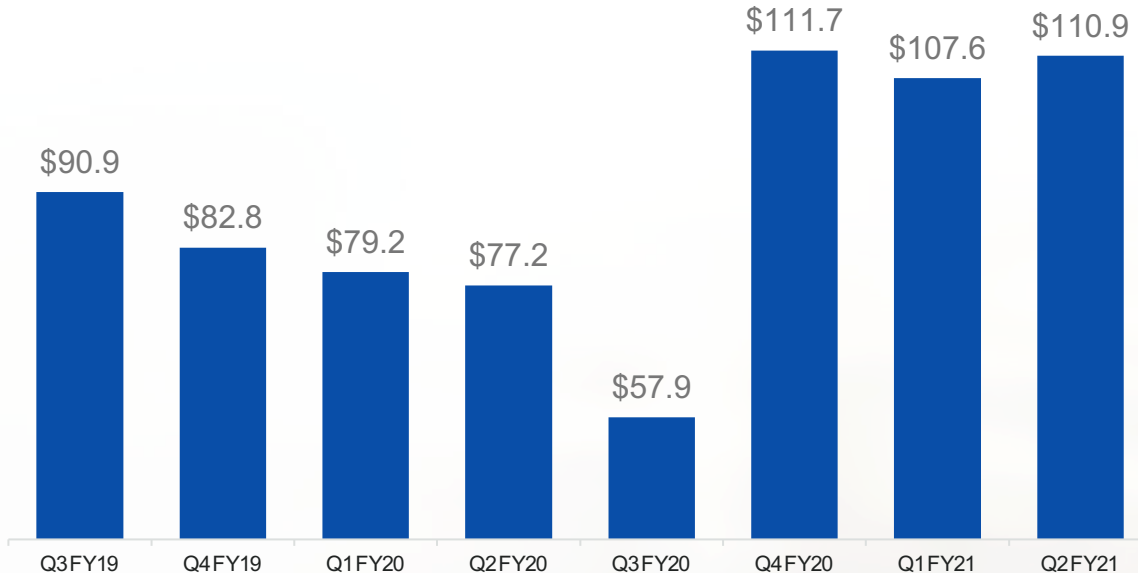
Segment	Q2-FY21 Marketplace Success*
GovDeals	<ul style="list-style-type: none">• +44% GMV• +12% Buyer registrants• +16% Auction participants
Retail Supply Chain	<ul style="list-style-type: none">• +32% GMV• +6% Buyer registrants• +6% Auction participants
Capital Assets	<ul style="list-style-type: none">• +65% GMV• +1% Buyer registrants• +25% Auction participants

GovDeals Segment: Capitalizing on Market Opportunity

Over **14,000 government agencies** have used our self-service model for low-cost, highly effective surplus sales

GovDeals Segment GMV Trendline

* In millions



Governments seek streamlined costs, reduced space, digital and green solutions, and improved compliance

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

- Well-positioned to serve increasing demand for virtual solutions

We believe that marketing technology and increase in online procurement will drive more buyer demand in FY21

- Higher recovery value realized for certain vertical in FY21

GovDeals self-directed model is attractive to:

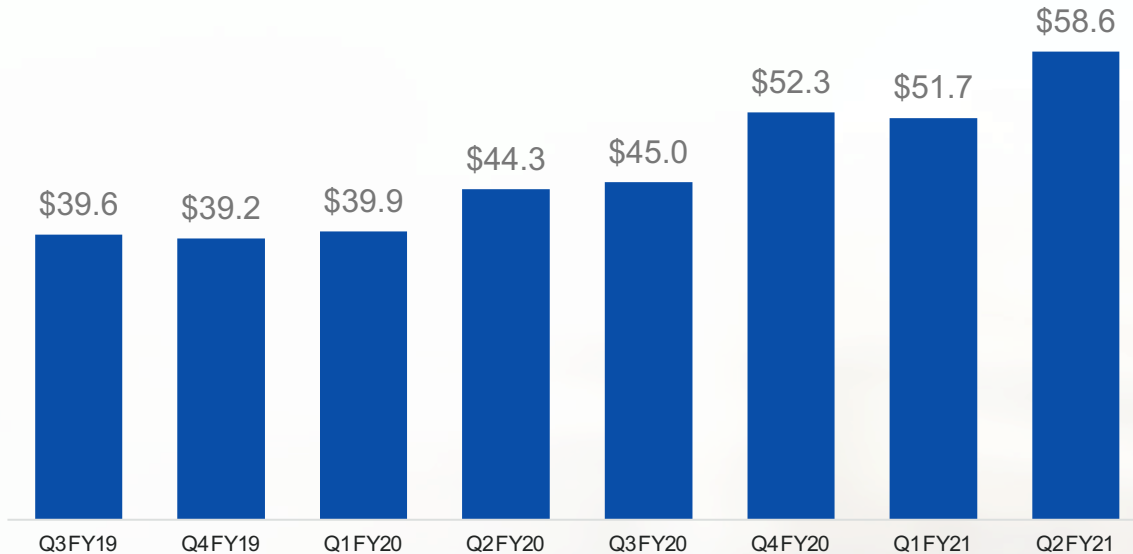
- State and municipal governments
- Higher education institutions
- Non-profits

RSCG Segment is Driving Long-Term Growth

RSCG delivers 18 consecutive quarters of GMV growth; 32% GMV growth in Q2-FY21

RSCG Segment GMV Trendline

* In millions



FY21 benefitted from:

- Retailers increasingly seeking B2B marketplace platforms to conduct resale of surplus inventory
- Hyper-growth of e-commerce

We expanded service offerings to address full-spectrum of seller needs and create higher margin revenue streams:

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

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

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

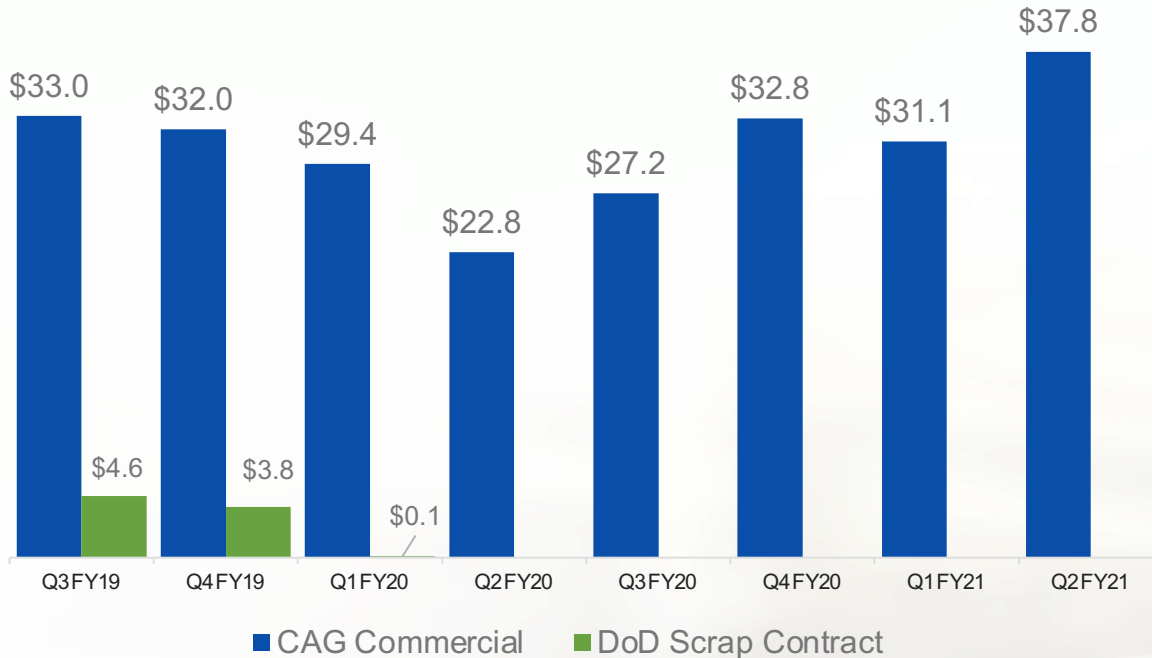
Q2 is the seasonally high RSCG quarter

CAG Segment Diversified Seller Base

Global markets are still restricted but pipeline is growing through seller and buyer demand

CAG Segment GMV Trendline

* In millions



Last twelve months were impacted by global pandemic:

- International economies are heavily restricting travel and limit facility visits, impeding asset inventorying and valuation

Improving volumes since April/May 2020 bottom as the result of:

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

All CAG assets are cross-listed onto our AllSurplus.com platform. This platform enables our sales organization to offer self-directed services as a solution to sellers:

- New platform enables low-touch, asset-light model
- Buy Now functionality enables faster transactions

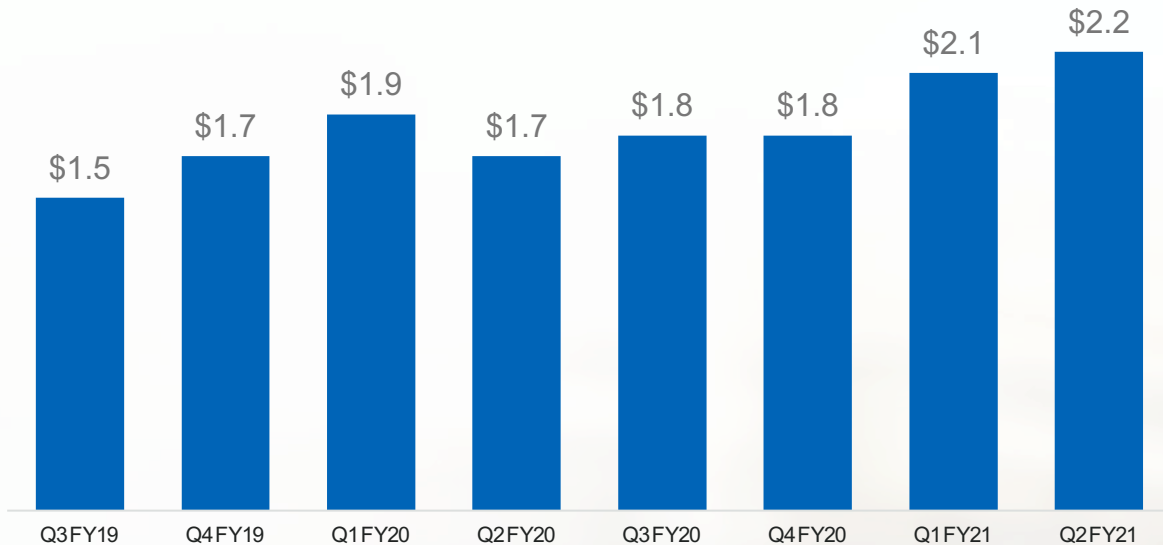
CAG GMV can be variable based on timing and project size

Machinio Segment Subscription Model

Subscriber growth and strong renewal rates from Machinio and MachineryHost subscription solutions drove **31% revenue growth** in Q2-FY21

Machinio Segment Revenue Trendline

* In millions

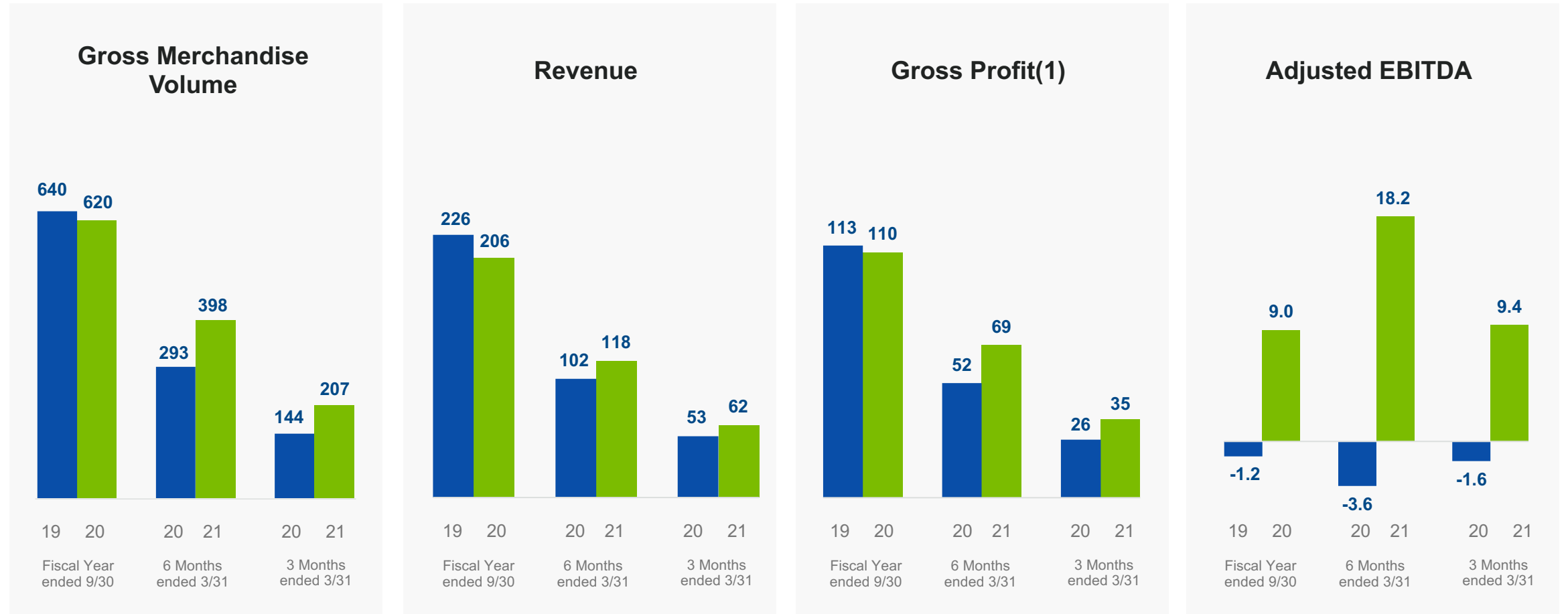


- **The Machinio.com worldwide search engine for used equipment aggregates more than 2.4 million active listings**
- **Machinio's worldwide classified advertising has over 3,200 subscribers and generates over 1.3 million qualified leads per year**
- **MachineryHost's CRM/website suite for machinery dealers has over 375 subscribers**
- **Net Renewal Rates in excess of 90% in FY21.**

Financial Results

Q2FY21 Consolidated Results

\$ in millions



(1) Gross Profit is calculated as total revenue less cost of goods sold and seller distributions.

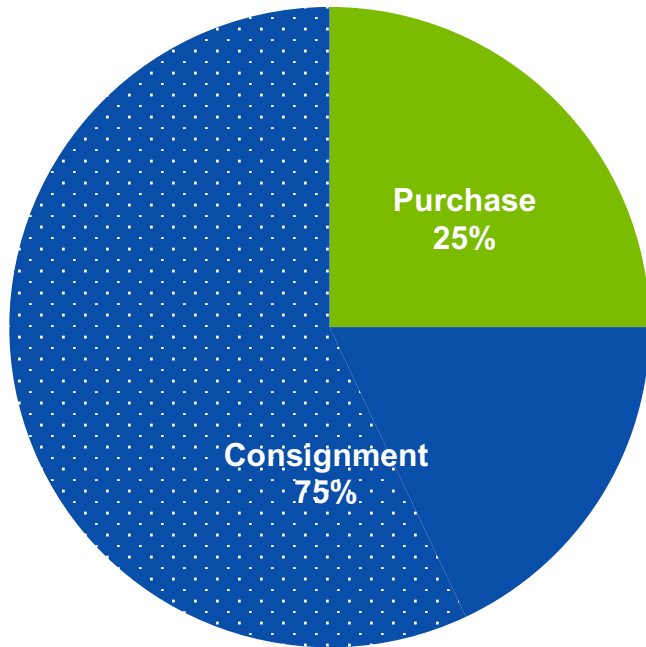
(2) For the twelve months ended September 30, 2019 and 2020, Net Loss was (\$19.3)M and (\$3.8)M respectively. For the six months ended March 31, 2020 and 2021, Net Income (Loss) was (\$9.4)M and \$9.8M, respectively. For the three months ended March 31, 2020 and 2021, Net Income (Loss) was (\$4.2)M and \$5.3M, respectively

(3) Consolidated results include the DoD Surplus and Scrap contracts

(4) See slide #23 for a reconciliation of Adjusted EBITDA

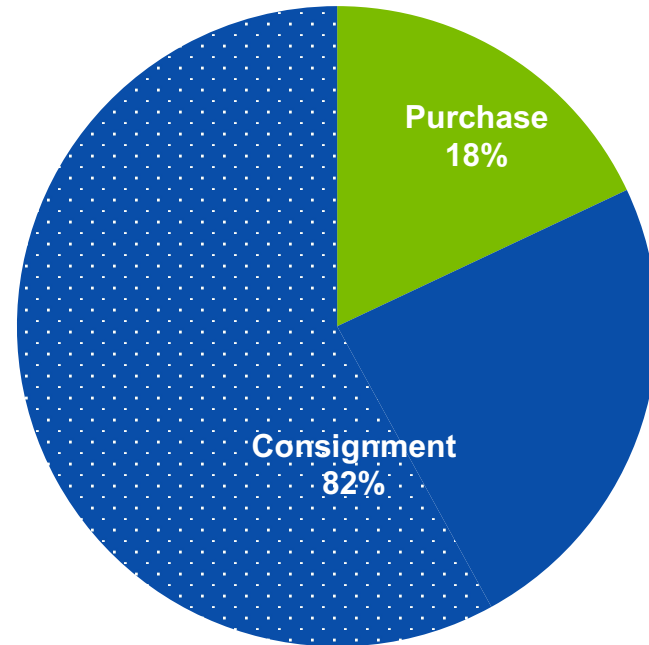
Diversification By Pricing Model | GMV Mix

Q2 FY20



■ Purchase ■ Consignment ■ Self-Directed Consignment

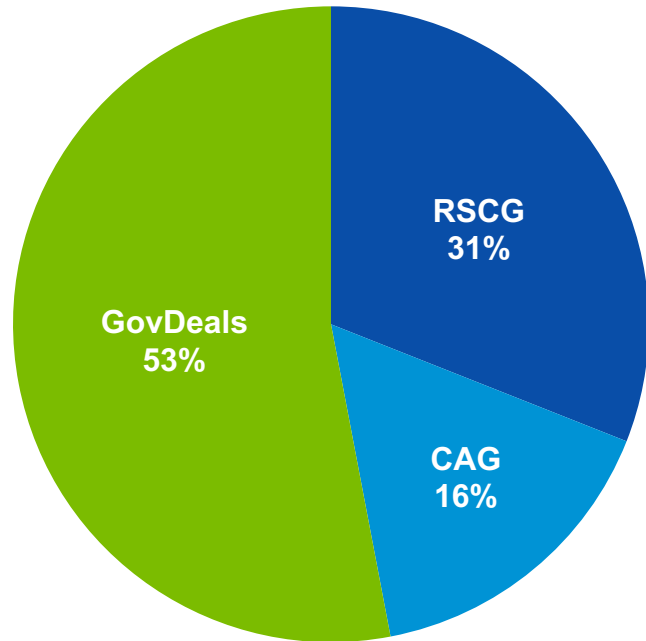
Q2 FY21



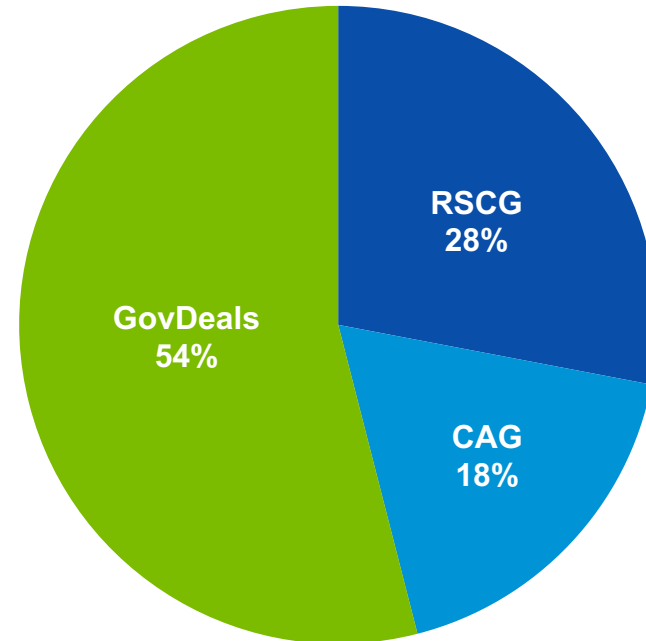
■ Purchase ■ Consignment ■ Self-Directed Consignment

Diversification By Segment | GMV Mix

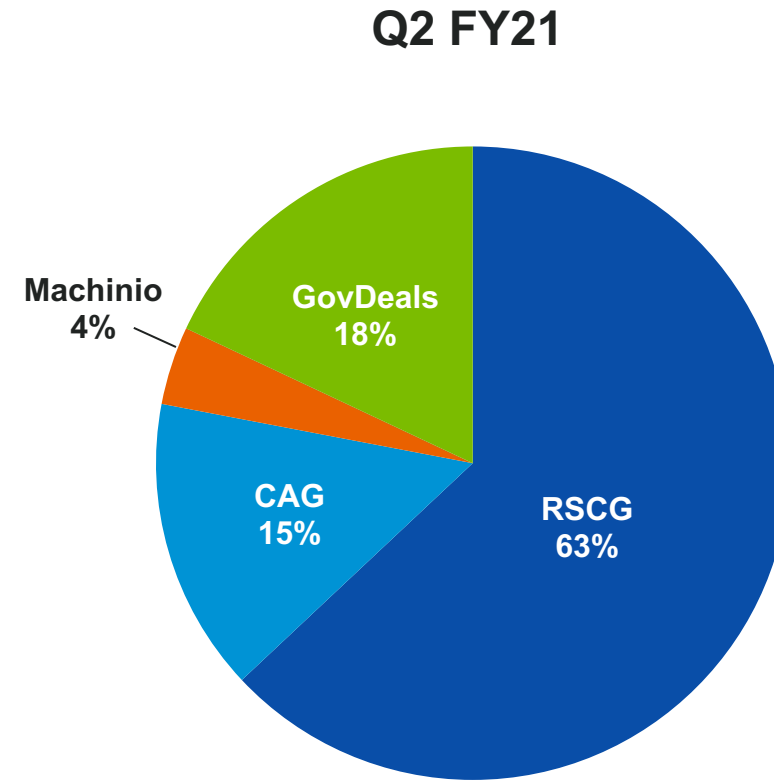
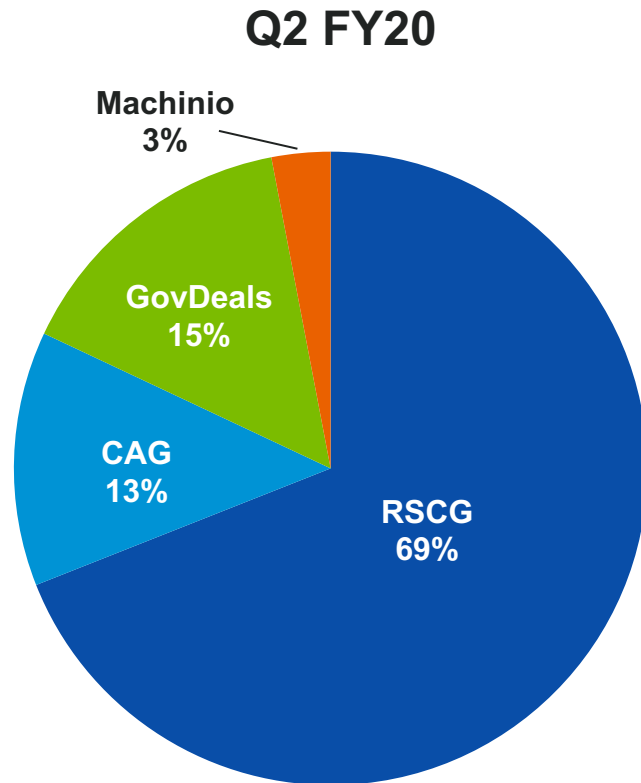
Q2 FY20



Q2 FY21



Diversification By Segment | Revenue Mix



Reconciliation of Financial Data

Adjusted EBITDA Reconciliation

(in thousands)	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Net Income (Loss)	(\$4,649)	(\$5,224)	(\$5,196)	(\$4,238)	\$213	\$5,447	\$4,514	\$5,260
Interest & other expense (income), net	(368)	(124)	(166)	(167)	(156)	(88)	(103)	69
Provision for income taxes	542	63	458	43	209	90	297	407
Depreciation and amortization	1,206	1,516	1,572	1,577	1,567	1,574	1,871	1,670
EBITDA	(\$3,269)	(\$3,769)	(\$3,332)	(\$2,785)	\$1,833	\$7,023	\$6,579	\$7,406
Stock compensation expense	1,362	1,367	1,039	1,231	1,516	1,875	2,229	1,761
Acquisition costs and impairment of goodwill and long-lived assets	52	(69)	5	-	-	0	-	203
Business realignment expenses	1,055	483	-	-	328	77	5	-
Fair value adjustments to acquisition earn-outs	900	1,200	200	-	-	-	-	-
Deferred revenue purchase accounting adjustment	110	18	3	-	-	-	-	-
Adjusted EBITDA	\$210	(\$770)	(\$2,085)	(\$1,554)	\$3,677	\$8,975	\$8,813	\$9,370



Investor Relations

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