



*A Better Future for Surplus*

## Investor Presentation

Oppenheimer June 15, 2022



# 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, 2021 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 ended March 31, 2022.



# Who We Are

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

## To Power the Circular Economy, we:

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

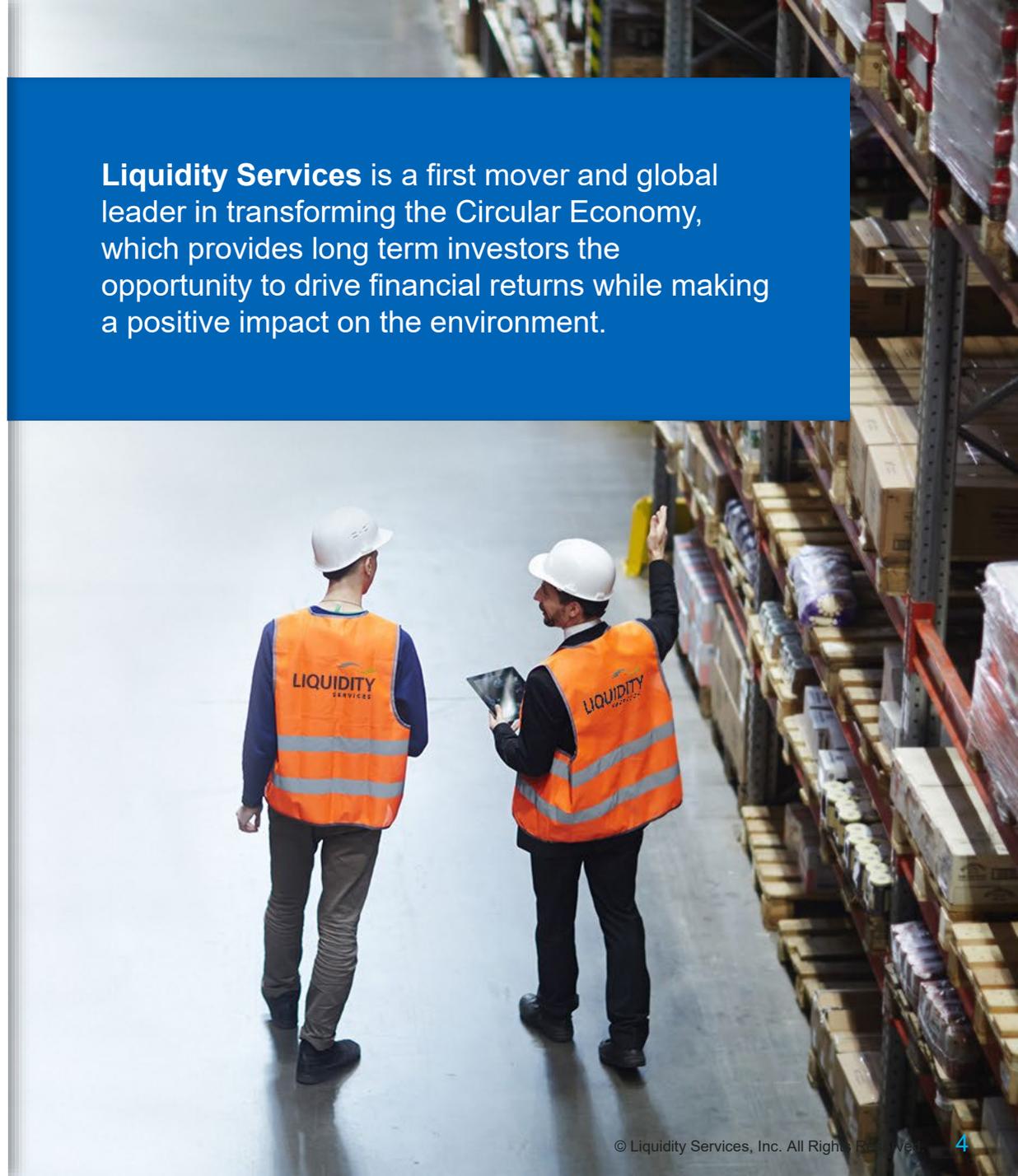


# What is the Circular Economy?

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

\*Reverse Logistics Industry Council

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



# 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

# Vision and Strategic Pillars

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

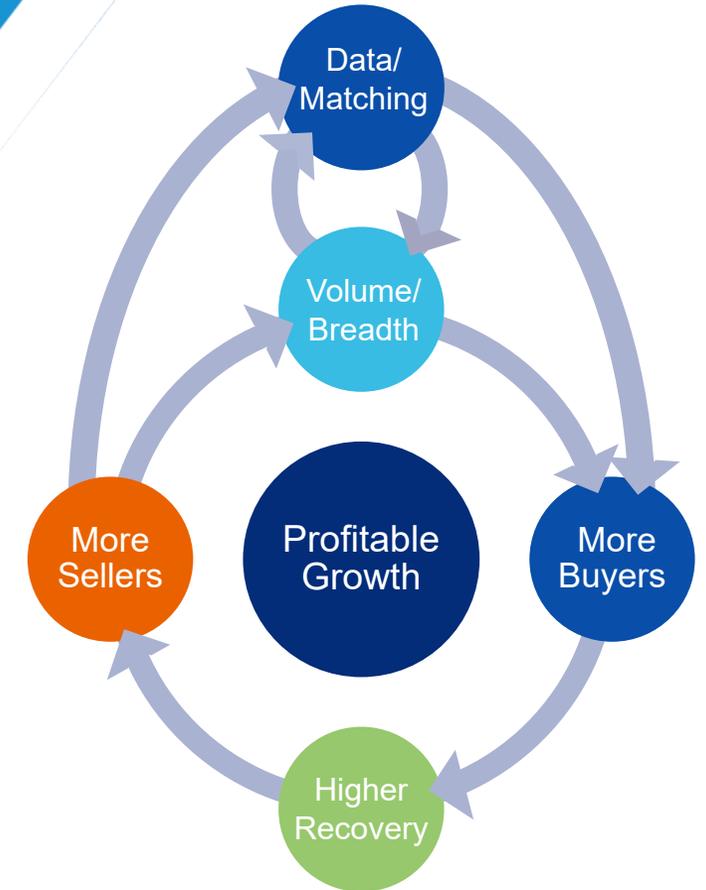
**R** **Recovery Maximization**  
Drive higher net recovery through technology and innovation that improves the buyer experience

**I** **Increase Volume**  
Grow annualized volume transacted on our platform with flexible service offerings and pricing models to meet the needs of existing and new sellers

**S** **Service Expansion**  
Grow services with recurring revenue characteristics that leverage our domain expertise, data and marketplace channels

**E** **Expense Leverage**  
Improve operating expense leverage by controlling costs and through technology and innovation that increases productivity

# RESERVE



# Delivering Maximum Value to Sellers

## Better Service

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

## Better Scale

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

## Better Results

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

## Serving the Broadest Base of Industries



Aerospace & Defense



Electronic Manufacturing



Industrial Manufacturing



Automotive Manufacturing



Energy



Mining & Large Construction



Biopharma



Fast-Moving Consumer Goods



Retail



Consumer Brands & OEM's



Government



Transportation

# Providing Superior Buyer Experiences



## Superior Product Quality and Information

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



## Fair Prices

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

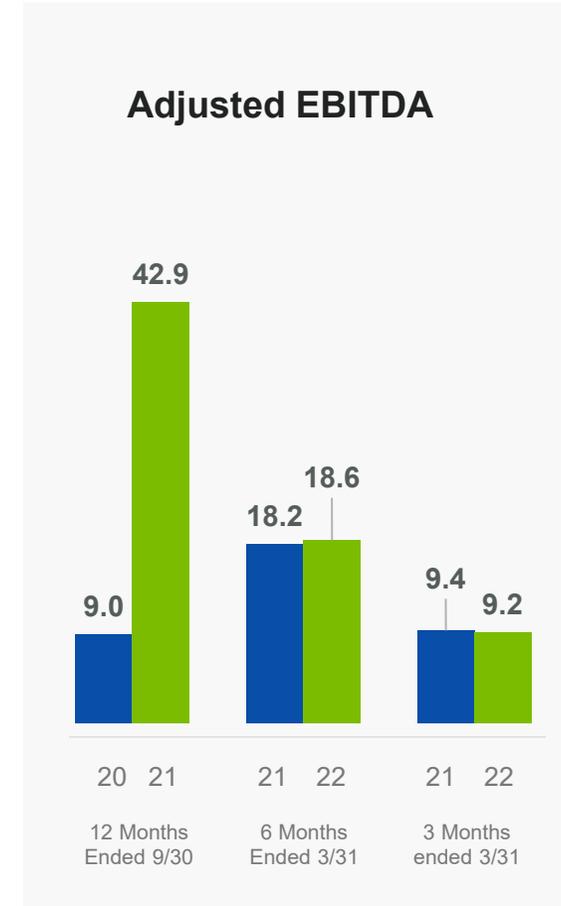
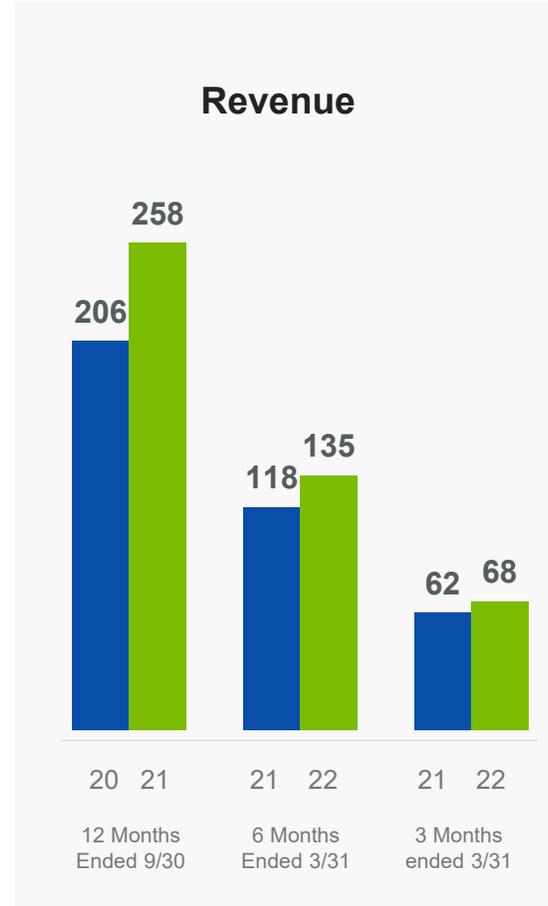
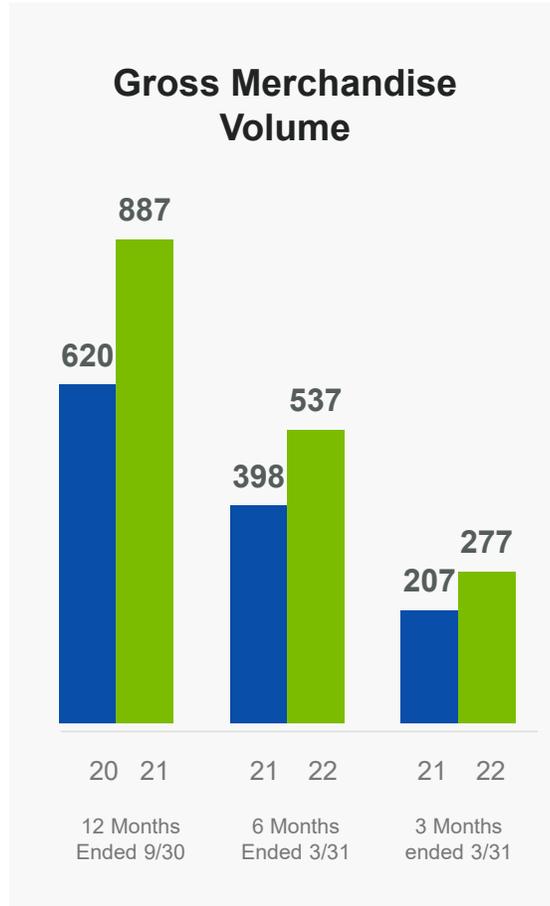


## Excellent Customer Service

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

# Q2FY22 Consolidated Results

\$ in millions



- (1) For the twelve months ended September 30, 2021, and 2020, Net Income (Loss) was \$50.9M and (\$3.8)M, respectively. For the six months ended March 31, 2022, and 2021, Net Income was \$15.6M and \$9.8M, respectively. For the three months ended March 31, 2022, and 2021, Net Income was \$12.0M and \$5.3M, respectively.
- (2) See slide #25 for a reconciliation of Adjusted EBITDA

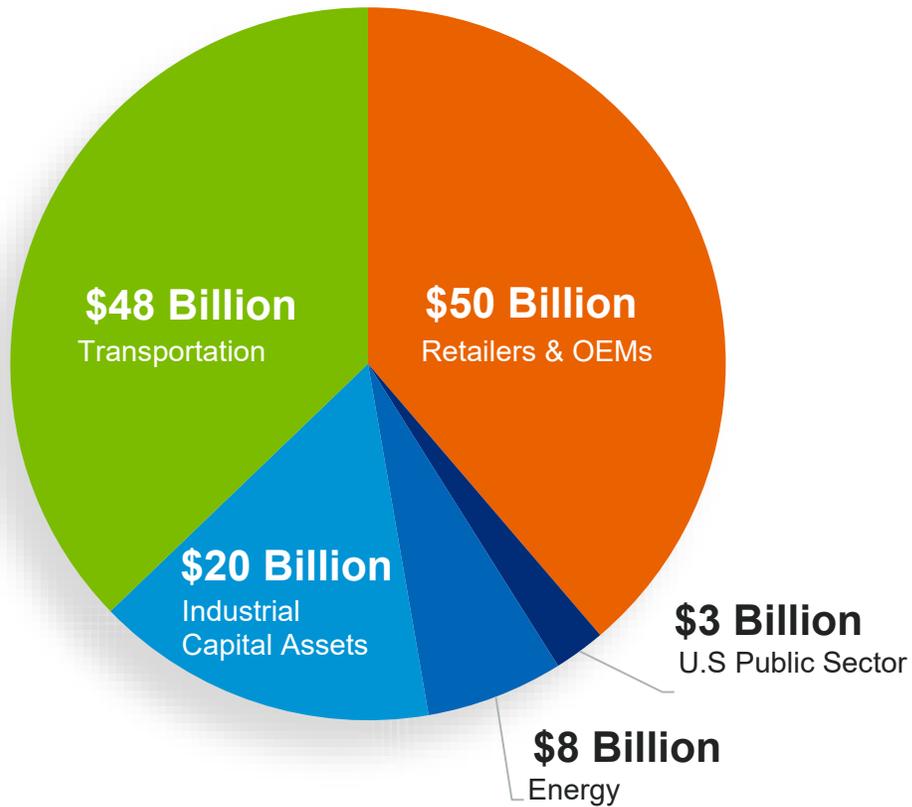
# Our ESG Objectives

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



# Market Opportunity\*

**\$130 Billion Total Addressable Market**



## Highlighted Sellers Across Industries



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

# Macro-Trends Expanding Our Opportunity

## E-Commerce Growth

- Increased demand for digital, no-contact solutions driving more opportunities with sellers and buyers
  - 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
- Environmental Sustainability key goal for commercial & government sellers

## 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

## Sustainability

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

# Our Business Model

## Compelling Model

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

## Multiple, Synergistic Revenue Streams

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

# Liquidity Services Marketplace Success

Q2-22 total marketplace growth over the prior year included\*:

**+48%** Auction Participants

**+41%** Closed Transactions

\* Q2-FY22 growth over prior year comparable quarter.

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

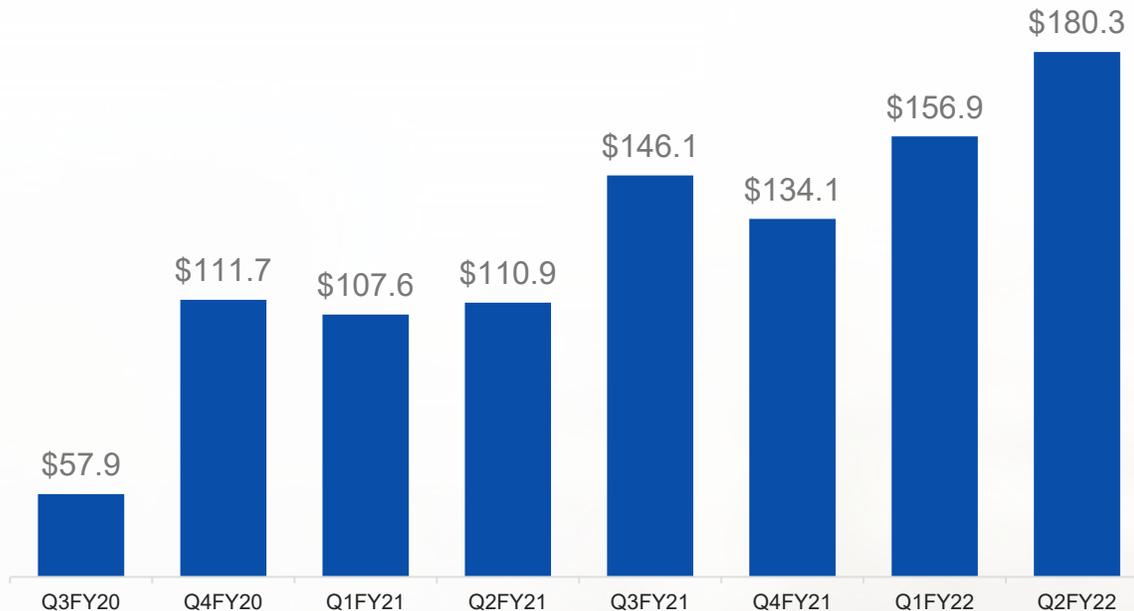
Marketplace	Q2-FY22 Marketplace Highlights*
<b>AllSurplus</b> (incl. Network Int. & GoIndustry DoveBid)	<ul style="list-style-type: none"> <li>• <b>+696%</b> Closed Transactions**</li> <li>• <b>+478%</b> Auction Participants**</li> </ul>
<b>GovDeals</b> (incl. Bid4Assets)	<ul style="list-style-type: none"> <li>• <b>+81%</b> Buyer Registrations</li> <li>• <b>+27%</b> Closed Transactions</li> </ul>
<b>Liquidation.com</b>	<ul style="list-style-type: none"> <li>• <b>+5%</b> Closed Transactions</li> <li>• <b>+5%</b> Buyer Registrants</li> </ul>

# GovDeals Segment: Capitalizing on Market Opportunity

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

## GovDeals Segment GMV Trendline

\* In millions



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

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

- Capturing value from macroeconomic trends influencing certain asset categories, such as transportation

**GovDeals self-directed model is attractive to:**

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

# Bid4Assets Overview



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

The results of Bid4Assets are included within our GovDeals segment

# RSCG Segment is Driving Long-Term Growth

RSCG delivers 22 consecutive quarters of year-over-year GMV growth; 1% GMV growth in Q2-FY22

## RSCG Segment GMV Trendline

\* In millions



## Our RSCG segment benefits from:

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

## Our expanded service offerings 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

**Fiscal Q2 is the seasonally high quarter for reverse supply chain activity in the retail sector**

# CAG Segment Diversified Seller Base

GMV stable despite continued global supply chain disruptions during Q2 FY22

**CAG Segment GMV Trendline**

\* In millions



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

- Global supply chains are experiencing heightened disruptions from the Russian invasion of Ukraine and its impacts on international trade and energy markets, and the recent COVID-19 lockdowns in regions of China

**In this environment, clients continue to pursue CAG's solutions for:**

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

**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 Advertising and System drove 29% revenue growth in Q2-FY22

### Machinio Segment Revenue Trendline

\* In millions



- The Machinio worldwide search engine for used equipment aggregates more than 3.5 million active listings
- Machinio Advertising’s worldwide classifieds platform has over 3,700 subscribers, 1.5 million qualified leads over 400 subscribers
- Machinio System’s management software for machinery dealers has over 400 subscribers
- Net Renewal Rates in excess of 90% in FY22.

# The Industry Leader in the Circular Economy

**+15,000**

Trusted Clients  
Worldwide

**+130**

Fortune 1000  
Global Clients

**+800K**

Transactions  
Completed Annually

**+600**

Asset Categories  
Experience

**+4.7 Million**

Registered  
Active Buyers

**B2B | B2C**

Multichannel Marketing  
& Sales Strategies

**+\$9.0 Billion**

Completed  
Transactions

**LQDT ▲**

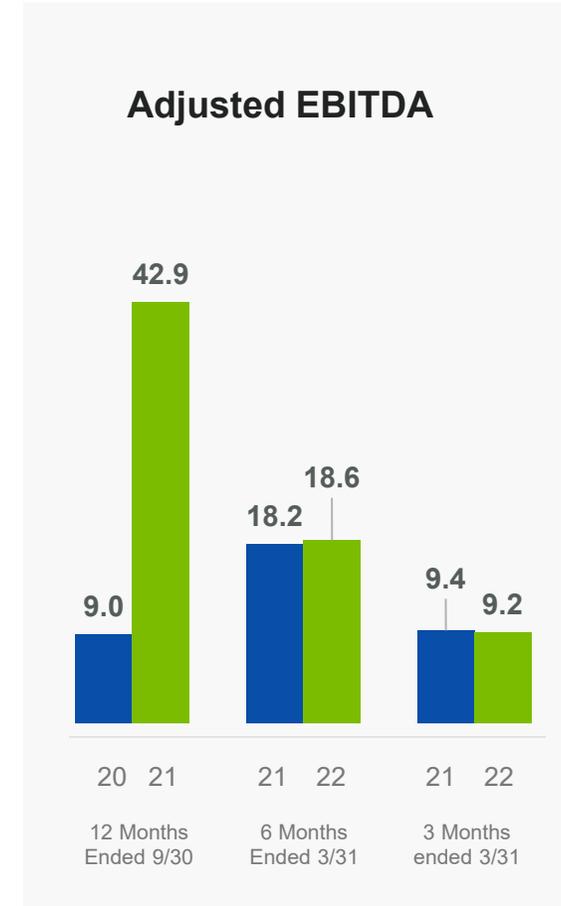
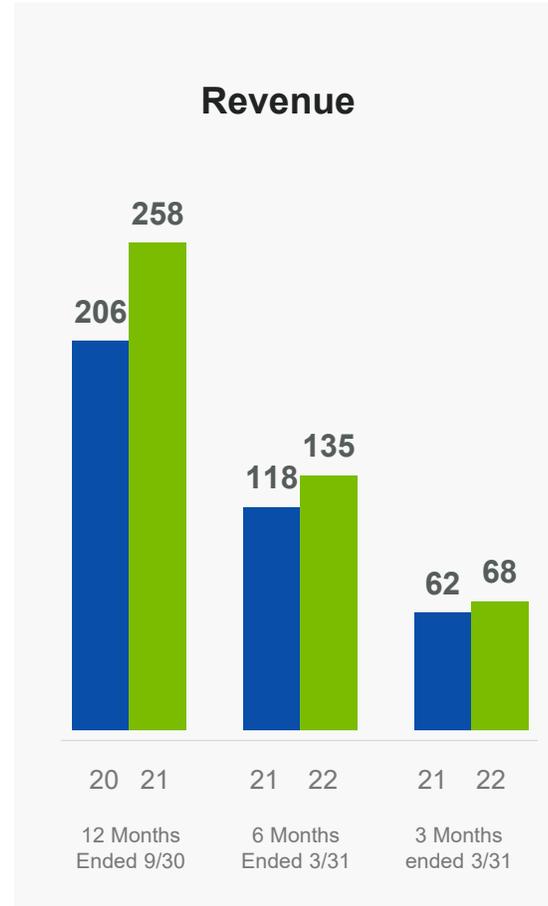
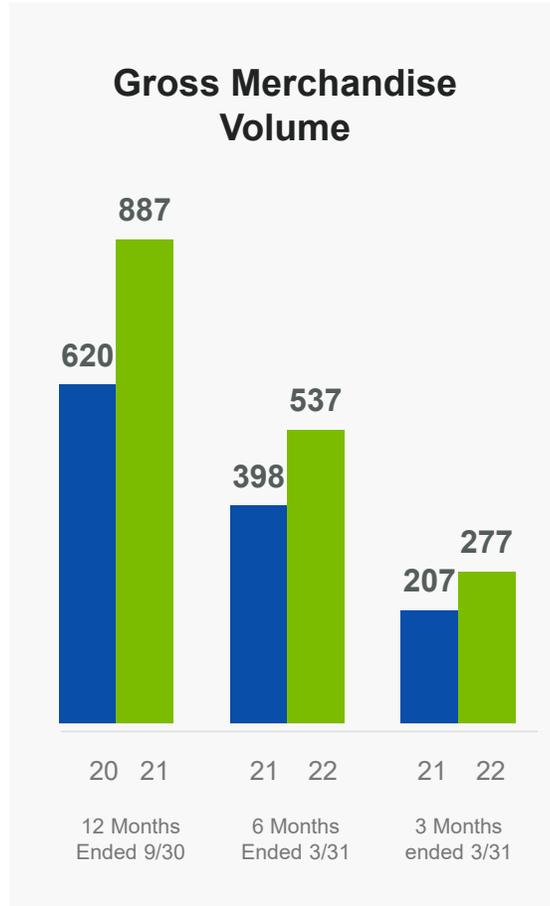
Publicly Traded  
Since 2006 IPO



## Appendix: Financial Results

# Q2FY22 Consolidated Results

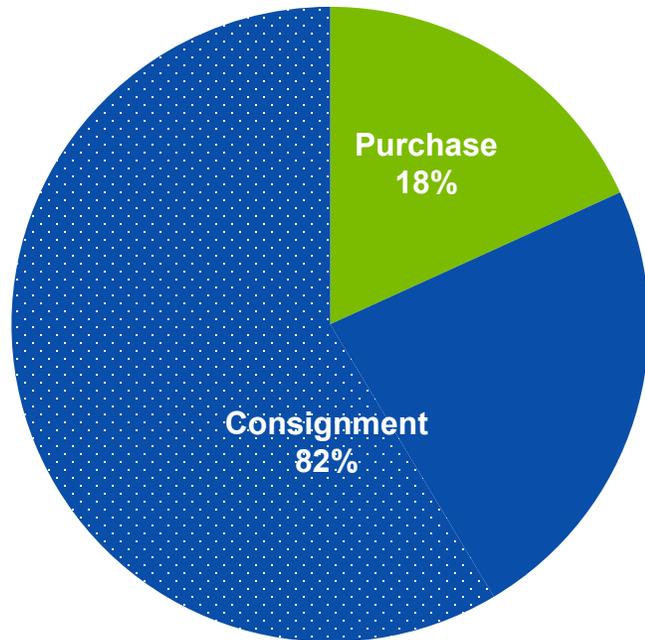
\$ in millions



(1) For the twelve months ended September 30, 2021, and 2020, Net Income (Loss) was \$50.9M and (\$3.8)M, respectively. For the six months ended March 31, 2022, and 2021, Net Income was \$15.6M and \$9.8M, respectively. For the three months ended March 31, 2022, and 2021, Net Income was \$12.0M and \$5.3M, respectively.  
 (2) See slide #25 for a reconciliation of Adjusted EBITDA

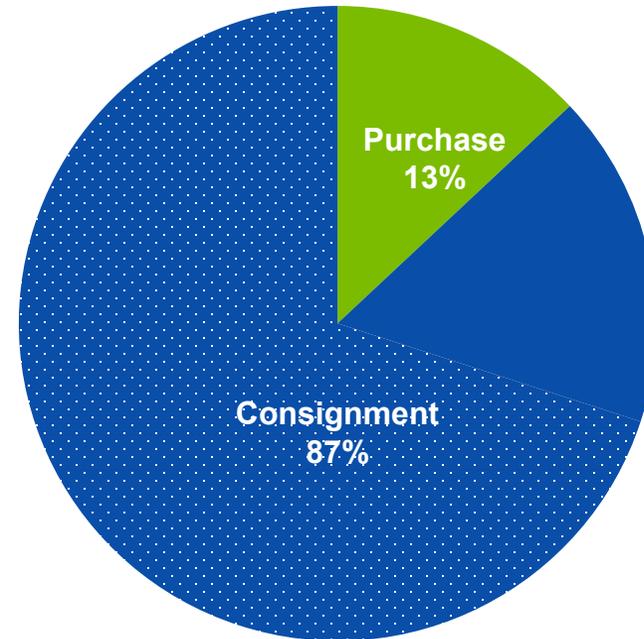
# Diversification By Pricing Model | GMV Mix

Q2 FY21



■ Purchase ■ Consignment ■ Self-Directed Consignment

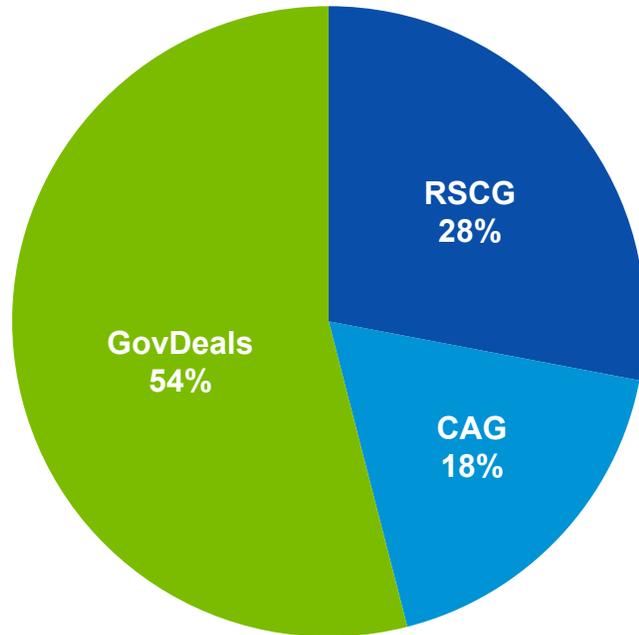
Q2 FY22



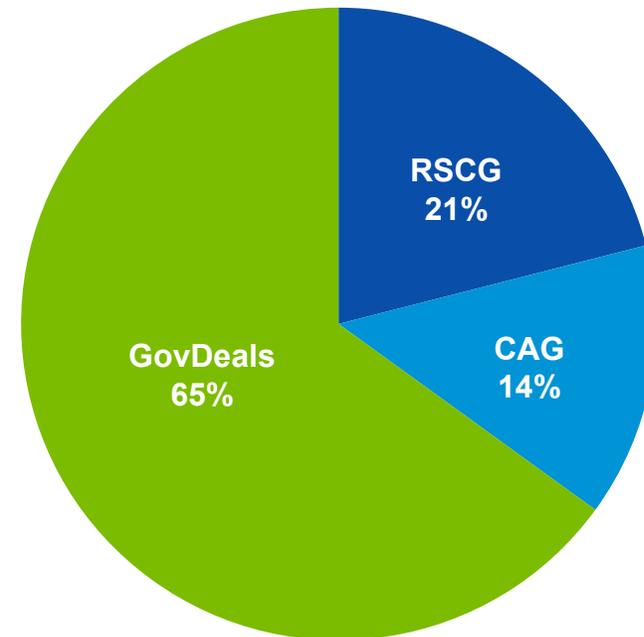
■ Purchase ■ Consignment ■ Self-Directed Consignment

# Diversification By Segment | GMV Mix

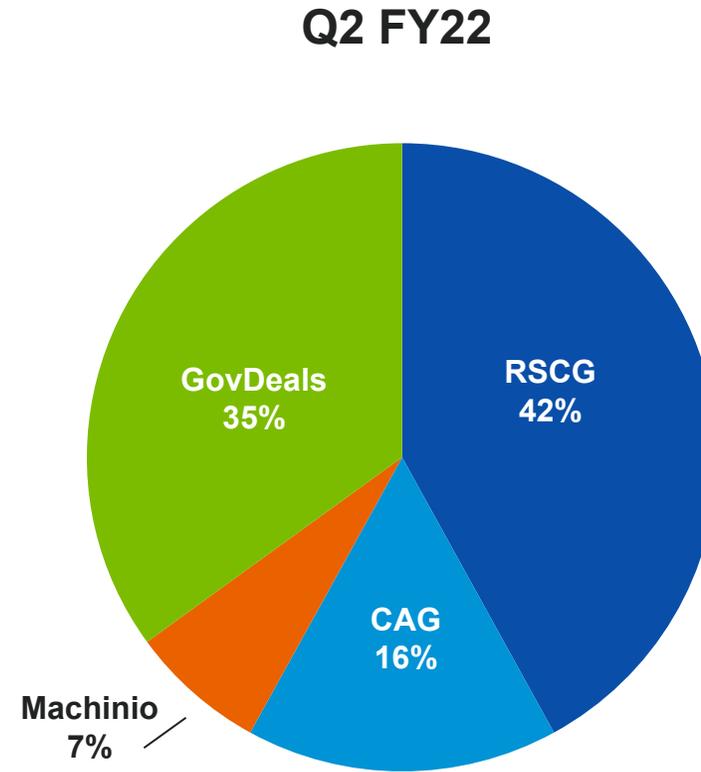
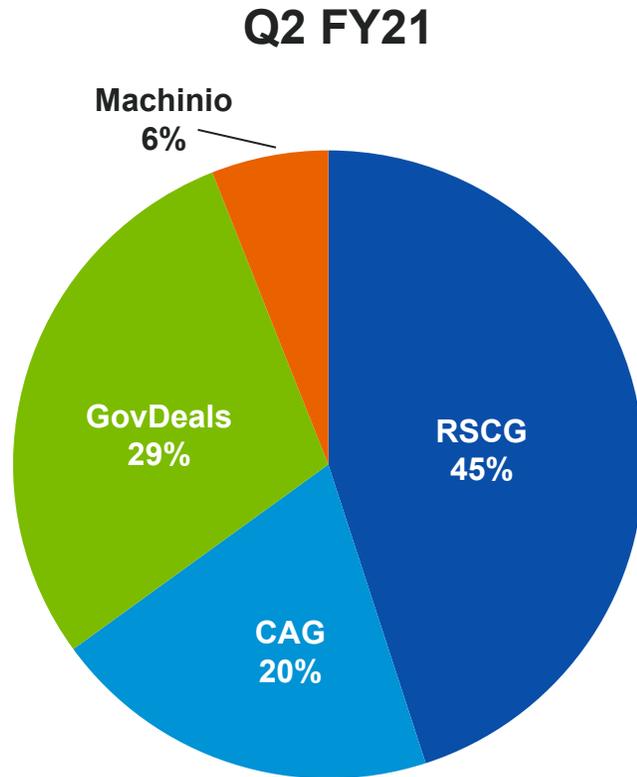
Q2 FY21



Q2 FY22



# Diversification By Segment | Segment Gross Profit Mix



# Reconciliation of Financial Data

## Adjusted EBITDA Reconciliation

(in thousands)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Net Income (Loss)	(\$4,238)	\$213	\$5,447	\$4,514	\$5,260	\$8,419	\$32,756	\$3,602	\$11,970
Interest & other expense (income), net	(167)	(156)	(88)	(103)	69	(157)	115	(33)	51
Provision (benefit) for income taxes	43	209	90	297	407	429	(24,503)	1,012	1,059
Depreciation and amortization	1,577	1,567	1,574	1,871	1,670	1,705	1,723	2,302	2,603
Non-GAAP EBITDA	(\$2,785)	\$1,833	\$7,023	\$6,579	\$7,406	\$10,396	\$10,091	\$6,883	\$15,683
Stock compensation expense	1,231	1,516	1,875	2,229	1,761	1,803	1,154	2,280	1,992
Acquisition costs and impairment of goodwill, long-lived assets and other assets	-	-	-	-	203	1,136	125	211	40
Business realignment expenses	-	328	77	5	-	-	-	-	-
Fair value adjustments to acquisition earn-outs	-	-	-	-	-	-	-	-	(8,500)
Non-GAAP Adjusted EBITDA	(\$1,554)	\$3,677	\$8,975	\$8,813	\$9,370	\$13,335	\$11,370	\$9,374	\$9,215



Investor Relations

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