

Q1 FY2014 Investor Presentation

February 7, 2014



Liquidation.com

**Government
Liquidation**

GovDeals

**Liquidity
Services Inc.**

**Network
INTERNATIONAL**

**JACOBS
TRADING
COMPANY**

**GoIndustry
DoveBid**

TruckCenter.com

This presentation contains forward-looking statements. All forward-looking statements speak only as of the date of this presentation. Except as required by applicable law, we do not intend to publicly update or revise any forward-looking statements. These forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. 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. Many of these factors are beyond our ability to control or predict. 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. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of capital expenditures, the likelihood of our success in expanding our business, financial plans, budgets, working capital needs and sources of liquidity.

Potential investors should carefully review in its entirety our filings with the Securities and Exchange Commission from time to time. You should be aware that the occurrence of the events described in the "Risk Factors" section and elsewhere in our periodic reports could harm our business, prospects, operating results, and financial condition.

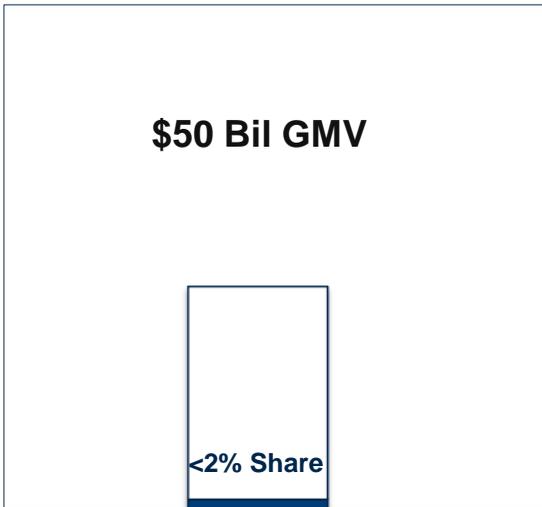
The financial information provided herein includes the Company's discontinued operations for its UK retail supply chain business which was closed effective September 30, 2011.

**Provide clients and buying customers
the world's most transparent, innovative and effective
online marketplaces and integrated services
for surplus assets.**

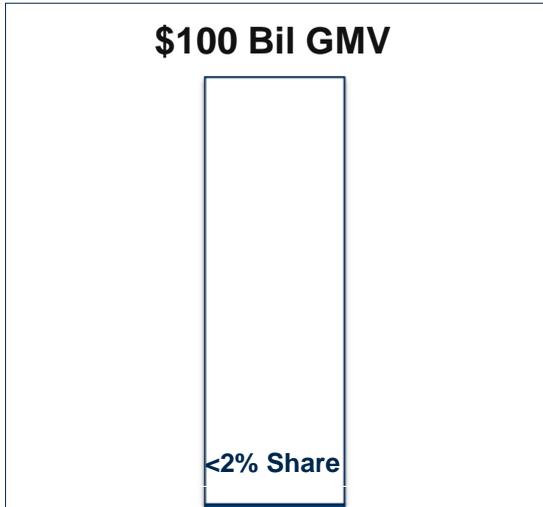
Liquidity Services Still in Early Days

We address multiple, large markets still in early stages of online adoption

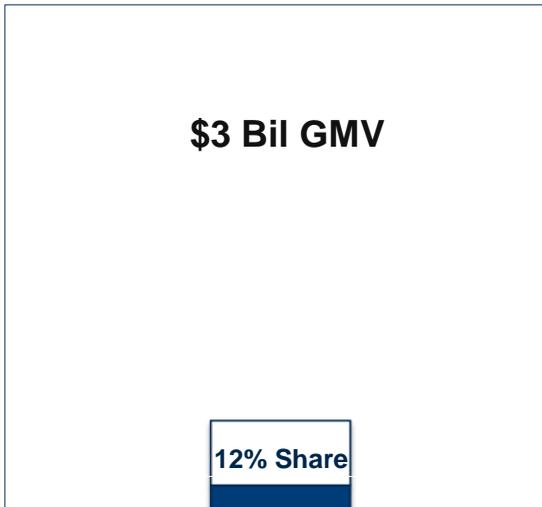
Retail Supply Chain



Capital Assets



Public Sector



The Leading Online Marketplace for Surplus

Liquidity Services' unmatched scale, services and track record continue to drive growth and network effects.



SELLERS

- ✓ Global reach → more bidders → higher price
- ✓ Flexible, compliant turnkey solutions
- ✓ Protect brand reputation and channels
- ✓ Efficient logistics= higher net recovery

BUYERS

- ✓ Depth and breadth of supply
- ✓ Market fairness and transparency
- ✓ Secure settlement / trust
- ✓ Cost-efficient process



Liquidity Services has buyers in over 200 countries and territories

Our Professional Buyers

- **Online Power Sellers**
- **Discount Retailers**
- **End Users**
- **VARs/Refurbishers**
- **Import/ Export Firms**
- **Flea Market Resellers**
- **Scrap Recyclers**

Key Strengths

- **Size and Geographic Diversity**
- **Large Volume, Recurring Demand**
- **Address All Product Conditions & Regulatory Constraints**
- **“As-is, Where-is” All Cash Buyers**

Delivering High Buyer Customer Value

Buyer Demand Drivers:

Liquidity Services Delivers:

Online Sourcing

Access to Large Supply

Frugality

Low Cost Fulfillment

Trust and Reliability



Displaying 1 - 30 of 643 auctions Show 30 Per Page Sort By: Closing Time

Include Closed Auctions

Auction Title	Condition	Seller	Qty	Lot Price	Bids	Location	End Time	Watch
2 New 7 inch GPS Navigation System Video, Pictures, MP3 MP4 Windows CE...	New	TabletHeaven	2	\$150.00	0	California	Today 07:20 PM	
3 White Apple iPhone 4 16GB for Verizon Refurbed as New	Refurbished	Discount-Electr...	3	\$895.00	0	Tennessee	Today 07:25 PM	
Dynex Keyboard, Insignia Clock Radio, Bose Sounddock System & More	Salvage	liquidationresa...	82	\$186.00	11	New Jersey	Today 07:30 PM	
New Phones, iPad Accessories, Video Recorders - MSRP \$1,699	New	tshaff	107	\$205.00	12	Georgia	Today 07:30 PM	
LeapFrog LeapPad2, Rocketfish 24ft, Schoshe, etc - MSRP \$1,597.67	Used	modafel	25	\$100.00	1	California	Today 07:35 PM	
Sony Portable DVD Player, Klipsch Headphones Samsung 3D Glasses &...	Salvage	r2rstores	232	\$120.00	3	Maryland	Today 07:35 PM	
ZOpid HT-ZLM25 Interactive Fun & Learning Game Mat - Lot Of 40 - New	New	tmc786	40	\$100.00	0	New York	Today 07:35 PM	
Canon Powershot, AT&T HP Veer, Fuji Finepix, TomTom GPS & More...	Salvage	techexcess	14	\$240.00	15	New Jersey	Today 07:40 PM	

Online Transparency

Aggregation of Supply

Value Based Goods

Efficient Logistics

Secure Settlement

Industries and Online Marketplaces

Biopharma

Liquidation.com
Retail Surplus Assets

Electronics
Manufacturing

**Government
Liquidation**
Federal Surplus Assets

Energy

GovDeals
State & Local Government
Surplus Assets

Industrial
Equipment

**GoIndustry
DoveBid**
Commercial & Manufacturing
Capital Assets

Retail and CPG
Inventory

Network
INTERNATIONAL
Commercial & Energy Capital
Assets

Technology

Transportation

TruckCenter.com
Transportation & Fleet Capital
Assets

Unique Domain Expertise

- \$4.4 billion GMV in over 3.9 million completed transactions
- 370 million consumer goods items sold
 - 500,000+ unique items
 - New, used, salvage condition
 - Unique rules by OEM and Retailer
- Over 2.5 million capital assets sold
 - 249,000+ aerospace assets
 - 54,000+ energy assets
 - 223,000+ healthcare biopharma assets
 - 460,000+ transportation assets
- Over 2.3 billion lbs. of scrap material sold
- 3+ million equipment valuation records
- Export control and data security rules
- Lotting and merchandising strategies

Comprehensive Service Offering Fulfills Clients' Complete Needs

Surplus Asset Management

Returns Management

Return-to-Vendor (RTV) Programs

Inventory Assurance Programs

Surplus Asset Management Platform

Asset Discovery & Valuation

Asset Cataloging

Equipment Inspection

Appraisal Services

Pre-Sale Valuation

Asset Recovery Planning

Brand & Channel Protection

Intellectual Property Protection

Support for 'Green' Initiatives

Multi-Channel Sales Strategy

Lotting & Merchandising Strategy

Asset Marketing Plan

Asset Recovery Project Management

Surplus Asset Redeployment & Disposition Prep

Internal Redeployment

Asset Removal

Off-Site Storage

Debranding / Delabeling

Removal of Sensitive Information

Light Refurbishment

Scrap Metals Testing

Surplus Asset Disposition

Online Auctions

Live Auctions with Webcast & Online Bidding

Negotiated Sales

Surplus Asset Marketing

E-Waste & Recycling Programs

Scrap Material Sales

Dedicated Customer Service Team

Buyer Qualification & Controls

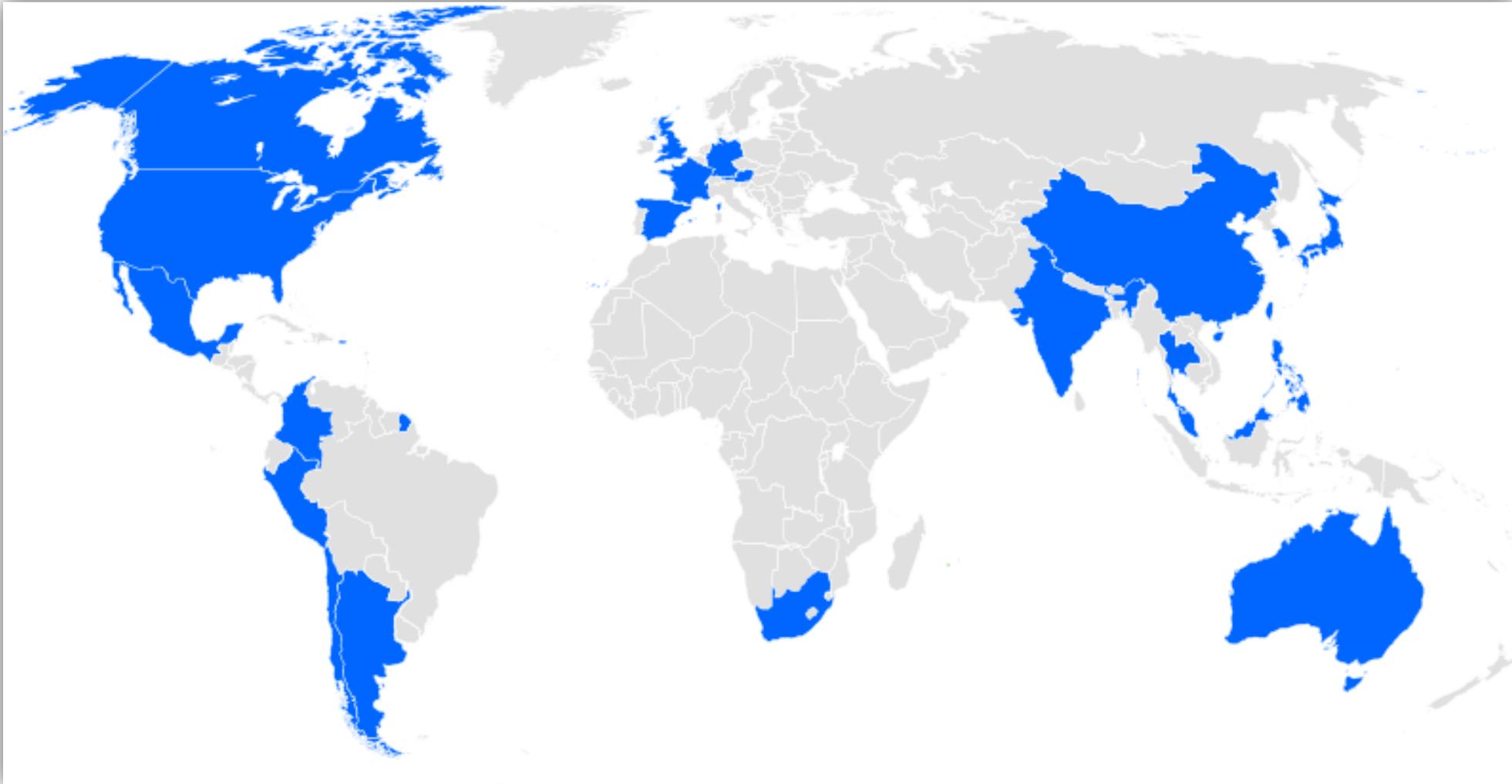
Payment Processing & Reconciliation

Documentation

Export Services

Transaction Reporting

Global Coverage Supports F1000 Client Needs



Client Depth Across Industries

Retailers



Retail OEM's



Government



Energy



Transportation



Technology



Healthcare & BioPharma



Industrial



Asset-Based Lenders



Product Innovation



- More SKUs
- Shorter Product Life Cycles
- Need for Speed

eCommerce Growth



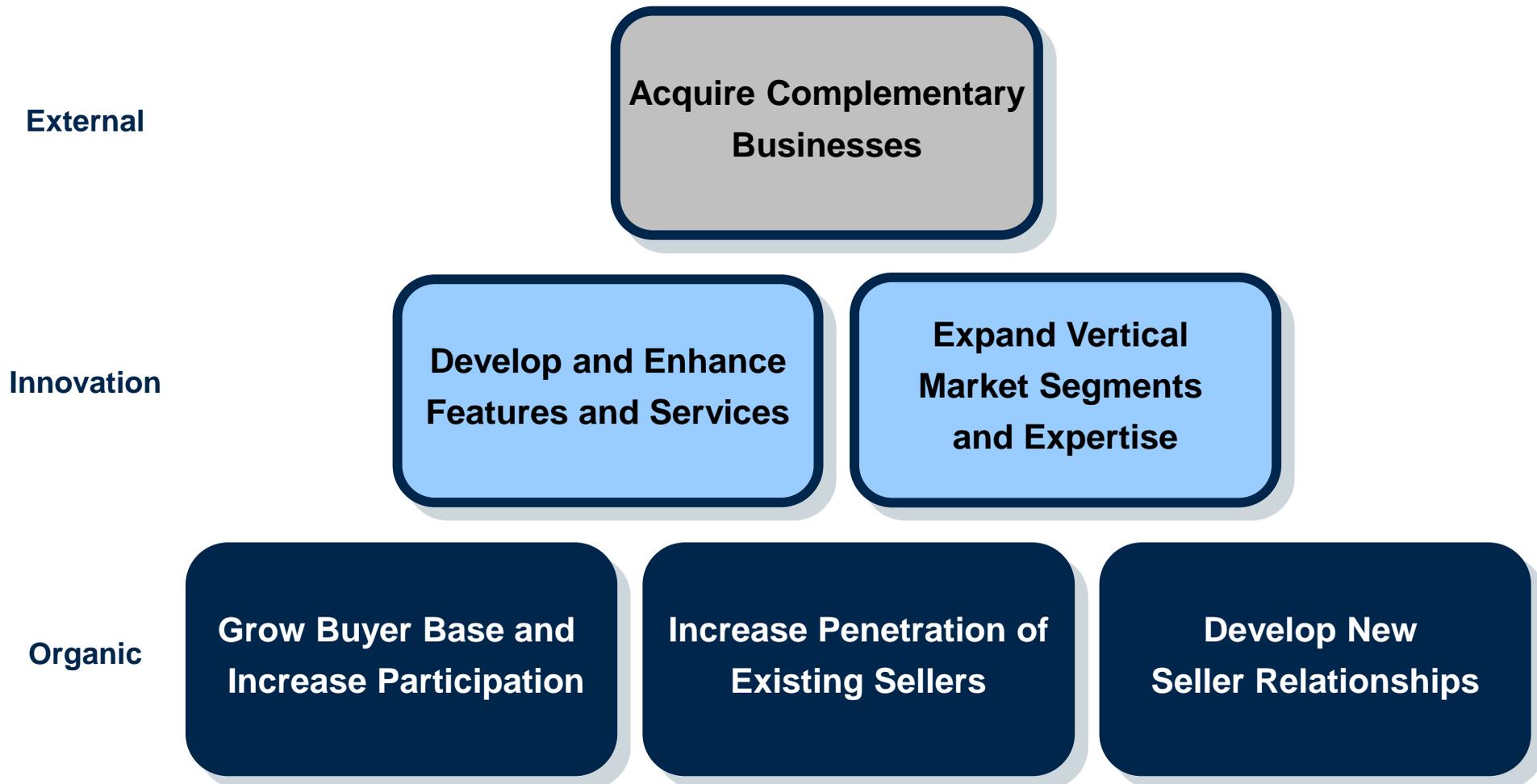
- Higher Return Rates
- Higher Transportation Costs
- Complexity

Sustainability



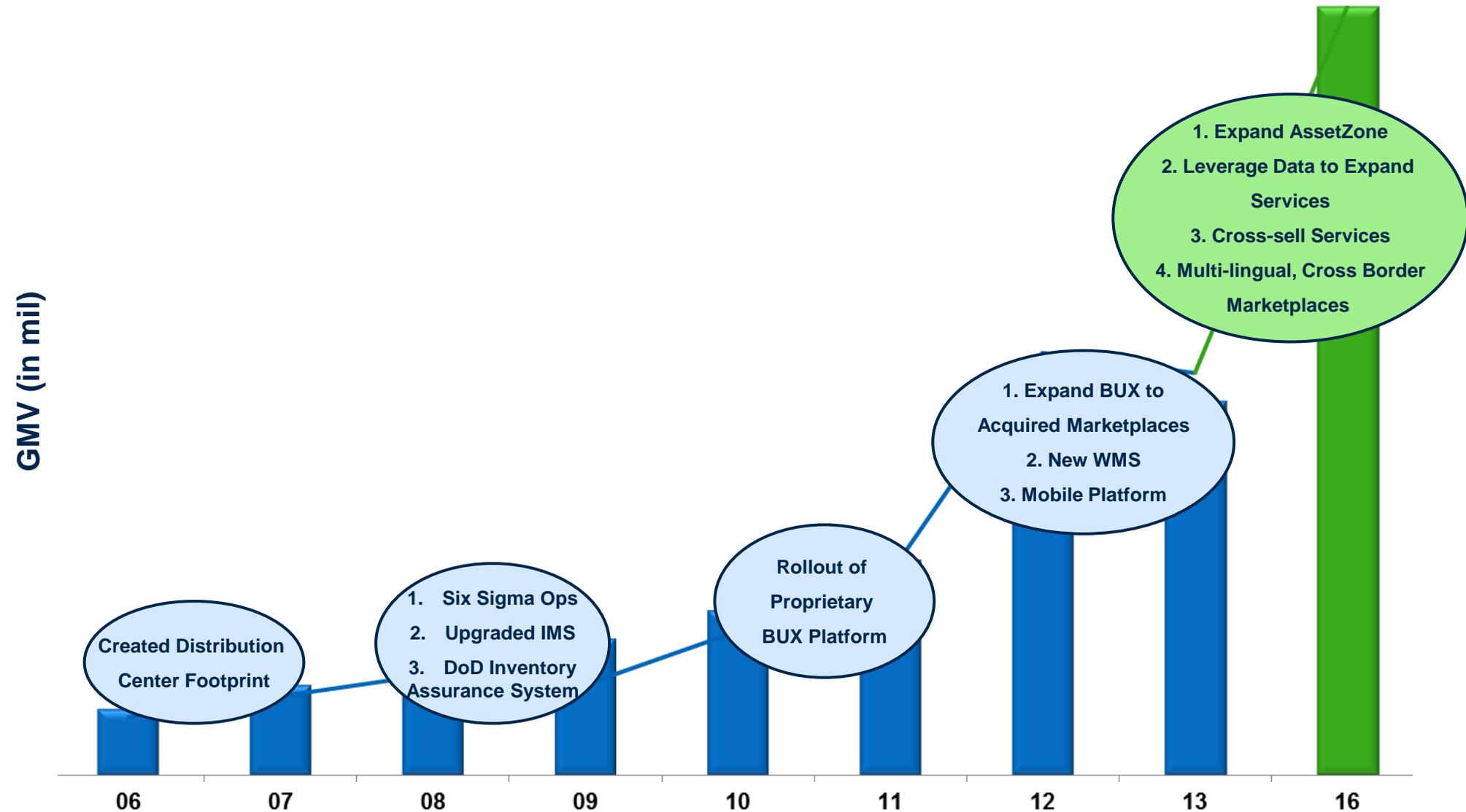
- Focus on “Zero Waste”
- Need for Transparency
- Need for Compliance

How We Will Get There



Consistent execution of growth strategy delivers long term shareholder value.

Continued Investment Drives Top & Bottom Line Growth



Compelling Business Model

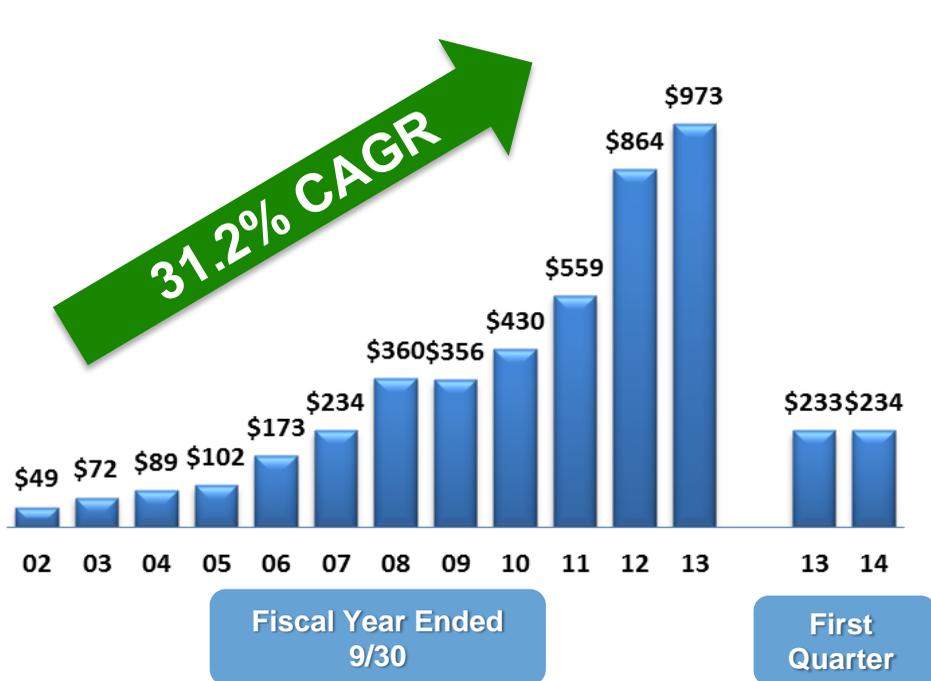
- **High Customer Value**
- **Multiple, Recurring Revenue Streams**
- **Large Average Transaction Values**
- **Diversified Product and Customer Mix**
- **Significant Barriers to Exit as Critical Mass Builds**

Strong Financial Position

- **\$101 million of Cash**
- **Debt Free**
- **Strong Cash Flow Dynamics – trailing 12 month Adj. EBITDA of \$100 million**
- **45 Consecutive Quarters of Profitability**
- **Minimal Cap Ex – \$7.0 - \$8.0M Annually**

Strong Track Record of Growth

Gross Merchandise Volume*



Revenue*



Multiple, Synergistic Revenue Streams

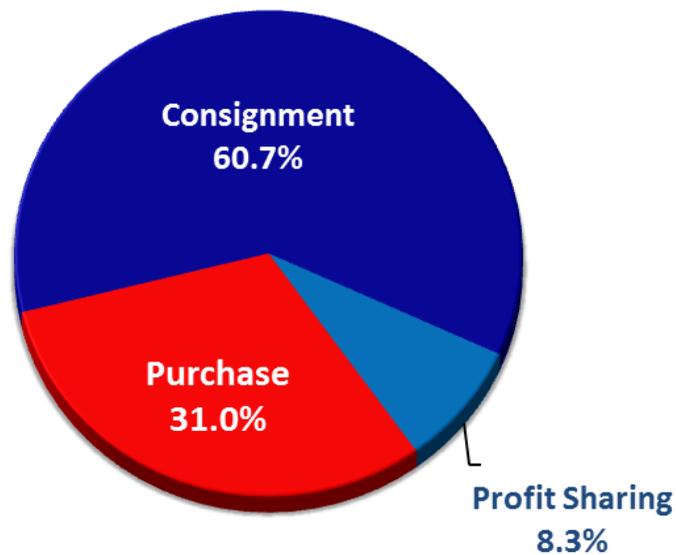
- Consignment Model
- Profit Sharing Model
- Purchase Model
- Buyer Premium Fees

* All numbers are in millions.

Diversification By Pricing Model and Seller Base

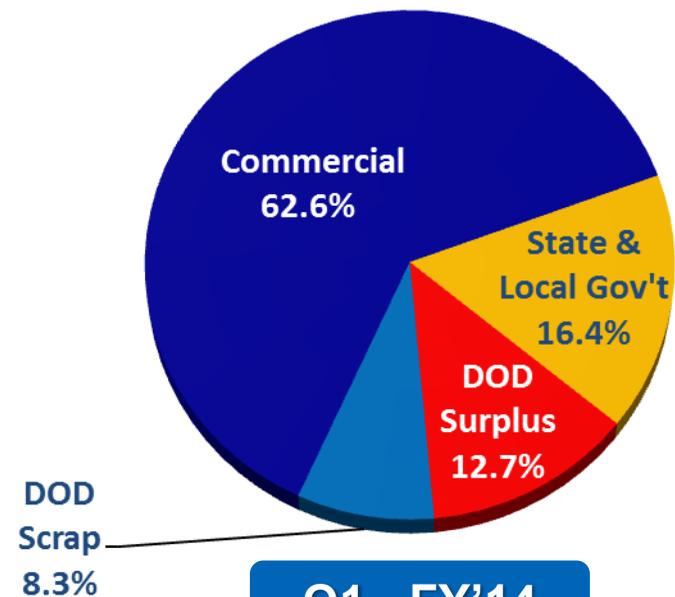
GMV Mix

Pricing Model



Q1 FY'14

Seller Base

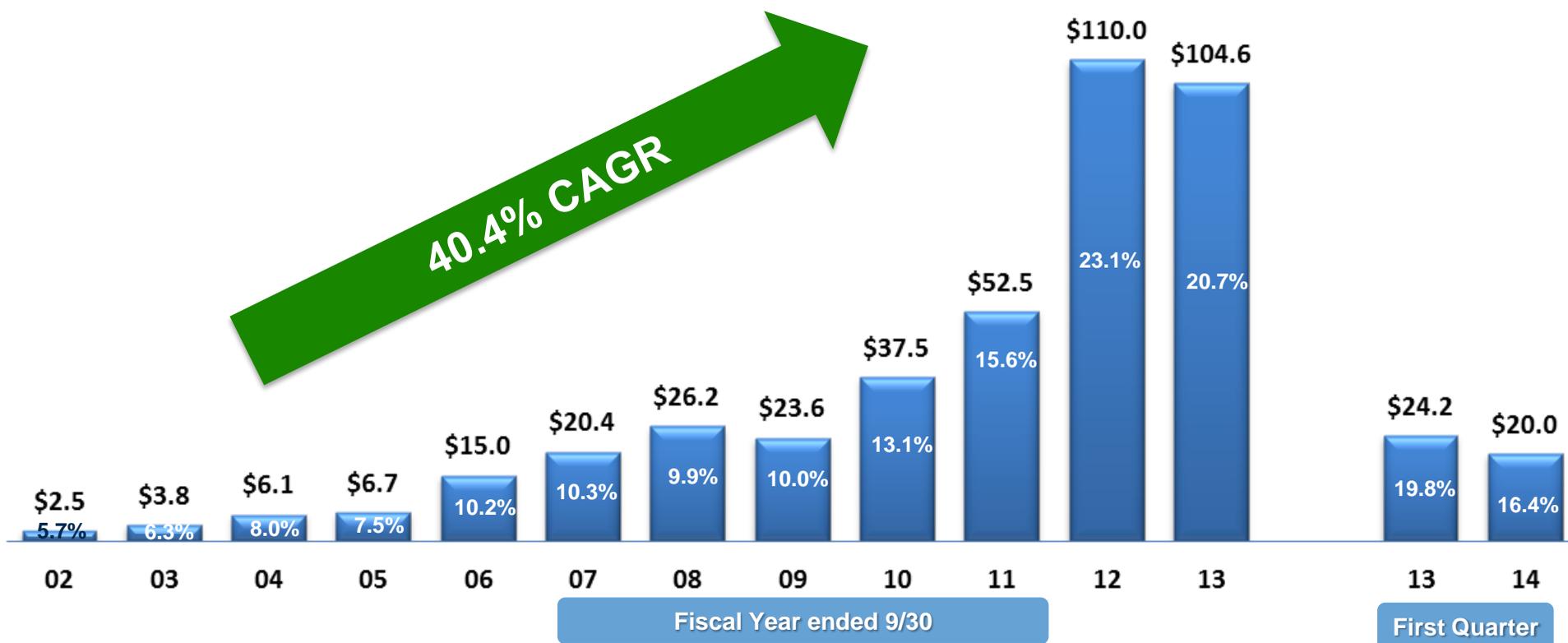


Q1 - FY'14

Liquidity Services Serves Diversified Seller Base

Consistent Profitability

Adjusted EBITDA(1)



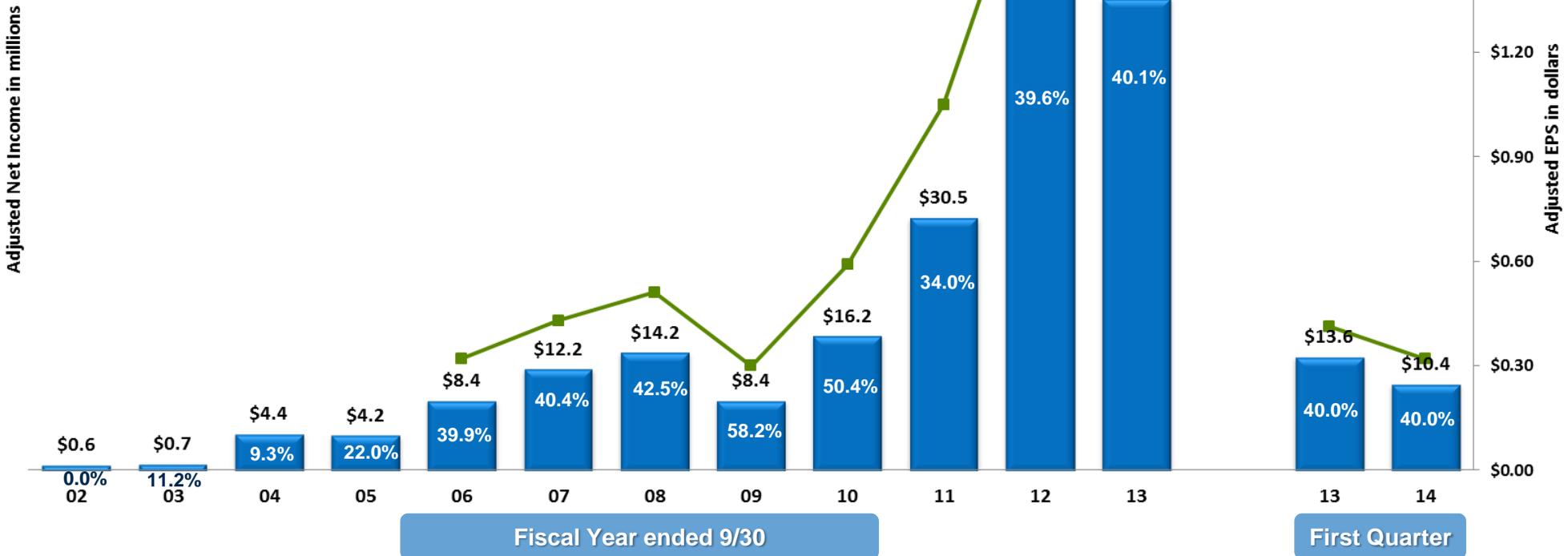
Note: Percentages indicate margin based on GAAP Revenue

(1) Adjusted EBITDA shown for fiscal years 2002 – 2013 includes adjustments for stock-based compensation and acquisition costs & goodwill impairment. For the fiscal years ended September 30, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013, Net Income was \$1.3M, \$2.8M, \$5.3M, \$4.1M, \$8.0M, \$11.0M, \$11.6M, \$5.7M, \$12.0, \$8.5, \$48.3M, and \$41.1 respectively. For the three months ended December 31, 2012 and 2013, Net Income was \$6.7M and \$7.1M, respectively.

Consistent Profitability

Adjusted Net Income(2) & Adjusted EPS

FY'11 benefitted from a reduction in the effective income tax rate from 50.0% to 34.0% as a result of a tax benefit related to the closure of the company's U.K. operations.



Note: Percentages indicate effective income tax rate

(2) Adjusted Net Income shown for fiscal years 2002 – 2012 includes adjustments for stock-based compensation and a portion of certain acquisition payments & goodwill impairment. For the fiscal years ended September 30, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013, Net Income was \$1.3M, \$2.8M, \$5.3M, \$4.1M, \$8.0M, \$11.0M, \$11.6M, \$5.7M, \$12.0M, \$8.5M, \$48.3M, and \$41.1M respectively. For the three months ended December 31, 2012 and 2013, Net Income was \$6.7M and \$7.1M, respectively.

Operating Model - Based on GMV

	FY 2009	FY 2010	FY 2011	FY2012	FY2013	FY2014	Q1
Gross Merchandise Volume	100%	100%	100%	100%	100%	100%	
Revenue	66.3%	66.7%	60.4%	55.0%	52.0%	52.0%	
Cost of Goods Sold	24.3%	27.7%	24.3%	22.9%	20.5%	20.4%	
Profit-Sharing Distributions	12.7%	10.0%	8.9%	5.0%	3.7%	4.3%	
Technology and Operations	13.1%	11.4%	9.9%	7.8%	9.3%	10.9%	
Sales and Marketing	5.1%	5.0%	4.3%	3.6%	4.1%	4.2%	
General and Administrative ⁽¹⁾	4.5%	3.9%	3.6%	3.0%	3.6%	3.7%	
Adjusted EBITDA Margin⁽²⁾	6.6%	8.7%	9.4%	12.7%	10.8%	8.5%	

(1) General and Administrative excludes stock-based compensation, acquisition costs and goodwill impairment

(2) See slide #22 for a reconciliation to Adjusted EBITDA and Adjusted Net Income

Summary:

Unique Strengths Create Competitive Advantage



**World's Largest
Buyer Base for
Surplus Assets**



**Global Market Data
Across Key
Industries**



**Unique, Turn-Key
Service Offering**



**Strong Long-Term
Execution**



Ability to Scale

