Bill Angrick – Chairman & CEO

Good morning and welcome to our earnings call.

Our strong Q3 results reflect the continued success execution of our RISE strategy, which focuses on four priorities: maximizing recovery for sellers, increasing transaction volume, expanding value-added services, and leveraging technology to drive operating efficiency. Together, these initiatives are producing stronger financial performance as we confidently march towards our $2 Billion annual GMV target and reinforce our leadership position in the $100 Billion circular economy.

Our strategy is delivering measurable results.

In Q3, GAAP Diluted Earnings Per Share (EPS) of $0.32, was up 39% YoY driven by Gross Merchandise Volume (GMV) growth of 10% year-over-year to $453 million, GAAP revenue growth of 8% to $129.6 million, Direct Profit growth of 17% to $63.8 million, and Adjusted EBITDA growth of 30% to $22 million. Our Rule of 40 score improved to 51%, up from 42% a year ago, while cash and short-term investments increased to $231 million. These results represent our tenth consecutive quarter of year-over-year EBITDA growth.

Our Retail segment GMV reached a record $121.6 million, increasing 19% year-over-year. Growth was driven by expanding consignment relationships and improved recovery rates across major programs. Our managed direct-to-consumer consignment business nearly doubled from the prior year and our international clients continued their strong growth trajectory. These programs demonstrate how our flexible service offerings help large retailers recover more value from surplus inventory while improving speed, transparency, and sustainability. Finally, our Retail Rush GMV grew sequentially by 50% reflecting continued progress attracting demand to our proprietary D2C online auction platform.

Our GovDeals segment achieved record GMV of $274 million up 9% year-over-year and continued to expand its seller network. We set a new quarterly record for unique sellers, marking the seventh consecutive quarter of seller growth. Public sector clients continue to rely on our platform to maximize proceeds from surplus assets, as demonstrated by several notable transactions during the quarter, including a $7.7 million state Department of Transportation heavy equipment sale, a $2.5 million generator auction for a Federal client, and a $2.6 million Canadian real estate transaction. Our strong record of performance has allowed us to win increasingly lucrative engagements. For example, Miami-Dade County is selling their landmark 28-story, approximately 265,000-square-foot county courthouse in the heart of Downtown Miami on our GovDeals marketplace. GovDeals also established new records for bidder and seller engagement, including the most unique bidders in a single month and most assets available for sale on a single day. Our buyer acquisition and engagement initiatives continue to produce strong results. During the quarter, GovDeals registrations increased 23%, new bidders increased 42%, and conversion rates improved 35%, even as online marketing spend declined. These gains reflect investments in AI-enabled marketing, personalization, buyer education, and improved marketplace experiences. These milestones illustrate the growing network effects of our platform and our ability to connect more buyers with more inventory than ever before.

Our Capital Assets Group (CAG) segment continued to demonstrate the strength and resilience of its marketplace platform during the third quarter of fiscal 2026. While quarterly results were impacted by the timing of several large projects and softer market conditions in certain international markets, CAG delivered another quarter of year-over-year direct profit growth, expanded its client base, improved pricing performance, and strengthened its pipeline entering the fourth quarter. Importantly, these large project delays during Q3 reflect timing rather than customer losses and have strengthened our outlook for upcoming quarters.

During Q3 FY2026, CAG generated $57.5 million of Gross Merchandise Volume (GMV) and $9.6 million of Direct Profit (DP). While GMV declined 1% year-over-year and came in below expectations due primarily to project timing and lower volumes in EMEA, APAC, and selected North American industrial markets, Direct Profit increased 13% versus the prior year as a result of stronger pricing and mix.

One of the most encouraging indicators during the quarter was our continued improvement in unit economics. CAG's take rate reached 16.6%, up from 13.9% a year ago, reflecting higher-margin consignment projects and strong execution across our Heavy Equipment fleet and Industrial verticals. This helped offset the impact of lower transaction volume and enabled Direct Profit growth despite a modest decline in GMV.

New CAG account activity remained healthy with 175 new accounts signed during Q3, including a growing mix of recurring and annuity-style relationships. CAG secured several notable customer engagements during the quarter that reinforce our leadership position across industrial, energy, biopharma, and manufacturing sectors. Recent wins reflect our competitive advantages including:

- The largest buyer base within these industrial verticals.
- Global execution capabilities.
- A differentiated sell in place offering for heavy equipment fleet owners.
- Our AssetZone redeployment platform.

On the buyer side, demand for CAG industrial used equipment, energy assets, and heavy equipment remained robust, particularly in North America, where bidder participation across auction events continued at elevated levels during Q3.

Our Machinio business also delivered strong momentum, with total System ARR increasing 26% year-over-year and its Marine vertical growing 95%. We continue to modernize our platform ecosystem through Auction.io and related software initiatives. During the quarter, we enhanced user experiences across multiple marketplaces, and prepared new marketplace capabilities designed to support future growth.

Looking ahead, Liquidity Services is well positioned to continue delivering profitable growth as we reach our $2 Billion GMV target. Our expanding buyer and seller networks, strong debt-free balance sheet, technology investments, and growing portfolio of services provide multiple avenues for value creation.

Most importantly, we remain focused on helping our customers maximize recovery, improve sustainability outcomes, and unlock value from surplus assets.

On behalf of our team, thank you for your continued support and confidence in Liquidity Services. I'll now turn it over to Jorge for more details on our results and near term outlook.

Jorge Celaya – EVP, CFO

Good morning,

Our consolidated results for the fiscal third quarter of 2026 included a 10% increase in GMV to $453 million, setting a new quarterly record, with consolidated revenue of $129.6 million, up 8%. Yet GAAP earnings per share was up 39% to 32 cents per share. Non-GAAP adjusted earnings per share was 45 cents, up 32%, and non-GAAP adjusted EBITDA was $22 million, up 30%.

This quarter demonstrates how we have been executing on our strategy, with the strength of our diversified marketplace platform and how mix and scale can be leveraged for strong fall-through to profit. Retail and GovDeals each achieved record levels of volume and profitability. In Retail, our focus on buyer liquidity and channel optimization drove expanded margins, while GovDeals continued to scale by expanding marketplace adoption and services. These results underscore the strategic advantage of scale and our diversification, platform positioning, and proven service offerings that our customers count on, which increasingly position Liquidity Services as a one-stop platform for sellers and buyers to transact across all asset classes.

We ended the fiscal third quarter of 2026 with $231.1 million in cash, cash equivalents, and short-term investments. We continue to have zero debt, and we have approximately $24 million in available borrowing capacity under our credit facility. At the end of this fiscal third quarter, we had $15 million remaining from our authorization to perform additional share repurchases.

Turning to our fiscal third quarter segment performance compared to the same quarter last year, our RSCG or Retail segment increased GMV by 19%, revenue by 8%, and direct profit by 30%, each setting a new quarterly record, reflecting an expanded buyer base for low-touch purchase flows, as well as an increased mix of consignment flows, all while maintaining operating leverage.

Our GovDeals segment increased GMV 9%, revenue by 7%, and direct profit by 9%, each setting a new quarterly record. Performance was driven by continued expansion of our buyer and seller base and increased adoption of added services, with a record high number of unique clients who sold and customers who bought on the platform during the quarter.

In our Capital Assets Group or CAG segment, GMV decreased 1% while revenue increased by 18% and direct profit increased by 13%, driven by a favorable mix of higher take rate projects across multiple regions.

Machinio and Software Solutions combined to increase revenue 4% and direct profit by 3%, with a focus on transformational initiatives and expanding service capabilities.

Moving on to our fiscal fourth quarter outlook, we expect to complete our fiscal full year 2026 with continued annual growth across all key metrics. Our guidance positions us for the highest annual fiscal year AEBITDA in 13 years. For the fiscal fourth quarter of 2026 we expect continued strong profitability, led by our Retail Supply Chain Group, solid performance from GovDeals, and growth in CAG.

GovDeals is expected to remain a major contributor to consolidated profitability, supported by continued marketplace adoption and seller activity.

In Retail, expanded channel placement, current backlog, product mix and higher demand during the fiscal fourth quarter are expected to support continuing strong direct profit performance, with operating leverage, despite anticipating sequentially lower GMV and revenue.

Our Capital Assets Group has a strong pipeline of international project-based work and continued momentum in its North American heavy equipment category.

On a consolidated basis, consignment GMV for the fiscal fourth quarter is expected in the mid-eighties as a percentage of total GMV. Consolidated revenue as a percentage of GMV is expected to be in the mid-twenties, and total segment direct profit as a percentage of consolidated revenue is expected to be in the mid fifty percent range resulting in improved direct profit margins year-over-year from the expected changes in mix. These ratios can vary based on our overall business mix, including asset categories, in any given period.

Management's guidance for the fiscal fourth quarter of 2026 is as follows:

- We expect GMV to range from $415 million to $455 million.
- We estimate non-GAAP adjusted EBITDA to range from $22 million to $25 million.
- GAAP net income is expected in the range of $10 million to $13 million, with corresponding GAAP diluted earnings per share ranging from $0.30 to $0.39 per share.
- Non-GAAP adjusted diluted earnings per share is estimated in the range of $0.41 to $0.50 per share.
- Both GAAP and non-GAAP earnings per share are expected to reflect a higher effective tax rate approaching the low to mid-30s for the fiscal fourth quarter of 2026.
- The GAAP and non-GAAP earnings per share guidance assumes that we have approximately 33 million fully diluted weighted average shares outstanding for the fiscal fourth quarter of 2026.
- Capital expenditures are expected to be between $2.5 - $3 million for this fiscal fourth quarter of 2026.

Thank you, and we will now take your questions.