LIQUIDITY SERVICES

A Better Future for Surplus

Bill Angrick – Chairman & CEO

We began fiscal year 2026 with strong momentum, delivering a first quarter that reflects the power of our platform, the resilience of our multi channel marketplace model, and our continued commitment to profitable, technology enabled growth. I am pleased to report that Liquidity Services once again demonstrated the ability to scale efficiently, deepen buyer and seller engagement, and create long term value for our customers and shareholders.

In the first quarter, while GAAP revenue was flat due to our increasing share of consignment sales, our consolidated Gross Merchandise Volume (GMV) and Direct Profit increased to $398.0 million and $57 million, respectively, and our profitability expanded meaningfully, with Adjusted EBITDA growth of 38% to $18.1 million, and Adjusted EPS growth of 39% to $0.39 per share. We closed the quarter with $181.4 million in cash and no financial debt, providing strategic flexibility as we continue to invest in growth and technology.

Our performance reflects disciplined execution across each segment of our business.

GovDeals delivered 7% GMV growth, fueled by seller acquisition and continued market share expansion including an all-time record of over 500 new agency clients such as the Pennsylvania DOT, the State of NY HUD, NY Port Authority and the city of Malibu. Clients continue to be attracted by the breadth and liquidity of our marketplace which transacts in over 500 asset categories, providing our clients a one-stop solution to optimize their surplus and idle assets. Direct profit grew 13% YoY, benefiting from enhanced services, stronger than forecast pricing on asset sales, driven by robust buyer participation and higher average commission rates.

Our RSCG segment achieved 3% GMV growth and a 16% increase in segment direct profit, driven by strong buyer participation and improved product mix, despite a year over year decline in purchase model programs. Our D2C GMV increased 40% YoY, as we tapped growing consumer demand. We have continued to leverage technology and process improvements to drive efficiencies as our Direct Profit per labor hour surged over 48% YoY in Q1, reflecting improved productivity.

Our CAG segment saw 17% revenue growth, supported by increased activity in industrial spot purchases and heavy equipment transactions, partially offsetting lower GMV year-over-year related to the prior year's unusually large energy projects. Our heavy equipment category continued its strong expansion, logging 27% YoY organic GMV growth and 88% growth in the number of transactions, fueled by strong buyer participation. We signed over 100 new seller clients in our CAG segment during Q1 and are expecting a steady ramp during the balance of FY26.

Machinio & Software Solutions continued their strong trajectory with 27% revenue growth, reflecting subscription expansion and the successful integration of our auction software business. Machinio's launch of its advertising and system offerings into the marine industry vertical is going exceptionally well. Machinio is also growing the number of service providers on its marketplace which enhances

Machinio.com as a full service destination for buyers of used machinery and equipment. Our Software Solutions business is focused on building the world's most scalable, multi tenant, auction platform for resellers, retail liquidators, and traditional auction houses. This niche is perfectly suited for the buyers of products on our Liquidation.com B2B marketplace. Our interim goal is scaling our Software Solutions business to 1,000 customers with ARR of $10,000 or more.

Across the company, we are benefiting from the operating leverage created through the intelligent deployment of AI, data analytics, and automation, which is improving efficiency, strengthening decision making, and enhancing the customer experience. For example, we continue to refine our categories and product taxonomy to improve buyer navigation and conversion. We have also leveraged AI to enhance our predictive lead scoring for new customers and engagement with our existing customers based on rule-based signals. We also successfully launched Retail Rush, our new consumer auction channel, leveraging our Software Solutions suite to expand our reach into the retail secondary market and attract new buyers and sellers to our ecosystem.

Our marketplace continues to scale in both size and engagement. We now serve 6.2 million registered buyers, an increase of 9% year over year, with 983,000 auction participants and 264,000 completed transactions this quarter—each demonstrating the growing relevance and liquidity of our platform.

Looking ahead to the second quarter, we anticipate double digit Adjusted EBITDA growth versus the prior year, supported by a healthy business development pipeline, continued strength in GovDeals, expanding consignment activity in Retail, and solid buyer demand across categories. Our business model remains resilient, underpinned by durable long-term trends in circular commerce, sustainability, digitization, and the growing need for enterprises to manage surplus assets efficiently.

We remain committed to disciplined investment in technology, data analytics, multi-channel marketing, and operational excellence. As we expand our platform and capabilities, our focus remains on delivering superior outcomes for sellers, exceptional value for buyers, and sustained returns for shareholders. Thank you for your confidence and continued support. We are well positioned to build on our early momentum and deliver another year of profitable growth.

Jorge Celaya – EVP, CFO

Our fiscal year 2026 is off to a solid start. Our First Quarter Non-GAAP Adjusted EBITDA was $18.1 million, increasing 38% over the first quarter of fiscal year 2025, which itself had grown Adjusted EBITDA by 81% over the first quarter of fiscal year 2024. GovDeals continues to grow and reported expanded margins compared to the same quarter last year, while the heavy equipment category in our Capital Assets Group, or CAG segment, also continued to perform strongly in the market, and our Retail segment, or RSCG, generated stronger margins for the quarter as its product mix included an increased proportion of lower-touch flows for both purchase and consignment.

Our Non-GAAP Adjusted EBITDA has reflected continued growth in lower-touch consignment transactions and expanding multi-channel buyer outreach -- particularly in our Retail segment. These results also demonstrate our efforts to continuously improve our operating efficiency, with operating leverage resulting in strong fall-through again during this past quarter.

Our consolidated results for our fiscal first quarter of 2026 include GMV of $398.0 million, up 3%, while revenue was slightly down by 1% to $121.2 million, reflecting the previously anticipated mix-shift of lower purchase transaction activity in our Retail segment, mostly offset by consignment flows. Our GAAP Earnings Per Share was 23 cents, up 28%, our Non-GAAP Adjusted Earnings Per Share was 39 cents, up 39%, and our Non-GAAP Adjusted EBITDA was $18.1 million, up 38%. GAAP EPS grew at a slightly lower rate than our Non-GAAP profitability metrics due to performance-based stock compensation expense.

We ended the fiscal first quarter with $181.4 million in cash, cash equivalents, and short-term investments. We continue to have zero debt, and we have $26 million of available borrowing capacity under our credit facility. During the fiscal first quarter we conducted $1.5 million of share repurchases. At the end of the quarter we had $15 million remaining on our authorization to perform additional share repurchases.

Specifically comparing Segment results from this Fiscal First Quarter to the same quarter last year, our GovDeals segment was up 7% on GMV, up 9% on revenue, and up 13% on direct profit due to market share expansion and improved rates across certain sellers, while also reflecting the operating efficiency initiatives implemented over the last two quarters.

Our Retail segment was up 3% on GMV, down 6% on revenue, yet up 16% on direct profit. Segment direct profit was $21.5 million, setting yet another quarterly record, following continued growth in key consignment programs, higher volumes of lower-touch purchase flows, and strong multi-channel buyer participation.

Our CAG segment was down 10% on GMV, yet up 17% on revenue, and up 7% on direct profit. The GMV to revenue ratio for CAG was in line with the low purchase activity in the fiscal first quarter of last year. These results reflect the continued growth and market share expansion in our heavy equipment consignment category, while the prior year contained some larger yet lower take-rate projects in the energy category.

Machinio & Software Solutions combined to increase revenue by 27% and direct profit by 23%, driven by increased Machinio subscriptions and pricing for its services, as well as contributions from our recently acquired Software Solutions business.

Moving on to our outlook for the Fiscal Second Quarter of 2026, we are continuing to focus on delivering profitable growth. GMV is expected to grow year-over-year. While we began the quarter with difficult weather conditions across the country, we expect the remainder of the quarter to deliver solid activity and still anticipate strong year-over-year growth for both GMV and profit from our GovDeals and Retail segments. We also have been implementing operational efficiency improvements that will continue to show in our higher direct profit margins compared to last year.

Our Second Quarter Outlook does include one-time costs in operating expense of approximately 3 to 400 thousand dollars related to streamlining a Retail operating location to continue enhancing our processing productivity for higher-touch flows. The Fiscal Second Quarter guidance also reflects a product mix within Retail for purchased flows that, sequentially, are currently expected to be at a slightly lower margin than this past Fiscal First Quarter, including a modest seasonal increase in logistics costs as we enter the post-holiday season.

Our low end of the guidance range reflects continued double-digit growth for Adjusted EBITDA compared to the same quarter last year. We also remain well positioned, based on trends in current seller flows and buyer demand, as we look ahead to the Fiscal Second Half of 2026.

GAAP and Non-GAAP Adjusted EPS are expected to remain solid, despite a comparatively low effective tax rate in the Second Quarter of fiscal 2025. These guidance ranges reflect our higher-margin business mix compared to last year, delivered with continued operational efficiency.

On a consolidated basis, consignment GMV is expected to continue to be in the low eighties as a percent of total GMV. Consolidated revenue as a percent of GMV is expected to be slightly below thirty percent, and the total of our segment direct profits as a percent of consolidated revenue is expected to be in the mid-to-high forty percent range. These ratios can vary based on our overall business mix, including asset categories in any given period.

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

- We expect GMV to range from $375 million to $415 million.

- GAAP net income is expected in the range of $6.5 million to $9.5 million, with corresponding GAAP diluted earnings per share ranging from 20 cents to 29 cents per share.

- Non-GAAP adjusted diluted earnings per share is estimated in the range of 29 cents to 38 cents per share.

- We estimate non-GAAP Adjusted EBITDA to range from $14 million to $17 million.

- The GAAP and non-GAAP Earnings Per Share guidance assumes our second quarter income tax rate will be in the mid-to-high twenties, and that we have approximately 32.5 to 33 million fully diluted weighted average shares outstanding for the second quarter of fiscal year 2026.

- Capex is expected to remain consistent with recent levels of approximately $2 million per quarter and free cash flow conversion in line with historical and seasonal patterns.

Thank you and we will now take your questions.