



Bill Angrick – Chairman & CEO

Good morning and welcome to our Q2 earnings call. I'll review our Q2 performance and the progress of our business segments and next Jorge Celaya will provide more details on the quarter.

Our team made significant progress towards our strategic, financial and operational goals this past quarter, notwithstanding emerging economic uncertainty. We expanded our market presence and service offering and are moving closer to our mid-term goal of \$2 Billion of annual GMV with our current GMV annualized run rate of \$1.67 Billion.

We are growing our volumes, buyer base and recovery rate in key high value categories such as construction, trucks, vehicles and consumer returned goods. During Q2 we set new records in the number of sellers, assets listed and bidders in these categories. We continue to drive adoption of our asset light services in all segments and are transacting 80% or more of our GMV under the consignment model.

Despite significant investment in our business expansion and product roadmap we are meeting our goal of 20% EBITDA margins as a % of Direct Profit.

We generated over \$21 million of operating cash flow during Q2 and have a debt free balance sheet with \$149 million in cash to execute our organic and M&A growth strategies.

Now let's take a closer look at each segment.

Our GovDeals segment continues to successfully serve customers in both government and government adjacent markets in the sale of used equipment, vehicles and other commercial assets. Through this process we have expanded our GovDeals target addressable market to an estimated \$5.4 Billion.

During Q2 GovDeals attracted higher-volume clients who previously relied on full-service auctioneers, by implementing innovative hybrid solutions that leverage our scalable online marketplaces. Recent examples of these wins include: New York City, Buffalo, NY, Boston, Sacramento, CA, Fairfax County, VA and Amarillo, TX.

GovDeals has also driven consistent account acquisition and expansion of existing accounts which has resulted in 12% organic growth in the number of assets listed in the 1H of FY25. Vehicle volumes have also grown steadily YoY noting however that given the current tariff policies it is likely that vehicle supply chains will undergo some disruption and used vehicle prices are likely to rise during this period.

Our CAG segment posted solid results during Q2 with double-digit organic growth in GMV. The breadth of our CAG marketplace was on display during the quarter as we completed transactions in the US, the UK, India, Poland, Sweden and China across the energy, biopharma, CPG and industrial verticals. Our growing CAG heavy equipment category continued its rapid growth setting records for the number of unique sellers, repeat sellers, GMV and completed transactions during Q2. Buyers continue to be attracted



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to the savings, immediacy and convenience offered in our used equipment marketplaces. During Q2 we enjoyed record buyer participation in our CAG segment as the number of auction participants grew 95% and 70% YoY, respectively, in our Heavy Equipment and Industrial verticals during Q2.

Our RSCG segment expanded its relationships with sellers across categories and geographies to drive 29% YoY growth in GMV during Q2. Margins however were roughly flat YoY due to a weakening consumer, higher inbound purchase rates and logistics costs. Our market share gains have been fueled by the high quality and reliability of our solution which ensures that our retail clients benefit financially and operationally from our services. In fact, we are now offering our sell in place software solution to some of the largest e-commerce players outside of the U.S. to manage and sell returned goods on our platform, demonstrating how our investment in easy to use listing tools and multi-lingual capabilities is paying off.

Our observation is that the current economic climate is putting pressure on many players in the retail liquidation industry which has historically led to greater levels of insolvency or bankruptcy of service providers which has adverse operational and financial impacts on retailers. Also, it is unclear whether cash strapped consumers are prepared to absorb higher costs of goods due to new tariff policies. Against this backdrop, Liquidity Services offers a safe harbor for our clients and buyers by providing consistent, reliable, secure and scalable performance. In particular, our multi-channel buyer base and value added logistics services have been critical to assisting our clients in navigating this uncertain economic environment.

Finally, our Machinio and our newly launched Software Solutions business each continue to add customer value by enhancing our service offerings and expanding our market reach. Machinio is strengthening its value proposition by integrating ecommerce, payment, shipping services and new email marketing campaign tools to enable sellers to more efficiently manage their used equipment sales.

We continue to invest in platform improvements and have increased our capacity to innovate through our Software Solutions business which includes our acquired Auction Software business and development team. Our product teams are hard at work introducing new features in the front end and back end of our marketplace platform, including AI assisted asset descriptions and asset alerts, white label client landing pages, text notifications during the bidding process, and mobile responsive asset upload templates.

As we noted, clients across all industries are grappling with the effects of tariffs on their supply chains which could impact the timing and volume of asset sales, including retail goods and used vehicles. However, our market-leading solutions help our seller clients and buyers respond to economic uncertainty and evolving supply chains by offering flexible and liquid marketplaces to transact any type of asset in any region of the globe.

With our strong financial foundation and strategic focus, we are well-positioned to seize emerging opportunities to drive long-term growth, even in uncertain times.

I will now turn it over to Jorge for more details on the quarter.



Jorge Celaya – EVP, CFO

Good morning. During the second quarter of fiscal year 2025 we grew our consolidated GMV 15% to \$367.4 million, as each of our segments advanced their goals to generate growth through expanding service offerings and market share. Our ongoing efforts to create operating expense leverage was again realized during this quarter, resulting in the improvement across our key profitability metrics. Our fiscal second quarter performance was consistent with our guidance range, despite encountering some weather-related delays earlier in the quarter.

Comparing our results for the second quarter of fiscal year 2025 to the same quarter last year, our revenue grew 27% to \$116.4 million, consistent with the guidance we provided with our revenue to GMV ratio. Consistent with the first quarter of fiscal year 2025, revenue has continued to grow faster than GMV mainly due to our market share gains resulting in expansion of lower-touch purchase programs in our Retail segment.

Our GAAP earnings per share increased 22% to 22 cents, and 15% to 31 cents on a Non-GAAP adjusted basis. Our Non-GAAP Adjusted EBITDA was \$12.2 million, slightly above last year. In addition to the early-quarter weather-related delays that affected GovDeals, our Retail segment experienced some delays in buyer demand, and last year our fiscal second quarter benefited from catching up on Retail and CAG GMV delayed from the first quarter of fiscal year 2024.

We ended the fiscal second quarter of 2025 with \$149 million in cash, cash equivalents and short-term investments. We generated \$21.6 million of cash from operations during the quarter and used \$6.3 million to acquire Auction Software.

We continue to have zero debt, and, following an amendment entered into this week improving our line of credit capacity and terms, we currently have \$26 million of available borrowing capacity under our credit facility. We continue to expect our near-term capital expenditures to not significantly vary relative to our recent historical averages.

Specifically comparing segment results from this fiscal second quarter of 2025 to the same quarter last year, our Retail segment was up 29% on GMV and up 46% on revenue, driven by increased volumes from our client purchase model programs relative to our consignment programs. Segment direct profit was slightly down by 3%.

Our Capital Assets Group segment was up 14% on GMV, led especially by continued market share increases with recurring sellers of low-touch heavy equipment. Revenue was down 22%, and segment direct profit was down 6%, as the increases in heavy equipment consignment GMV were offset by last year's comparable fiscal second quarter of 2024 including large international spot purchase transactions that had been delayed from the fiscal first quarter 2024.



Our GovDeals segment's GMV was up 9%, revenue up 5%, and segment direct profit up 3%. These results reflect impacts from weather-related delays during the quarter and reflects growth in our lower take-rate real estate category.

Our Machinio and Software Solutions businesses in total increased revenue by 22%, resulting in segment direct profit being up 19% on a combined basis, driven by Machinio's continued solid performance and from the acquisition of Auction Software.

Our outlook for the third quarter of fiscal year 2025 reflects solid year-over-year growth at the mid-point of our range. While we currently have a positive outlook to this upcoming quarter, our low end of guidance reflects the potential for more volatility given the uncertainties in the macro-economic environment. We do not currently anticipate significant near-term disruptions from the global economic uncertainties, with mainly our CAG segment experiencing some delayed cross-border transactions as we entered this fiscal third quarter. We still anticipate the CAG segment to grow the top-line year-over-year, led by our heavy equipment and industrial categories.

While vehicle volumes were tempered this past fiscal second quarter and can experience delays during uncertain economic cycles, we began the fiscal third quarter with solid volumes year-over-year in our GovDeals segment. In our guidance, our fiscal third quarter for GovDeals reflects its traditional seasonal peak in GMV.

The expanded purchase programs in our RSCG segment are expected to increase Retail GMV and revenue year-over-year and sequentially, with revenue growing at a higher rate than GMV and with a higher overall mix of lower-touch product flows improving the overall results.

Machinio and our newly acquired Software Solutions business are expected to see growth in revenues year-over-year.

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

Consistent with prior year trends, we anticipate sequential growth in our top-line results for the second half of our fiscal year compared to the first half. This growth and related operating leverage have historically driven sequential improvement in our key profit metrics and ratios when comparing the second fiscal year half to the first half of a fiscal year.



Management's guidance for the third quarter of fiscal year 2025 is as follows:

- We expect GMV to range from \$395 million to \$430 million.
- GAAP net income is expected in the range of \$6.0 million to \$9.0 million, with corresponding GAAP diluted earnings per share ranging from 18 cents to 28 cents per share.
- Non-GAAP adjusted diluted earnings per share is estimated in the range of 27 cents to 36 cents per share.
- We estimate non-GAAP Adjusted EBITDA to range from \$14.5 million to \$17.5 million.
- The GAAP and non-GAAP EPS guidance assumes that we have approximately 32.5 to 33 million fully diluted weighted average shares outstanding for the third quarter of fiscal year 2025.

Thank you and we will now take your questions.