



Bill Angrick – Chairman & CEO

Good morning and welcome to our Q3 earnings call. I'll review our Q3 performance and the progress of our business segments and next Jorge Celaya will provide more details on the quarter.

Thanks to our team's focus during Q3 we delivered record GMV, strong adjusted EBITDA and adjusted EPS growth. Our differentiated positioning as the leading circular economy e-commerce marketplace has helped us grow despite economic uncertainty related to tariff policies and higher interest rates. The strength of our asset light business model was on display as we generated operating cash flow during Q3 that exceeded our EBITDA. These strong results reflect the power of our leading, technology enabled marketplaces, growing buyer network and disciplined execution to optimize recovery and operations in every segment of our business. Our strategic investments in software, platform innovation, marketing and sales are enabling us to capture greater market share while enhancing the value we deliver to sellers and buyers.

Our resilient, diversified business provides stability for our customers and investors alike amid ongoing economic uncertainty. With our proven service offerings and continued investment in innovation, we are uniquely equipped to empower our buyers and sellers, and drive sustainable, long-term growth in the large and fragmented circular economy market.

In line with our strategic plan, we continue to grow our volumes, buyer base and recovery rate in key categories such as construction, trucks, vehicles and consumer returned goods. During Q3 we set new records in the number of sellers, assets listed and bidders in these categories and now have over 5.9 million registered buyers on our platform.

Our strategy has allowed us to develop an attractive, diversified business.

We continue to drive adoption of our asset light services in all segments and are transacting 80% or more of our total GMV under the consignment model. Despite significant investment in our business expansion and product roadmap we delivered 31% adj EBITDA margins as a % of Direct Profit during Q3. We generated over \$19 million of operating cash flow during Q3 and have a debt-free balance sheet with \$167 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 delivered a record GMV of \$252 million, a record number of assets sold in a quarter, and a record number of live vehicle listings. We continue to expand with existing and new accounts in key areas, including NY, FL, Texas and California. Notable new accounts include Fresno, CA, Anaheim, CA, Mesa, AZ, King County, WA, Fort Still, OK, and York County, VA. We are also expanding our digital marketplace for real estate tax foreclosure sales in Florida, Louisiana, Wisconsin and Oklahoma. We are also introducing new payment technology on our GovDeals marketplace in the US and Canada to increase payment options and improve efficiencies for buyers and internal operations.



Our CAG segment posted solid results during Q3 with double-digit organic growth in GMV and Direct Profit.

The breadth of our CAG marketplace allowed it to grow despite the headwinds of tariff policies in the biopharma, semiconductor and machine tools verticals in our marketplace. In fact, we grew the number of assets sold in our CAG segment YoY by 35%. Leading the charge was our heavy equipment category which continued its rapid growth setting records for the number of unique sellers, repeat sellers, and completed transactions during Q3. GMV in our heavy equipment category more than doubled YoY and we continue to see a billion dollar GMV opportunity in this category.

Our RSCG segment expanded relationships with sellers across categories and geographies to drive double digit YoY growth in Direct Profit during Q3. Our market share gains have focused on adding more lower touch, higher margin consignment relationships as we transition away from selected purchase model programs. We are currently in discussions with over 60 brands and manufacturers who are attracted to the high quality and reliability of our software solutions and buyer network which ensures that our retail clients benefit financially and operationally from our services. For example, during Q3 we added several new clients, including a leading sporting goods retailer, a global branded food manufacturer, a leading furniture retailer, and a leading branded housewares manufacturer. In addition, we have expanded our sell in place software solution with leading international e-commerce retailers to manage and sell returned goods on our LCOM platform.

To further optimize our market leading recovery and expand our market share we are establishing our online D2C auctions in Columbus, OH. This dedicated consumer focused e-commerce experience will utilize the auction software of our Software Solutions business segment and will lay the foundation for a national D2C auction platform.

Finally, our Machinio & Software Solutions business continues to grow its business and now has over 5,000 paying customers in over 100 countries which rely on its dealer management and marketing solutions for used equipment sales. Our Machinio segment has ample opportunity to more than double its business by further penetrating its existing used equipment verticals and expanding with service providers who can also leverage its suite of marketing, lead generation and web site hosting tools to more efficiently manage their business.

Our technology and product teams continue to integrate machine learning, data analytics and AI assisted tools into our marketplace platform. Over time, we will unlock more value for buyers and sellers on our platform through these investments.

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

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



Jorge Celaya – EVP, CFO

Good morning,

We achieved a quarterly record for GMV and strong profitability, while continuing to invest in technology and trusted service offerings. Our financial results underscore our focus on profitable growth through a diversified approach targeting sectors with long-term potential for growth.

For the 9 months of fiscal year 2025 we have grown the total of our segment direct profits by 12% with Adjusted EBITDA as a percent of total direct profit at 28%, where Adjusted EBITDA has grown 24%. For these first 9 months of fiscal year 2025, we sustained growth and margins in line with our Rule of 40 objective which measures the sum of Direct Profit growth and EBITDA margins as a percent of Direct Profit. This third quarter, for example, we exceeded our target and delivered 42%. With our fiscal fourth quarter guidance, we anticipate solid double-digit growth in Adjusted EBITDA for the full fiscal year of 2025.

We ended the third quarter of fiscal 2025 with \$167 million in cash, cash equivalents and short-term investments. We generated \$19.3 million of cash from operations during the quarter. We continue to have zero debt and have \$26 million of available borrowing capacity under our credit facility.

Comparing our consolidated results for the third quarter of fiscal year 2025 to the same quarter last year, we grew GMV 9% to a record \$413 million. Our revenue increased 28% to \$119.9 million, consistent with the guidance we provided for our revenue to GMV ratio that reflected increased purchase transaction volumes in our RSCG or Retail segment for the third quarter.

Our GAAP earnings per share increased 21% to 23 cents, and 13% to 34 cents on a Non-GAAP Adjusted basis for the fiscal third quarter. Our Non-GAAP Adjusted EBITDA was \$17 million for the fiscal third quarter, a 16% increase over the prior year, which represents a 31% Adjusted EBITDA margin on the total of our segment's direct profit for the fiscal third quarter.

Specifically comparing segment results from this fiscal third quarter of 2025 to the same quarter last year, the GovDeals segment's GMV was up 1%, revenue up 8%, and direct profit up 7%, each setting a new quarterly record. Our GovDeals segment fiscal third quarter is also the segment's traditional seasonally high quarter. During this quarter we experienced slightly lower vehicle pricing than last year and lower take-rate real estate sales which had a disproportionate effect on GMV year-over-year. GovDeals continues to add new sellers and buyers and grow market share, including in new geographies and with expanded services.

Our Retail segment benefited this fiscal third quarter from drop-ship sales of incoming flows in a higher proportion compared to the first two quarters of fiscal year 2025, contributing to the record quarterly segment direct profit. Our Retail segment was up 30% on GMV and up 39% on revenue year-over-year given this year's high mix of purchase flows during fiscal year 2025. Retail segment direct profit grew 12% compared to last year's fiscal third quarter. The segment's direct profit quarterly record of \$19.4



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million reflects the higher proportion of drop-ship flows, resulting in lower transportation and storage costs, and improved operational efficiencies in marketplace transaction processing.

Our Capital Assets or CAG segment was up 12% on GMV, up 6% on revenue, and up 14% on segment direct profit, led by more than doubling year-over-year growth in heavy equipment asset sales, as our client-centric flexible auction events continue to attract and retain higher-volume, recurring sellers. Certain industrial categories within our CAG segment, including in our international markets, have been experiencing tempered activity due to economic and tariff-related supply chain uncertainty.

Our Machinio & Software Solutions businesses, in total, increased revenue by 27% and segment direct profit was up 23%, including the acquisition of Auction Software.

Moving on to our fiscal fourth quarter outlook, we expect to complete our fiscal full year 2025 with solid double-digit annual growth across our key metrics. For the fiscal fourth quarter, our GovDeals segment will be moving out of its seasonally-high fiscal third quarter with record GMV yet is still expected to continue its year-over-year revenue and segment direct profit growth trajectory.

We anticipate our Capital Assets segment's momentum in the heavy equipment asset category to continue to drive year-over-year growth. Despite the macro-economic headwinds throughout 2025 in select industries and markets, CAG's industrial categories are currently projected to have more volume in completed auctions compared to the fiscal fourth quarter of last year. Machinio and our newly established Software Solutions business are also expected to grow year-over-year.

We anticipate several factors to be reflected in our Retail segment's fiscal fourth quarter coming off its record third quarter. We expect a shift to less purchased volume flows, and while some purchase price increases for select ongoing programs may affect results, we are simultaneously implementing enhancements for operating leverage in our Retail operations and investing in expanding further our direct-to-consumer online auction channel powered by our Software Solutions technology. The outlook for the RSCG segment compared to its strong fourth quarter last year is therefore tempered.

On a consolidated basis, consignment GMV is expected to be in the low eighties as a percent of total GMV. Consolidated revenue as a percentage 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 again be in the mid forty percent range. These ratios can vary based on our overall business mix, including pricing models and asset categories in any given period.

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

- We expect GMV to range from \$355 million to \$390 million.
- GAAP net income is expected in the range of \$5 million to \$8 million, with corresponding GAAP diluted earnings per share ranging from 15 cents to 25 cents per share.



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- Non-GAAP adjusted diluted earnings per share is estimated in the range of 24 cents to 34 cents per share.
 - We estimate non-GAAP Adjusted EBITDA to range from \$13 million to \$16 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 fourth quarter of fiscal year 2025.
- Thank you and we will now take your questions.