



Bill Angrick – Chairman & CEO

Good morning and welcome to our Q1 earnings call. I'll review our Q1 performance and the progress of our business segments and next Jorge Celaya will provide more details on the quarter.

Our strong start to Fiscal Year 2025 was fueled by the continuing adoption of our services by customers and continued momentum across our businesses resulting in record quarterly GMV and double-digit GMV growth in each of our segments.

The strength of our performance across all of our segments is powered by our relentless drive to exceed the expectations of our sellers and buyers. By continually enhancing our services and leveraging advanced technologies, we are attracting more sellers and buyers to our platform and enhancing our overall marketplace experiences.

We continue to see enhanced network effects in our marketplace platform as we have now eclipsed a \$1.5 Billion annual GMV run rate and grew our auction participants by 13% YoY during the quarter, reflecting consistent strong demand for the value priced goods offered in our marketplace against a backdrop of persistent inflation.

Strong buyer participation drove record quarterly GMV, revenue and direct profit in our Retail Supply Chain Group segment for the second quarter in a row. Our rapid growth reflects our position as the most reliable and trusted solution provider in the retail supply chain. We expect to continue our momentum by continuing to grow our buyer base and value-added services. Notably, we continue to expand our presence with consumer buyers for high-value goods using our online auction marketplace capabilities and distribution center network to facilitate low-cost customer pick up of single items.

Our GovDeals segment grew its GMV and revenue by 11% and 29% YoY, respectively, driven by growth in both high value capital goods and non-vehicle asset categories over a growing seller base. Notable new sellers during Q1 included New York City, Tulsa, OK, Humbolt County, CA, and Naval Air Station Jacksonville FL. We also set a new record for GovDeals sellers with over \$1 million of GMV transacted in a quarter, reflecting our ability to continue to penetrate our existing sellers through continuous improvement in our service and results.

Our CAG segment grew its GMV 31% organically YoY driven by strength in its energy and heavy equipment vertical as we continued to scale its recurring seller base. Our CAG auction participants more than doubled YoY reflecting the increasing vibrancy of our marketplace for sellers of industrial and heavy equipment. We have a strong pipeline heading into Q2 and are well positioned to continue this momentum.

Finally, our Machinio segment recorded double digit organic growth in revenue and direct profit during Q1 and now has over 4,000 subscribers from over 100 countries on the platform. Machinio has continued to expand its coverage into the Asia-Pacific region which represents a significant growth market for our classifieds marketplace for used machinery. We expect continued steady growth in Fiscal 25 for Machinio driven by continuous improvement to our marketplace traffic, enhanced features and increased value to our subscriber base.



As we look to the future, we continue to invest in growing our seller base, buyer channels and value-added services both organically and via acquisitions. Investors should expect acquisitions that are accretive, and which expand our market share and capabilities. In that context, we are excited to announce the acquisition of Auction Software and Simple Auction Site, a private-label auction marketplace and SaaS solutions provider. This acquisition will enable us to provide our clients with additional integrated solutions that will enhance our software development capabilities and extend our market reach.

Our leadership team continues to make progress towards our mid-term goal of \$2 Billion annual GMV. To achieve this objective we will focus on increasing the sales volume transacted on our marketplace, expanding our buyer base and sales channels to enhance recovery on the assets we sell, modernizing our platform with new technologies to increase our operational efficiencies and improve the customer experience, and finally, executing complementary, bolt-on acquisitions.

With our market leading solutions, strong financial foundation and strategic focus, we are well-positioned to capitalize on numerous emerging opportunities in the \$100 Billion circular economy and drive long-term growth and shareholder value.

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



Jorge Celaya – EVP, CFO

Good morning,

We are pleased to report a strong start to our 2025 fiscal year. Our fiscal first quarter results finished slightly above our first quarter guidance range. We set a new quarterly consolidated GMV record as we have seen continued expanding market share with double-digit GMV growth across each of our segments. Our growth, diversification and mix of business has led to four quarters of sequential operating leverage to Adjusted EBITDA from our scalable solutions and resilient operational capabilities.

Our consolidated results for the fiscal first quarter of 2025 included GMV of \$386.1 million, up 26% from \$305.9 million in the same quarter last year. Revenue was \$122.3 million, up 72% from \$71.3 million last year. Consistent with our previous fourth quarter of fiscal year 2024, revenue has continued to grow faster than GMV mainly due to the expansion of lower-touch purchase programs in our Retail segment.

Our GAAP earnings per share was 18 cents, while 28 cents on a Non-GAAP Adjusted basis. Our GAAP net income was \$5.8 million, up 205%, and our non-GAAP Adjusted EBITDA was \$13.1 million, up 81% versus last year.

We ended the fiscal first quarter with \$139.1 million in cash, cash equivalents and short-term investments. We continue to have zero debt, and we have \$17.5 million of available borrowing capacity under our credit facility. We also are not expecting any significant changes in the near term to our capital expenditures relative to our recent historical averages.

Specifically comparing segment results from this fiscal first quarter of 2025 to the same quarter last year, our Retail segment was up 65% on GMV, doubled its revenue growing 101%, and was up 31% on segment direct profit, setting new quarterly records for each of these metrics for the second consecutive quarter.

Our Capital Assets Group segment was up 31% on GMV, up 26% on revenue, and up 27% on segment direct profit, led by continued addition of recurring sellers of low-touch heavy equipment sales. As a reminder, last year the fiscal first quarter of 2024 for the CAG segment experienced delays in selected international sales events, many which subsequently took place during the fiscal second quarter last year.

Our GovDeals segment's GMV was up 11%, revenue up 29%, and direct profit up 25%, driven by strong performance in vehicle sales, continued growth in new sellers, and the service initiatives from Sierra Auction's expansion.

Machinio's revenue and segment direct profit were each up 10%.

Our outlook for the fiscal second quarter of 2025 anticipates continuing our solid start to the fiscal year as a whole. Guidance anticipates a strong first half of fiscal year 2025 for growth and operating leverage.



Consistent with our fiscal first quarter results last quarter, the expanded purchase programs in our Retail segment are expected to continue to grow revenue at a higher rate than GMV and therefore impacting the percentage direct profit to revenue ratio.

While our CAG heavy equipment and energy categories are expected to continue solid growth, the prior year comparable period for CAG reflected the completion of several international sales events that had previously been delayed from last year's fiscal first quarter.

Our GovDeals and Machinio segments are expected to continue expansion of new clients, grow with existing clients and grow expanded service offerings.

On a consolidated basis, consignment GMV is expected to continue to be approximately eighty percent of total GMV, consolidated revenue as a percentage of GMV is expected to remain in the low thirty percent range, and the total of our segment direct profits as a percentage of consolidated revenue is expected to be in the low forties percentage range. These ratios can vary based on our overall business mix of segments and within each segment, including asset categories in any given period.

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

- We expect GMV to range from \$360 million to \$390 million.
- GAAP net income is expected in the range of \$5.5 million to \$8 million, with a corresponding GAAP diluted earnings per share ranging from 17 cents to 25 cents per share.
- Non-GAAP adjusted diluted earnings per share is estimated in the range of 27 cents to 35 cents per share.
- We estimate non-GAAP Adjusted EBITDA to range from \$12 million to \$14.5 million.
- The GAAP and non-GAAP EPS guidance assumes that our effective tax rate applied to our fiscal second quarter results will follow our historical trend and be in the low-to-mid-twenties, while our annual effective tax rate is still expected to be in the high-twenties or low-thirties. We also expect that we will have approximately 32 to 32.5 million fully diluted weighted average shares outstanding.
- The acquisition of Auction Software is not expected to materially impact our consolidated results for the quarter.

Thank you and we will now take your questions.