



*A Better Future for Surplus*

## Investor Presentation

Third Quarter Fiscal Year 2021



# Forward-Looking Information

This document contains forward-looking statements. These statements are only predictions. The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include but are not limited to the factors set forth in our Annual Report on Form 10-K for the year ended September 30, 2020 and subsequent filings with the Securities and Exchange Commission. You can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “would,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continues” or the negative of these terms or other comparable terminology. Our business is subject to a number of risks and uncertainties, and our past performance is no guarantee of our performance in future periods. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this document and are expressly

qualified in their entirety by the cautionary statements included in this document. Except as may be required by law, we undertake no obligation to publicly update or revise any forward-looking statement to reflect events or circumstances occurring after the date of this document or to reflect the occurrence of unanticipated events.

To supplement our consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP measures of certain components of financial performance. These non-GAAP measures include earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Earnings (Loss) per Share. These non-GAAP measures are provided to enhance investors’ overall understanding of our current financial performance and prospects for the future. We use EBITDA and Adjusted EBITDA: (a) as measurements of operating performance because they assist us in comparing our operating performance on a consistent basis as they do not reflect the impact of items not directly resulting from our core operations; (b) for planning purposes, including the preparation of our internal annual operating budget; (c) to allocate resources to enhance the financial performance of our business; (d) to evaluate the effectiveness of our operational strategies; and (e) to evaluate our capacity to fund capital expenditures and expand our business. We believe these non-GAAP measures provide useful information to both management and investors by excluding certain expenses that may not

be indicative of our core operating measures. In addition, because we have historically reported certain non-GAAP measures to investors, we believe the inclusion of non-GAAP measures provides consistency in our financial reporting. These measures should be considered in addition to financial information prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. A reconciliation of all non-GAAP measures included in this presentation to the most directly comparable GAAP measures is included in this presentation.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and the information contained in our Quarterly Report on Form 10-Q for the period ended June 30, 2021.



# Who We Are

Liquidity Services operates the world's largest B2B e-commerce marketplace platform for surplus assets powering the growth of the Circular Economy.

## To Power the Circular Economy, we:

- **Manage**, value, and sell surplus across the globe in a broad range of asset categories and conditions
- **Maximize** return with broadest buyer base, in our efficient global marketplace
- **Optimize** and execute surplus management strategies to achieve client business goals



# What is the Reverse Supply Chain?

**Definition:** “The process of planning, implementing, and controlling the efficient, cost effective flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin for the purpose of recapturing value or proper disposal.”\*

\*Reverse Logistics Industry Council

**Liquidity Services** is a first mover and global leader in transforming the Reverse Supply Chain market, which provides long term investors the opportunity to drive financial returns while making a positive impact on the environment.



# The Industry Leader in the Reverse Supply Chain

**+15,000**

Trusted Clients  
Worldwide

**+130**

Fortune 1000  
Global Clients

**+600K**

Transactions  
Completed Annually

**+600**

Asset Categories  
Experience

**+3.9 Million**

Registered  
Active Buyers

**B2B | B2C**

Multichannel Marketing  
& Sales Strategies

**+\$8.5 Billion**

Completed  
Transactions

**LQDT ▲**

Publicly Traded  
Since 2006 IPO

# Our Purpose

To build the world's leading marketplace for surplus assets to benefit sellers, buyers and the planet

## Our Sellers



For enterprises with used, idle, or excess assets and inventory we provide:

- Expertise and intelligence that achieve high-performance results aligned to strategic goals
- Comprehensive and scalable solutions
- Superior people, processes, and systems to maximize return

## Our Buyers



For organizations and consumers looking to achieve business or personal goals we offer:

- Convenient access to a wide range of assets
- Accurate, comprehensive product information and fair market prices
- Helpful, responsive customer support when it is needed

## The Planet



For the planet's natural resources, environment, and beauty we:

- Extend life of assets and inventory and increase reuse and recycling
- Prevent unnecessary waste and defer assets from landfills
- Dispose of surplus in environmentally safe manner

# Vision and Strategic Pillars

Liquidity Services will build the world's leading marketplace for surplus assets to benefit sellers, buyers and the planet.

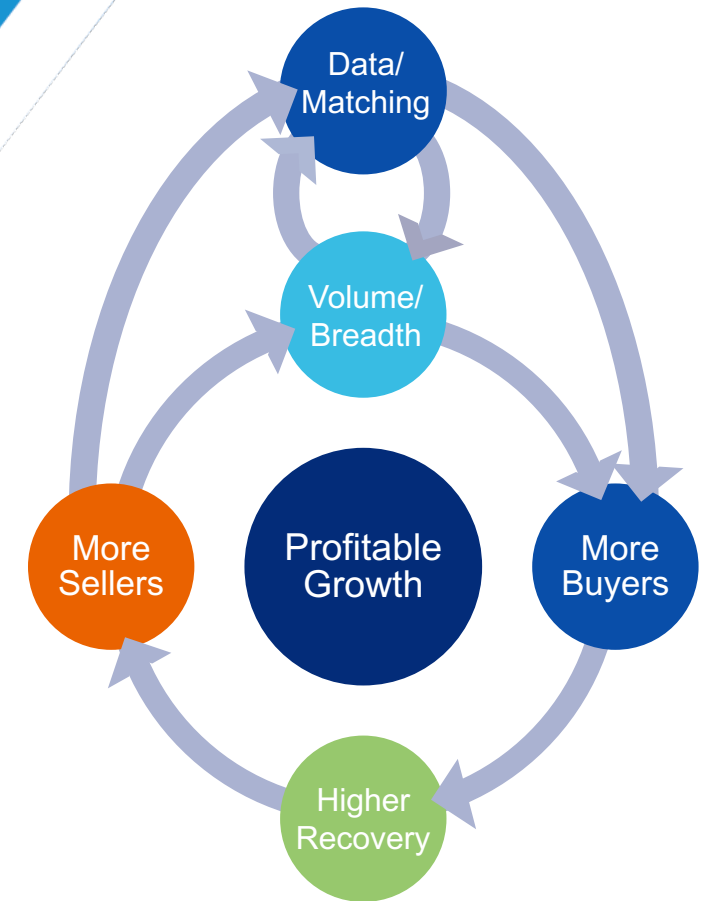
**R** **Recovery Maximization**  
Drive higher net recovery through technology and innovation that improves the buyer experience

**I** **Increase Volume**  
Grow annualized volume transacted on our platform with flexible service offerings and pricing models to meet the needs of existing and new sellers

**S** **Service Expansion**  
Grow services with recurring revenue characteristics that leverage our domain expertise, data and marketplace channels

**E** **Expense Leverage**  
Improve operating expense leverage by controlling costs and through technology and innovation that increases productivity

# RESURSE



# Delivering Maximum Value to Sellers

## Better Service

Superior levels of industry and asset expertise, responsiveness, intelligence, and analytics that achieve high-performance results aligned to our sellers' goals.

## Better Scale

Comprehensive, modular, and scalable solutions. Spanning all volumes, asset categories, conditions, sales channels, and locations worldwide.

## Better Results

Right combination of great people, best-in-class processes, and cutting edge systems to deliver maximum return today and into the future.

## Serving the Broadest Base of Industries



Aerospace & Defense



Electronic Manufacturing



Industrial Manufacturing



Automotive Manufacturing



Energy



Mining & Large Construction



Biopharma



Fast-Moving Consumer Goods



Retail



Consumer Brands & OEM's



Government



Transportation



# Providing Superior Buyer Experiences



## Superior Product Quality and Information

Large volumes and recurring flows of products; refurbishment services to enhance and ensure product quality; ability to view detailed product information, ask questions, and inspect items



## Fair Prices

Auction format ensures assets are sold for fair market value; assets available all over the world, making it easy to keep shipping costs low or pick up items



## Excellent Customer Service

Support every aspect of the buyer experience; 94% repeat bidder rate; rated A+ provider by the Better Business Bureau

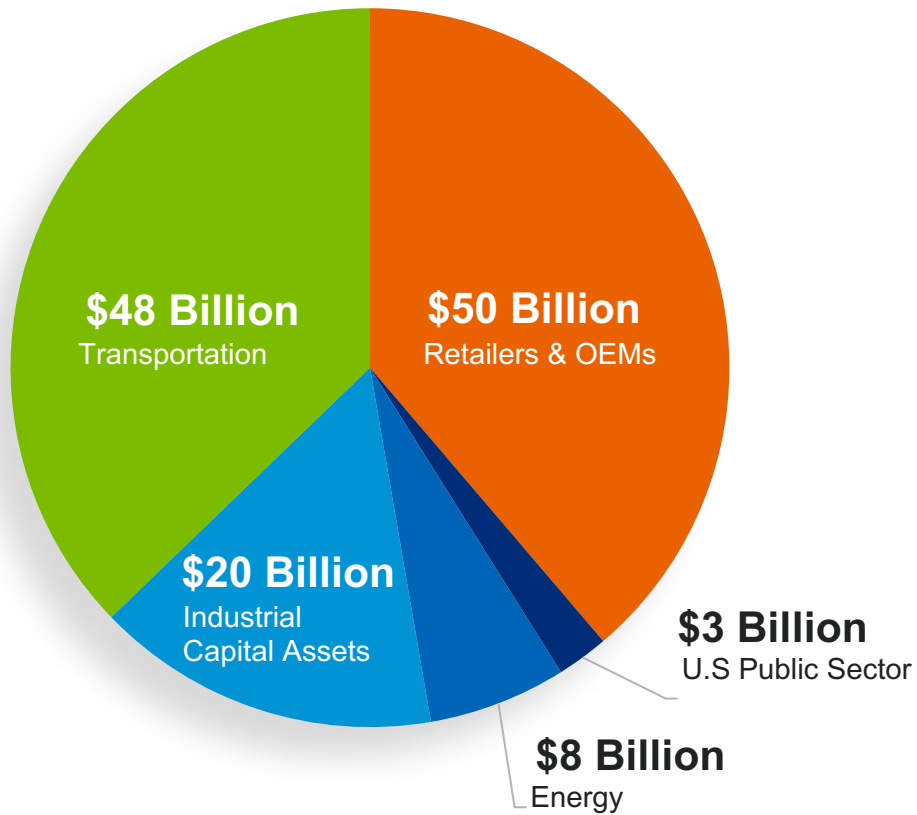
# Our ESG Objectives

<b>Environmental</b>	<b>Our Services Enable the Circular Economy.</b> We empower corporations and governments to use our e-commerce services to resell their surplus and scrap assets, which, in turn, enables a more sustainable and circular economy
<b>Economic Opportunity</b>	<b>We Empower Small Business Entrepreneurs.</b> We empower small business entrepreneurs by enabling their access to a global supply of finished merchandise and capital assets, which, in turn, allows them to build and grow their businesses and contribute to the prosperity of their local communities
<b>Social</b>	<b>Our Diverse and Inclusive Workplace Drives Innovation.</b> We constantly seek, develop and implement innovative new ideas to enhance our suite of solutions. To achieve this, we seek diverse perspectives, foster an inclusive workplace and strive to help each employee achieve success using each person's unique talents, skills and contributions
<b>Governance</b>	<b>Trust Grows our Marketplaces.</b> Creating trust is fundamental to the long-term growth and success of our marketplaces. Accordingly, we continuously execute and improve our services following our core values of: Integrity; Mutual Trust and Accountability; and Doing Well and Doing Good



# Market Opportunity\*

**\$130 Billion Total Addressable Market**



## Highlighted Sellers Across Industries



\*Data from evaluation of research from Appriss Retail (2018), Manfredi & Associates (2015), ACT Research (2016), and company data.

# Macro-Trends Expanding Our Opportunity

## Sustainability

- Environmental Sustainability key goal for commercial & government sellers
- Focus on Zero Waste
- Environmental compliance requires sophisticated tools and reporting
- Extending the useful life of assets of increasing importance

## E-Commerce Growth

- Increased demand for digital, no-contact solutions driving more opportunities with sellers and buyers
  - Strong online growth in retail driving increased volume of consumer returns
  - Trending appetite for self-directed solutions
- Increasing buyer demand for discounted, refurbished & secondary market assets

## Technology Innovation

- Product obsolescence and shorter product life-cycles
- Greater focus on compliance & transparency
- Higher adoption of digital marketplaces and no-contact sales channels among B2B buyers
- Increasing need for faster disposition cycle

# Our Business Model

## Compelling Model

- ✓ Online, no-contact and self-service solutions
- ✓ Diversified products, services, and customer mix globally
- ✓ High-volume recurring revenue
- ✓ Value-added managed services
- ✓ Additional services beyond selling assets to create higher-margin revenue streams
- ✓ Network effect drives recovery maximization for sellers and increasing flow of asset supply for buyers
- ✓ High operating leverage on future growth

## Multiple, Synergistic Revenue Streams

- ✓ Consignment Model
- ✓ Purchase Model
- ✓ Service Revenue
- ✓ Buyer Premium Fees

# Liquidity Services Marketplace Success

Q3-FY21 saw a consolidated **GMV growth of 88%\*** over the prior year's comparable quarter

\*Q3-FY21 growth over prior year comparable quarter. Prior year comparable quarter was impacted by economic restrictions related to COVID-19.

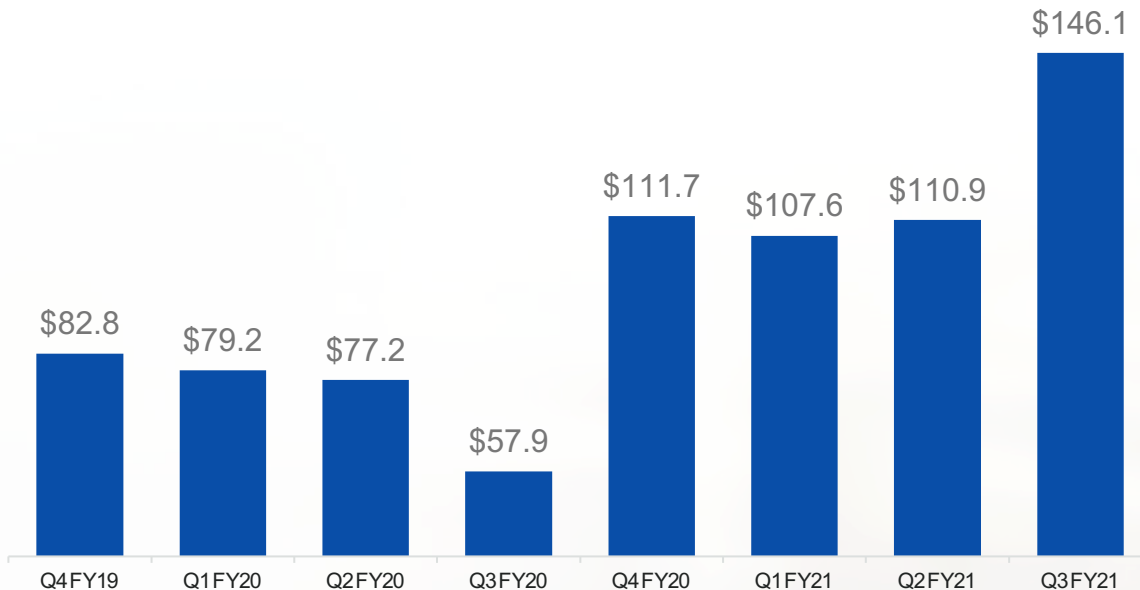
Segment	Q3-FY21 Marketplace Highlights*
<b>GovDeals</b>	<ul style="list-style-type: none"><li>• <b>+152%</b> GMV</li><li>• <b>+13%</b> Buyer registrants</li><li>• <b>+87%</b> Auction participants</li></ul>
<b>Retail Supply Chain</b>	<ul style="list-style-type: none"><li>• <b>+36%</b> GMV</li><li>• <b>+6%</b> Buyer registrants</li><li>• <b>+68%</b> Closed Transactions</li></ul>
<b>Capital Assets</b>	<ul style="list-style-type: none"><li>• <b>+37%</b> GMV</li><li>• <b>+2%</b> Buyer registrants</li><li>• <b>+81%</b> Auction participants</li></ul>

# GovDeals Segment: Capitalizing on Market Opportunity

Government agencies continue to adopt our digital marketplace solutions over traditional sales methods, transacting in a broader array of assets, including vehicles, heavy equipment and real estate

## GovDeals Segment GMV Trendline

\* In millions



Governments seek streamlined costs, reduced space, digital and green solutions, and improved compliance

**We are leading the trend for government sellers to access a mobile-first solution**

- Well-positioned to serve increasing demand for virtual solutions

**Marketing technology and increase in online procurement are driving more buyer demand in FY21**

- Capturing value from macroeconomic trends influencing certain asset categories, such as transportation

**GovDeals self-directed model is attractive to:**

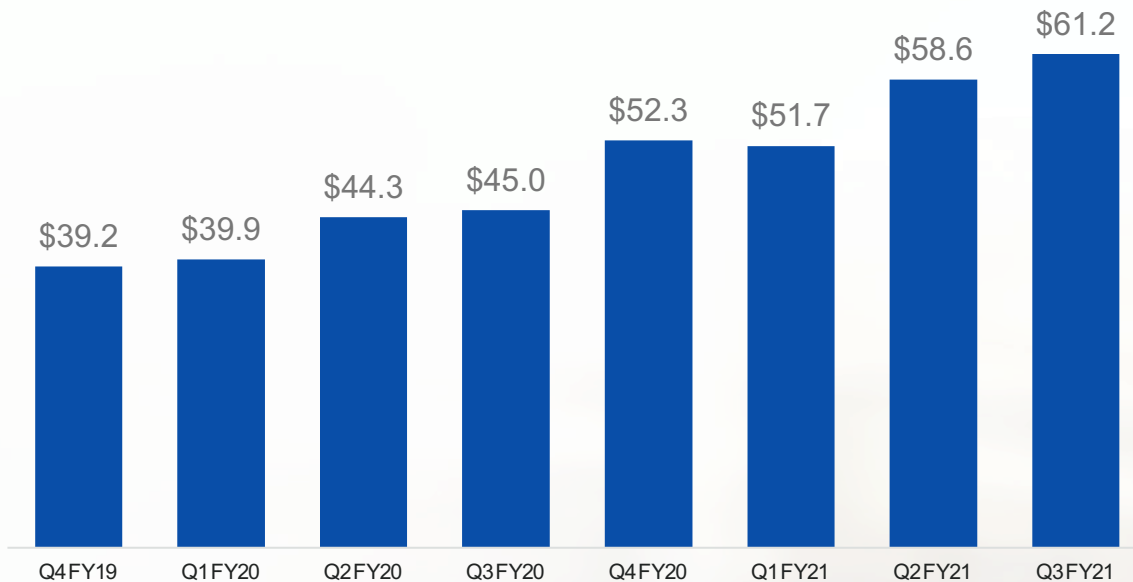
- State and municipal governments
- Higher education institutions
- Non-profits

# RSCG Segment is Driving Long-Term Growth

RSCG delivers 19 consecutive quarters of year-over-year GMV growth; 36% GMV growth in Q3-FY21

## RSCG Segment GMV Trendline

\* In millions



### FY21 is benefitting from:

- Retailers increasingly seeking B2B marketplace platforms to conduct resale of surplus inventory
- Hyper-growth of e-commerce

### Our expanded service offerings address full-spectrum of seller needs and create higher margin revenue streams:

- Managed Services for end-to-end solutions
- Self-directed solutions

### These services have positioned us well to respond to recent macro trends:

- Strong e-commerce growth drives increased volume of consumer returns
- Increasing buyer demand for discounted, refurbished and secondary market assets drives growth

**Fiscal Q2 is the seasonally high quarter for reverse supply chain activity in the retail sector**

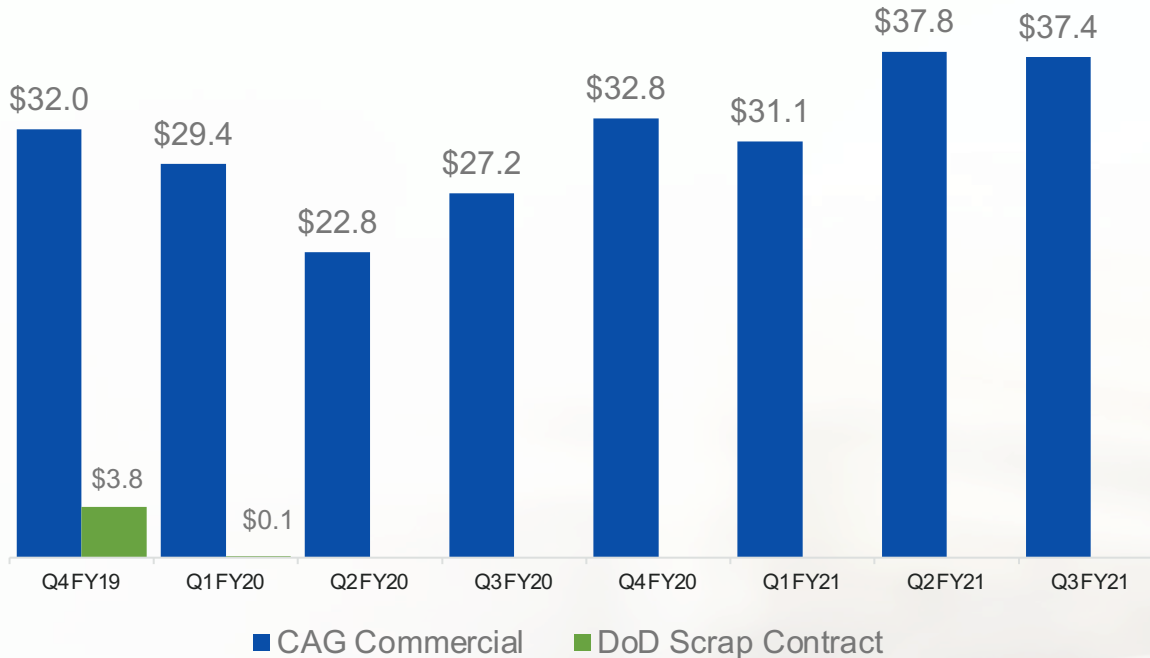


# CAG Segment Diversified Seller Base

37% GMV growth in Q3-FY21 despite remaining restrictions on cross-border transactions

**CAG Segment GMV Trendline**

\* In millions



**Last fifteen months were impacted by global pandemic:**

- International economies are heavily restricting travel and limit facility visits, impeding asset inventorying and valuation

**Improving volumes since April/May 2020 bottom as the result of:**

- Greater need to recover investment on idle assets
- Increasing buyer demand for assets at less than new pricing

**All CAG assets are cross-listed onto our AllSurplus.com platform. This platform enables our sales organization to offer self-directed services as a solution to sellers:**

- New platform enables low-touch, asset-light model
- Buy Now functionality enables faster transactions

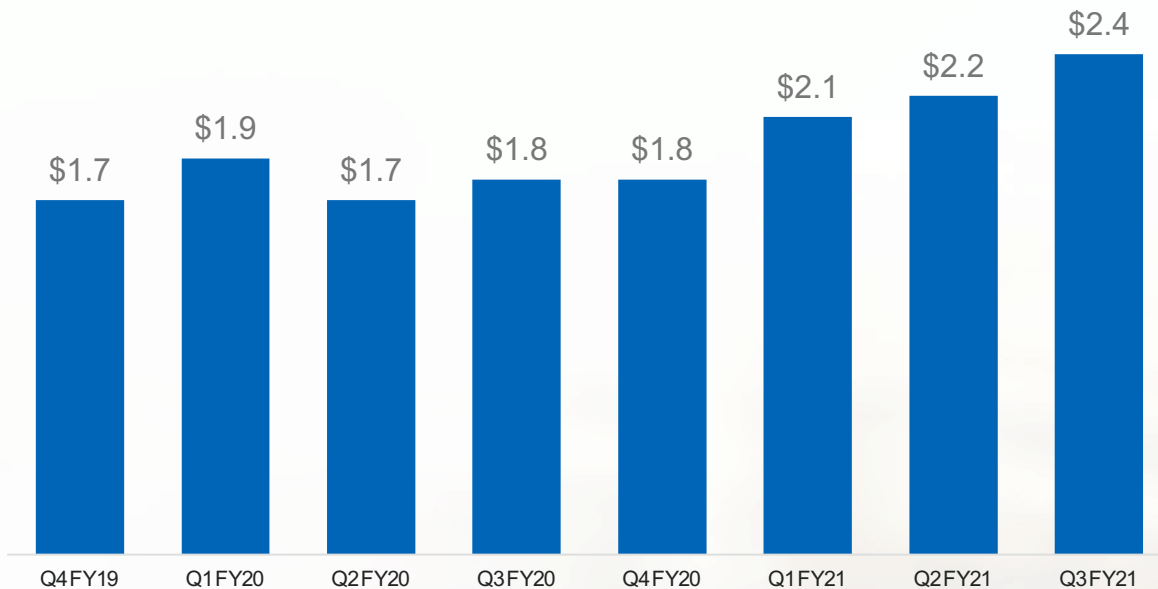
**CAG GMV can be variable based on timing and project size**

# Machinio Segment Subscription Model

Subscriber growth and strong renewal rates from Machinio and MachineryHost subscription solutions drove 38% revenue growth in Q3-FY21

**Machinio Segment Revenue Trendline**

\* In millions

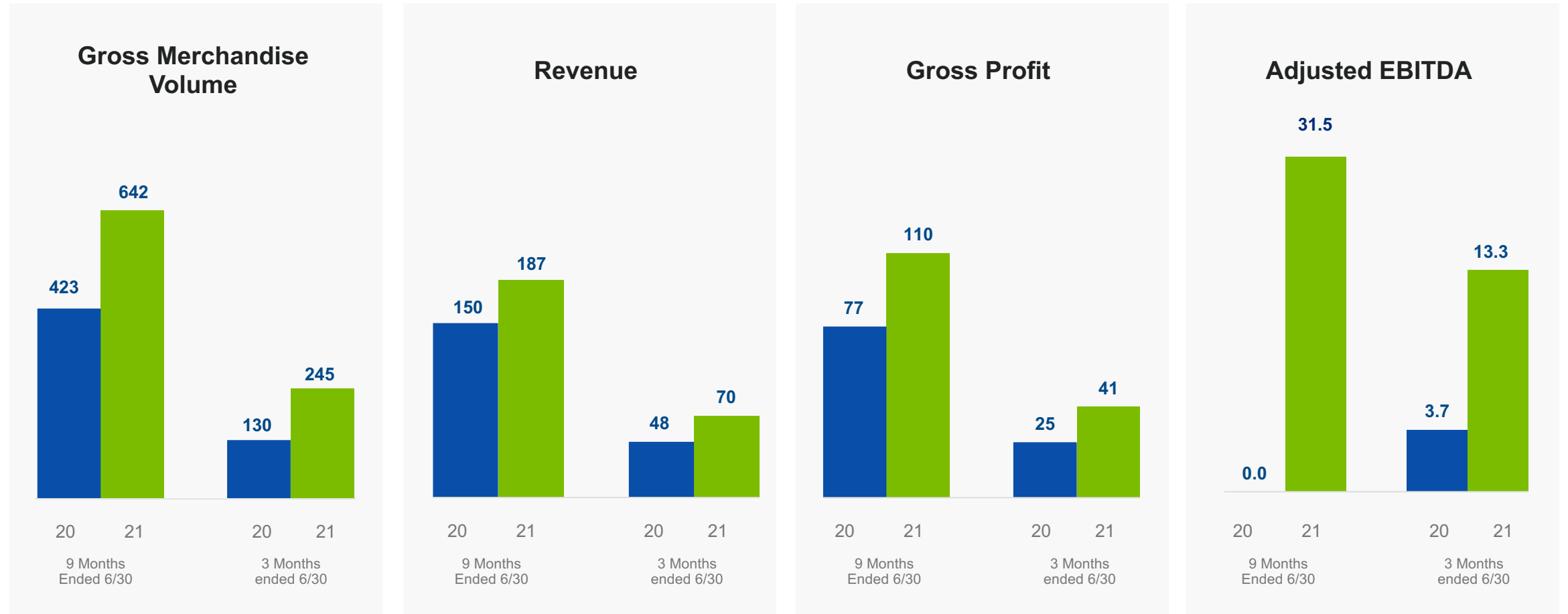


- **The Machinio.com worldwide search engine for used equipment aggregates more than 3 million active listings**
- **Machinio’s worldwide classified advertising has over 3,500 subscribers and generates over 1.4 million qualified leads per year**
- **MachineryHost’s CRM/website suite for machinery dealers has over 400 subscribers**
- **Net Renewal Rates in excess of 90% in FY21.**

# Financial Results

# Q3FY21 Consolidated Results

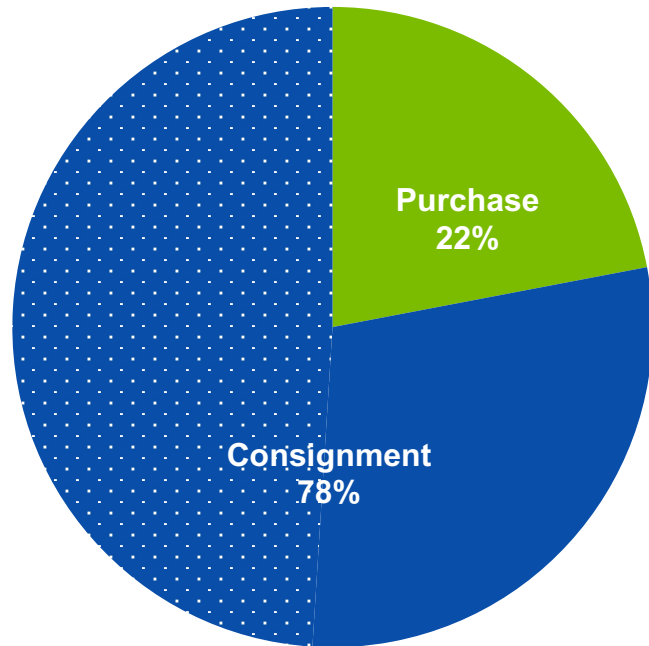
\$ in millions



- (1) Gross Profit is calculated as total revenue less cost of goods sold and seller distributions (excludes depreciation and amortization).
- (2) For the nine months ended June 30, 2020 and 2021, Net Income (Loss) was (\$9.2)M and \$18.2M, respectively. For the three months ended June 30, 2020 and 2021, Net Income was \$0.2M and \$8.4M, respectively.
- (3) Consolidated results include the DoD Surplus and Scrap contracts
- (4) See slide #23 for a reconciliation of Adjusted EBITDA

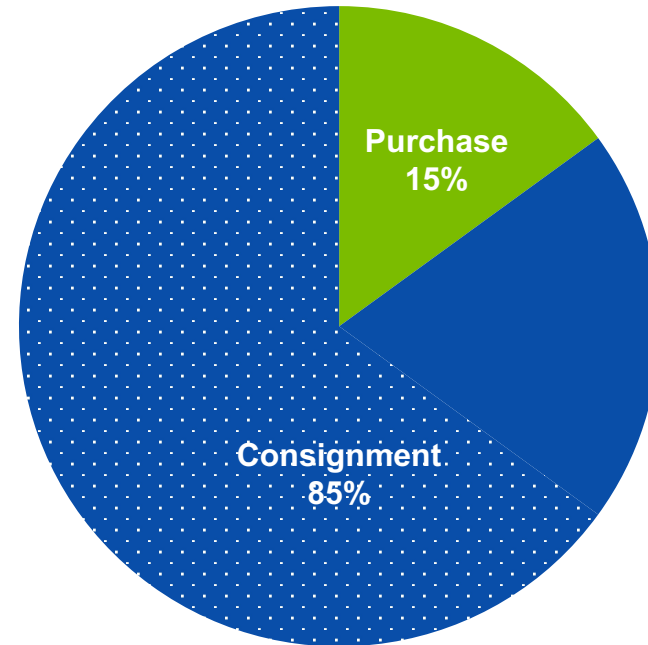
# Diversification By Pricing Model | GMV Mix

Q3 FY20



■ Purchase ■ Consignment ■ Self-Directed Consignment

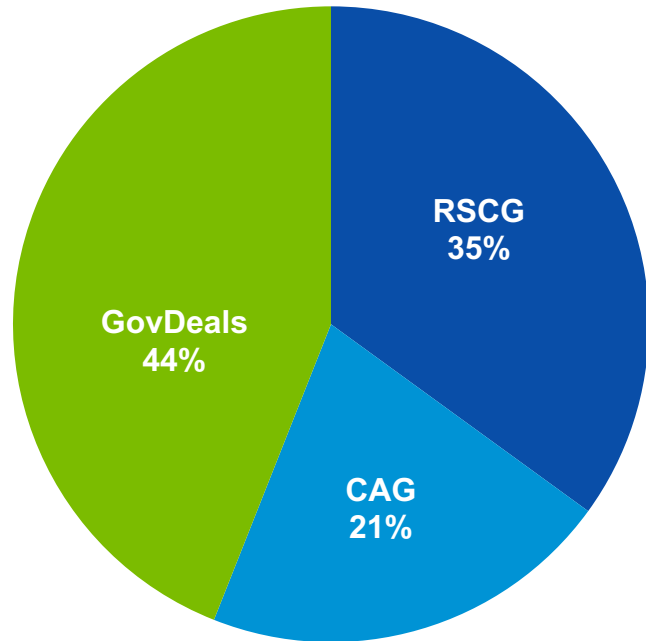
Q3 FY21



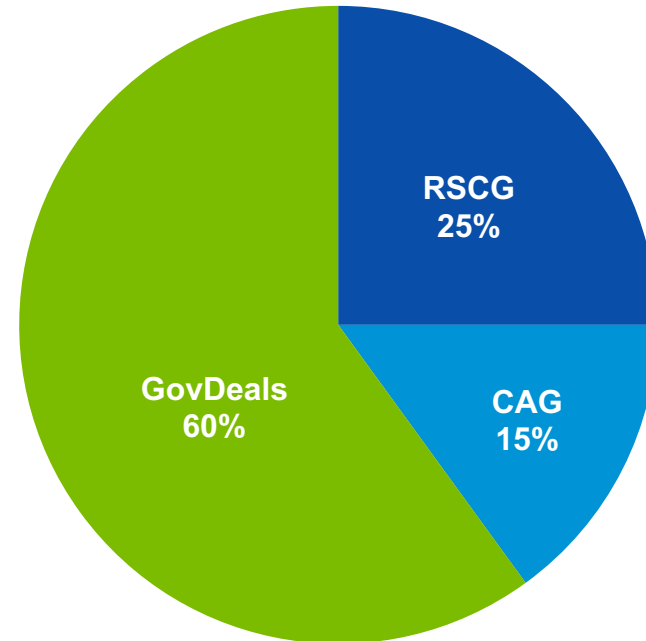
■ Purchase ■ Consignment ■ Self-Directed Consignment

# Diversification By Segment | GMV Mix

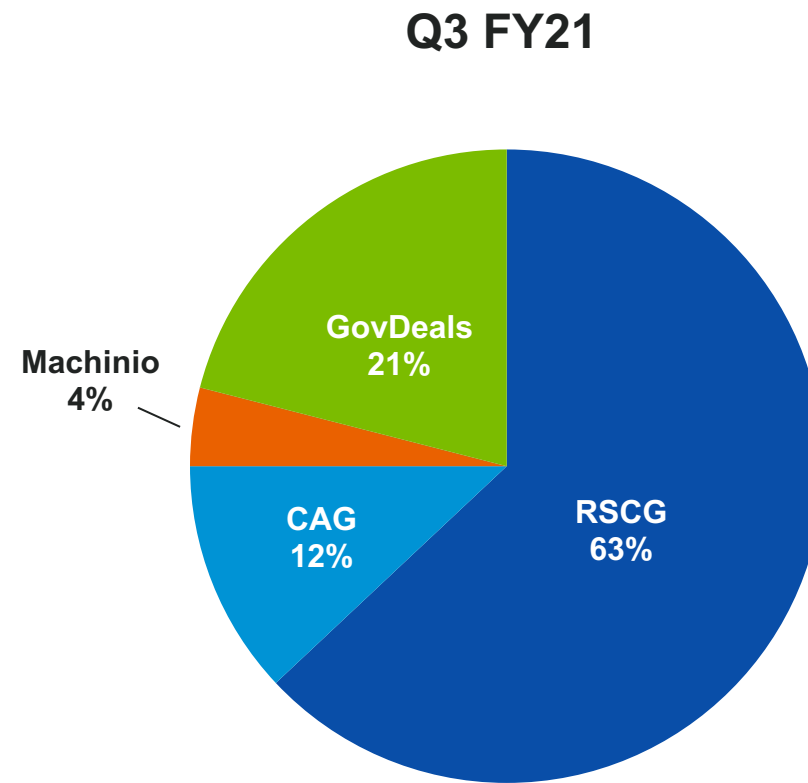
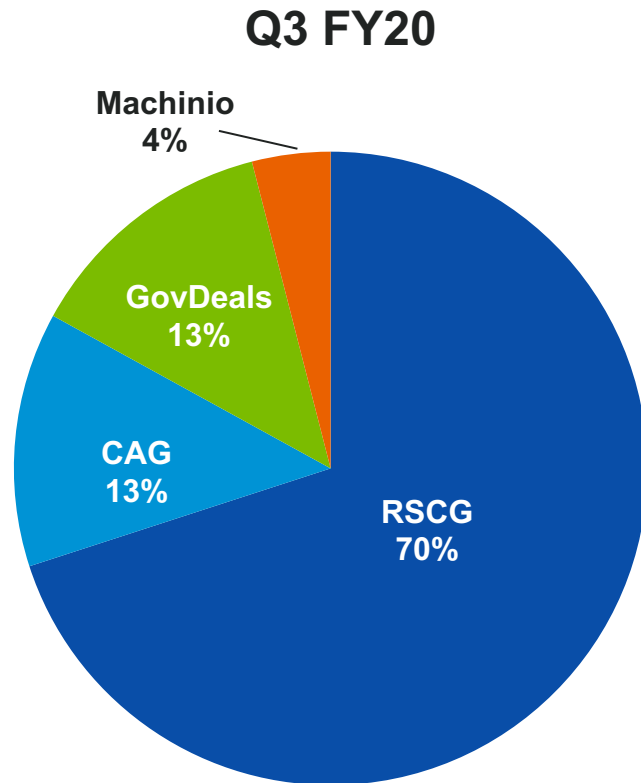
Q3 FY20



Q3 FY21



# Diversification By Segment | Revenue Mix



# Reconciliation of Financial Data

## Adjusted EBITDA Reconciliation

(in thousands)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Net Income (Loss)	(\$5,224)	(\$5,196)	(\$4,238)	\$213	\$5,447	\$4,514	\$5,260	\$8,419
Interest & other expense (income), net	(124)	(166)	(167)	(156)	(88)	(103)	69	(157)
Provision for income taxes	63	458	43	209	90	297	407	429
Depreciation and amortization	1,516	1,572	1,577	1,567	1,574	1,871	1,670	1,705
Non-GAAP EBITDA	(\$3,769)	(\$3,332)	(\$2,785)	\$1,833	\$7,023	\$6,579	\$7,406	\$10,396
Stock compensation expense	1,367	1,039	1,231	1,516	1,875	2,229	1,761	1,803
Acquisition costs and impairment of goodwill, long-lived assets and other assets	(69)	5	-	-	-	-	203	1,136
Business realignment expenses	483	-	-	328	77	5	-	-
Fair value adjustments to acquisition earn-outs	1,200	200	-	-	-	-	-	-
Deferred revenue purchase accounting adjustment	18	3	-	-	-	-	-	-
Non-GAAP Adjusted EBITDA	(\$770)	(\$2,085)	(\$1,554)	\$3,677	\$8,975	\$8,813	\$9,370	\$13,335





Investor Relations

[investorrelations@liquidityservicesinc.com](mailto:investorrelations@liquidityservicesinc.com)