

# Investor Presentation

Third Quarter Fiscal Year 2018  
August 2018



# 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, 2015 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. 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.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and the information contained elsewhere in this document.

# Who We Are

Liquidity Services is a global solution provider in the reverse supply chain with the world's largest marketplace for business surplus.

We...

Manage, value, and sell surplus across the globe in virtually every asset category and condition



Maximize return, more efficiently and more strategically



Optimize and execute surplus management strategies to achieve your business goals



# The Industry Leader in the Reverse Supply Chain

Trusted by over  
**11,000**  
clients worldwide

Experienced in over  
**500**  
asset categories and all  
asset conditions

Over  
**\$7 billion**  
in completed  
transactions

Proven  
multichannel marketing  
& sales strategies for  
**B2B and B2C**

  
**3 million**  
registered buyers

Nearly  
**1,000**  
employees with reach  
into almost 200 countries  
and territories

  
Over  
**500k**  
transactions  
completed annually

**LQDT** ▲  
Publicly traded  
company (NASDAQ: LQDT)  
since 2006 IPO

**OUR PURPOSE:** To intelligently capture the enduring value of surplus, benefiting our clients, our buyers, and our planet.

## CLIENTS



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

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

## BUYERS



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

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

## PLANET



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

- 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

# Delivering Maximum Value to Clients

## CLIENTS WE SERVE



Aerospace & Defense



Consumer Brands & OEMs



Fast-Moving Consumer Goods



Mining & Large Construction



Automotive Manufacturing



Electronics Manufacturing



Government



Retail



Biopharmaceuticals



Energy



Industrial Manufacturing



Transportation

## OUR VALUE PROPOSITION TO CLIENTS



### Better Service

Superior levels of industry and asset expertise, responsiveness, intelligence, and analytics that achieve high-performance results aligned to your strategic goals



### Better Scale

Complete solutions tailored to your industry's specific requirements that are comprehensive, modular, and scalable, 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



# Services

Liquidity Services provides organizations in every major industry with consultative surplus asset management, valuation, and sales solutions.

## Services for Surplus Capital Assets

- Program Management
- Valuation Services
- Asset Management
- Marketing & Sales
- Warehousing & Transportation Support
- Buyer Customer Support
- Compliance & Risk Mitigation

## Services for Surplus Retail Inventory

- Program Management
- Reconciliation, RTV, & RMA
- Refurbishment & Recycling
- Marketing & Sales
- Fulfillment Services
- Buyer Customer Support
- Compliance & Risk Mitigation



# Client Depth Across Industries

## RETAILERS



## RETAIL OEM's



## GOVERNMENT



## ENERGY



## TRANSPORTATION



## TECHNOLOGY



## HEALTHCARE & BIOPHARMA



## INDUSTRIAL



## ASSET-BASED LENDERS





# Providing Superior Buyer Experiences

## BUYERS WE SERVE

### Self-Employed Individual Opportunists



### Small Businesses & Resellers



Online/Offline Retailers



Distributors



Refurbishers



Wholesalers



Flea markets



Recyclers

## OUR VALUE PROPOSITION TO BUYERS



### 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

# Market Opportunity

\$50 Billion  
Retailers & OEMs

\$3 Billion  
U.S Public Sector

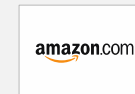
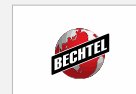
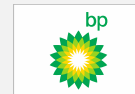
\$8 Billion  
Energy

\$20 Billion  
Industrial Capital Assets

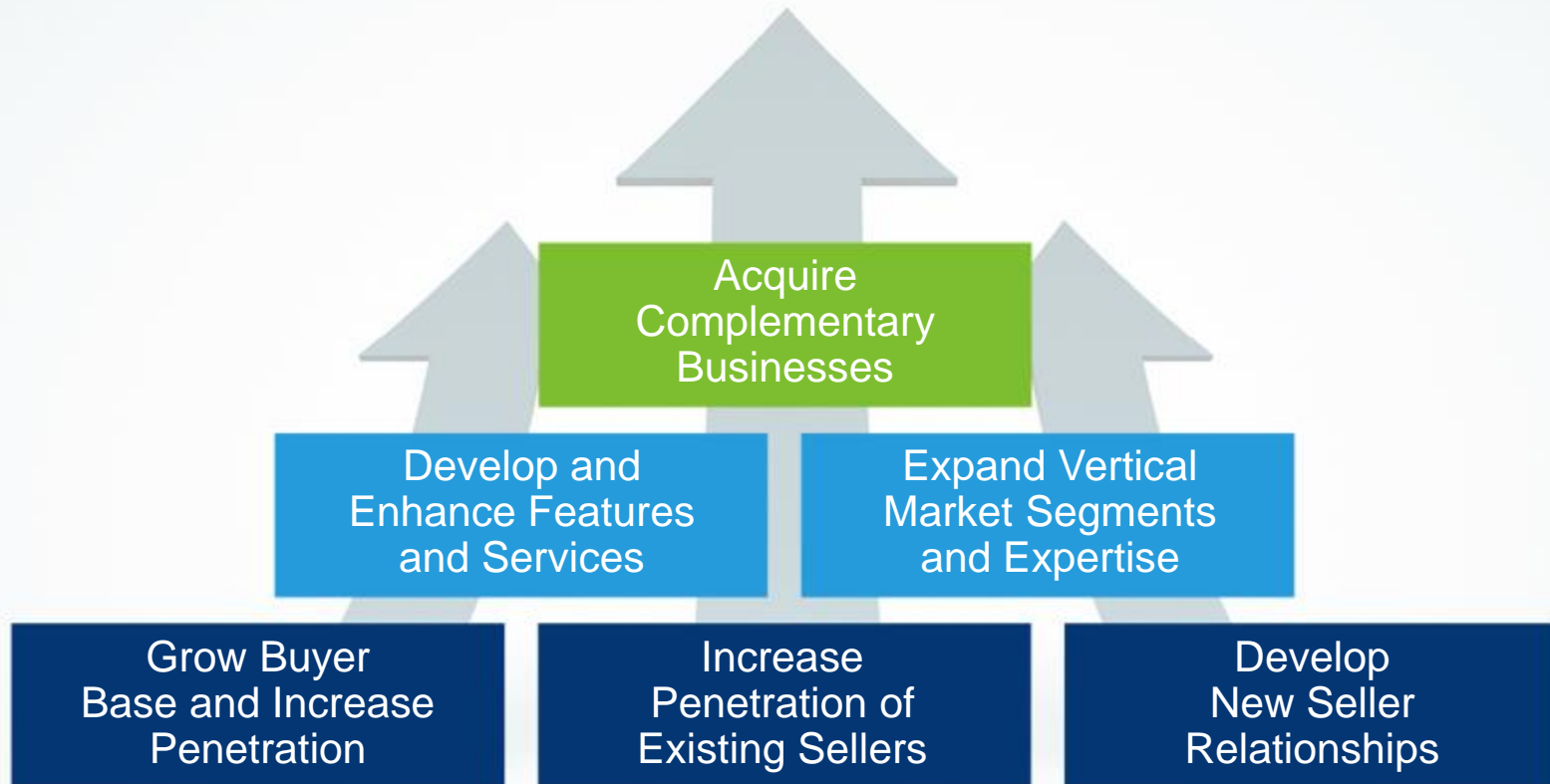
\$48 Billion  
Transportation

\$130 Billion Total Addressable Market

Our Clients  
Across  
Industries



# Growth Strategy



Consistent execution of growth strategy  
delivers long term shareholder value

# Financial Results

*A Better Future for Surplus*

# Financial Highlights

## Compelling Business Model

- High Customer Value
- Multiple, Recurring Revenue Streams
- Large Average Transaction Values
- Diversified Product and Customer Mix
- Significant Barriers to Exit as Critical Mass Builds

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## Strong Financial Position

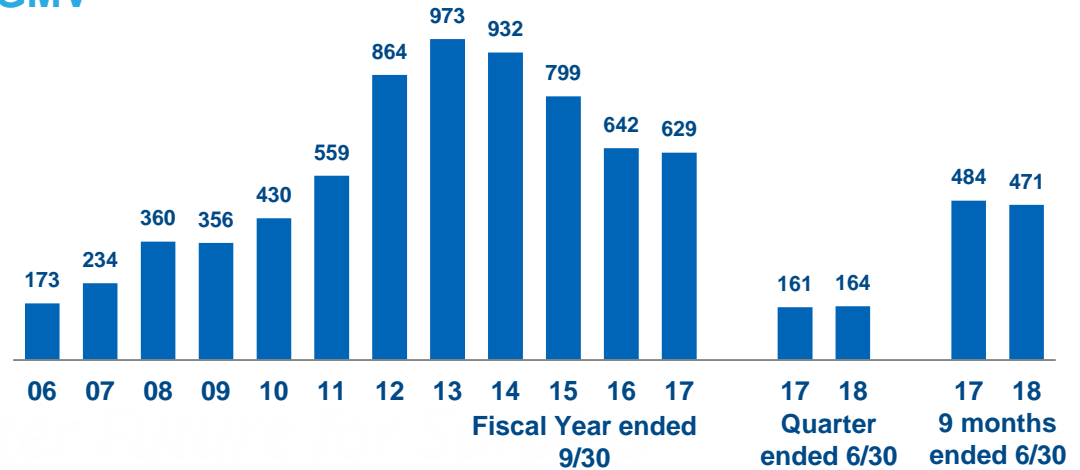
- \$93.4 million of Cash
- Debt Free

# Strong Topline Results\*

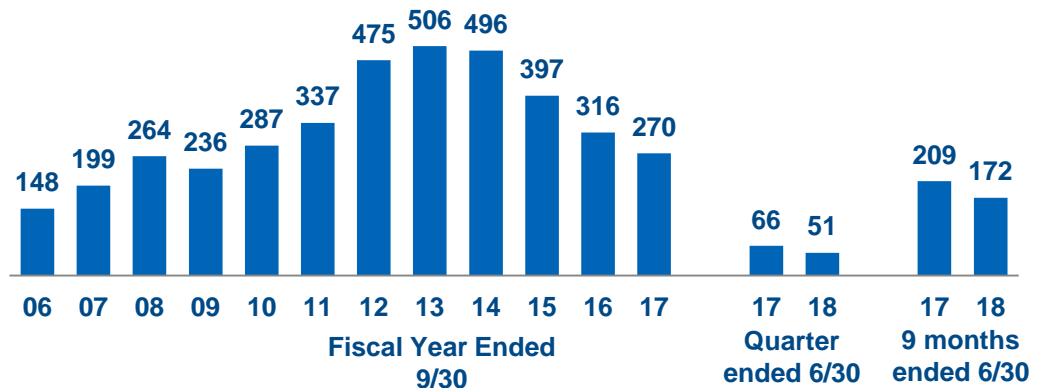
## Multiple, Synergistic Revenue Streams

- Consignment Model
- Profit Sharing Model
- Purchase Model
- Revenue Share Model
- Service Revenue
- Buyer Premium Fees

### GMV



### Revenue

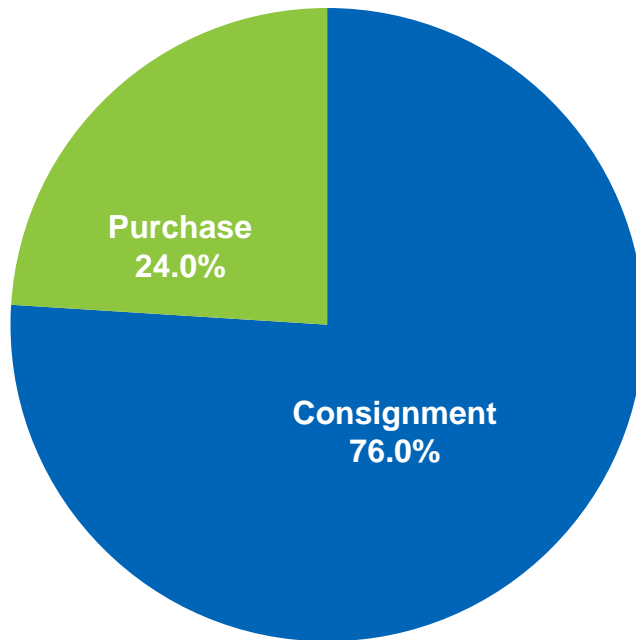


\* All numbers are in millions

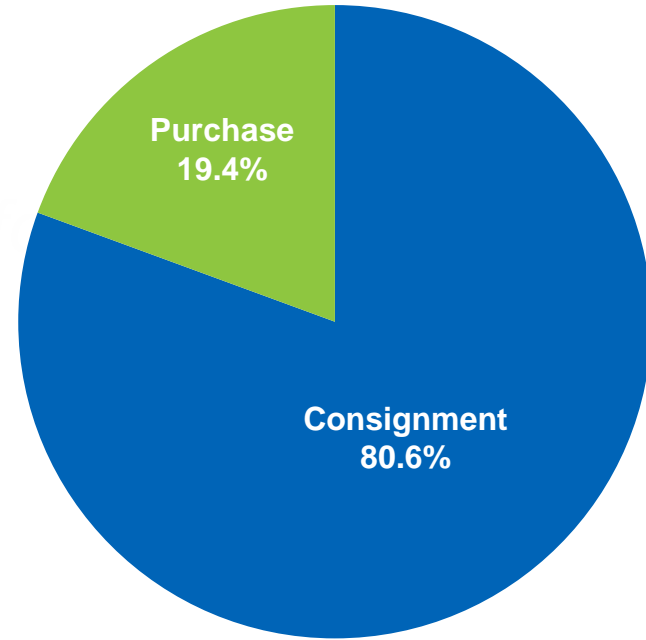


# Diversification By Pricing Model

## GMV Mix By Pricing Model



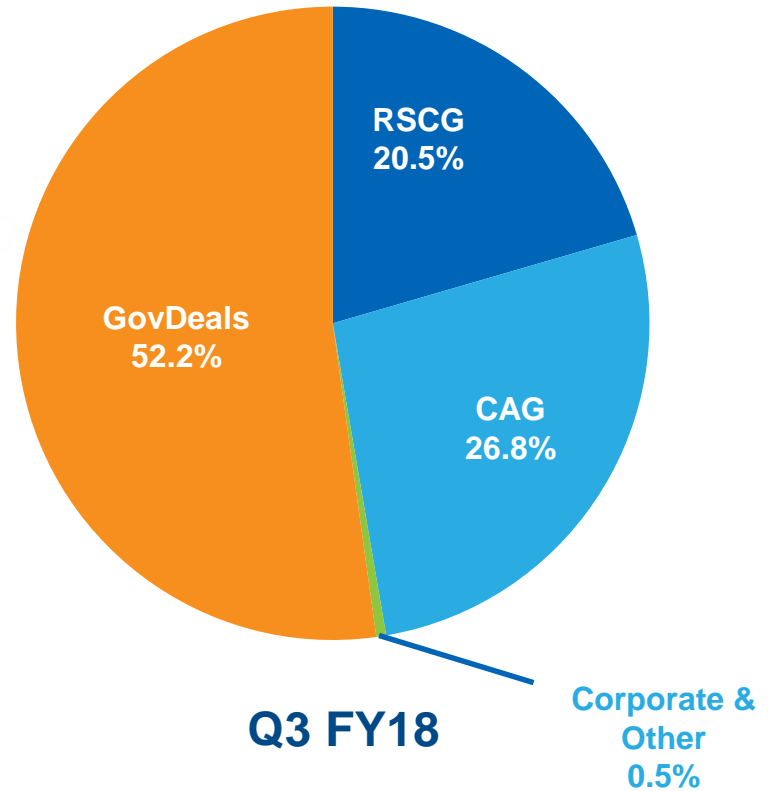
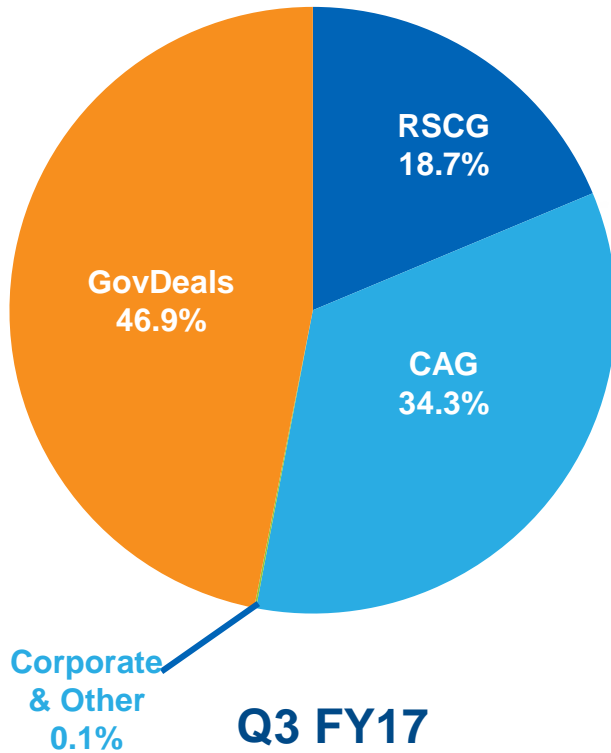
Q3 FY17



Q3 FY18

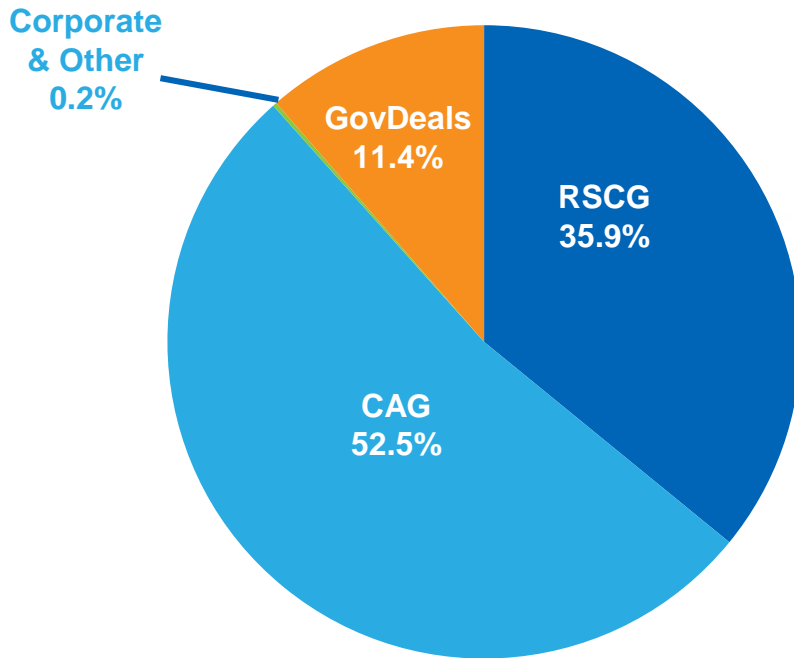
# Diversification By Segment

## GMV Mix by Segment

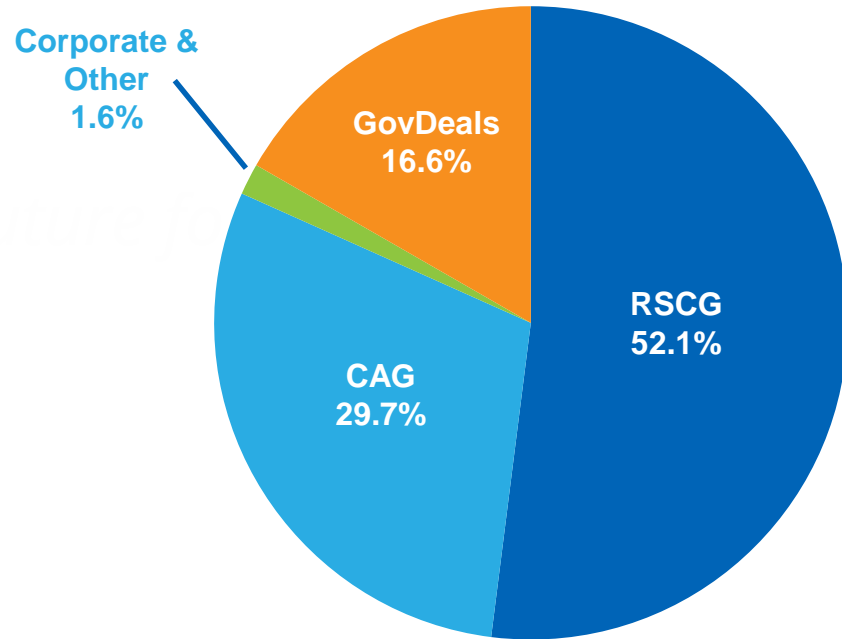


# Diversification By Segment

## Revenue Mix by Segment



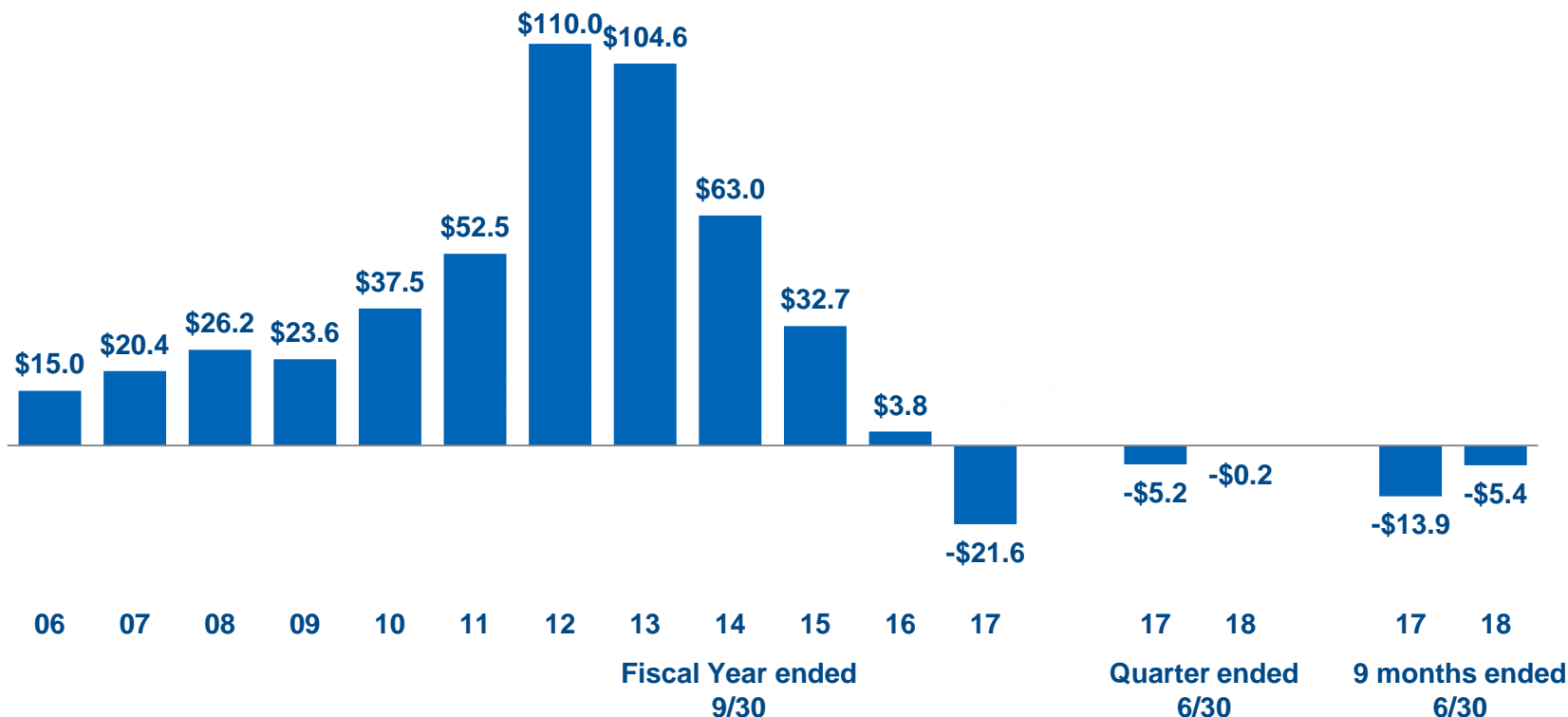
Q3 FY17



Q3 FY18

# Profitability

## Adjusted EBITDA<sup>(1)</sup>



(1) Adjusted EBITDA shown for fiscal years 2002 – 2017 includes adjustments for stock-based compensation expense, acquisition costs including changes in earn out estimates, goodwill impairment, and business realignment expense. For the fiscal years ended September 30, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017, Net Income was \$8.0M, \$11.0M, \$11.6M, \$5.7M, \$12.0M, \$8.5M, \$48.3M, \$41.1M, \$30.4M, (\$104.8)M, (\$59.8)M, and \$(39.9)M respectively. For the nine months ended June 30, 2017 and 2018, Net Income was (\$25.2)M and (\$10.6)M, respectively. For the three months ended June 30, 2017 and 2018 Net Income was \$(8.6)M and \$(3.7)M., respectively.

# Reconciliation of Financial Data



In Thousands	Year Ended September 30,												3 months Ended June 30,		9 months Ended June 30,	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2017	2018	2017
Net Income (Loss)	\$7,981	\$11,019	\$11,553	\$5,719	\$12,013	\$8,512	\$48,296	\$41,104	\$30,390	(\$104,815)	(\$59,926)	(\$39,187)	(\$3,705)	(\$8,614)	(\$10,572)	(\$25,220)
Interest & other expense (income), net	(431)	(2,176)	(1,495)	(516)	(69)	111	2,218	(704)	370	171	(1,217)	(362)	(47)	(189)	(776)	(291)
(Benefit) Provision for income taxes	5,295	7,460	8,546	7,961	12,194	4,419	31,652	27,551	19,657	(39,571)	27,025	(451)	612	41	(3,824)	91
Amortization of contract intangibles	813	813	813	813	813	813	7,943	7,265	7,265	1,211	-	-	-	-	-	-
Depreciation and amortization	727	1,302	2,083	3,116	4,124	5,519	6,223	10,109	9,330	8,024	6,502	5,796	1,020	1,365	3,375	4,228
EBITDA	\$14,385	\$18,418	\$21,500	\$17,093	\$29,075	\$19,374	\$96,332	\$85,325	\$67,012	(\$134,980)	(\$27,616)	(\$34,204)	(\$2,120)	(\$7,397)	(\$11,797)	(\$21,192)
Stock compensation expense	623	1,943	4,674	6,465	7,891	9,136	12,117	13,379	12,605	12,405	12,247	7,377	1,436	1,563	4,134	5,462
Acquisition costs and related fair value adjustments and impairment of goodwill and long-lived assets	-	-	-	-	524	24,167	1,695	5,921	(18,384)	147,414	19,037	1,009	204	886	204	886
Business Realignment Expense (severance pay)	-	-	-	-	-	-	-	-	1,780	273	-	4,223	249	(234)	2,073	906
Business Disposition Loss	-	-	-	-	-	-	-	-	-	7,963	-	-	-	-	-	-
Adjusted EBITDA	\$15,008	\$20,361	\$26,174	\$23,558	\$37,490	\$52,677	\$110,144	\$104,625	\$63,013	\$33,075	\$3,668	(\$21,595)	(\$231)	(\$5,182)	(\$5,386)	(\$13,938)



Investor Relations

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