

Investor Presentation

First Quarter Fiscal Year 2019
February 2019



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
12,000
clients worldwide

Experienced in over
500
asset categories and all
asset conditions

Nearly
\$8 billion
in completed
transactions

Proven
multichannel marketing
& sales strategies for
B2B and B2C


Nearly
3.5 million
registered buyers

Over
600
employees with reach
into nearly 200 countries
and territories


500k
transactions
completed annually


Publicly traded company
(LQDT) with profitability every
quarter 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

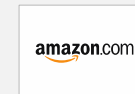
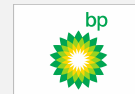
\$8 Billion
Energy

\$20 Billion
Industrial Capital Assets

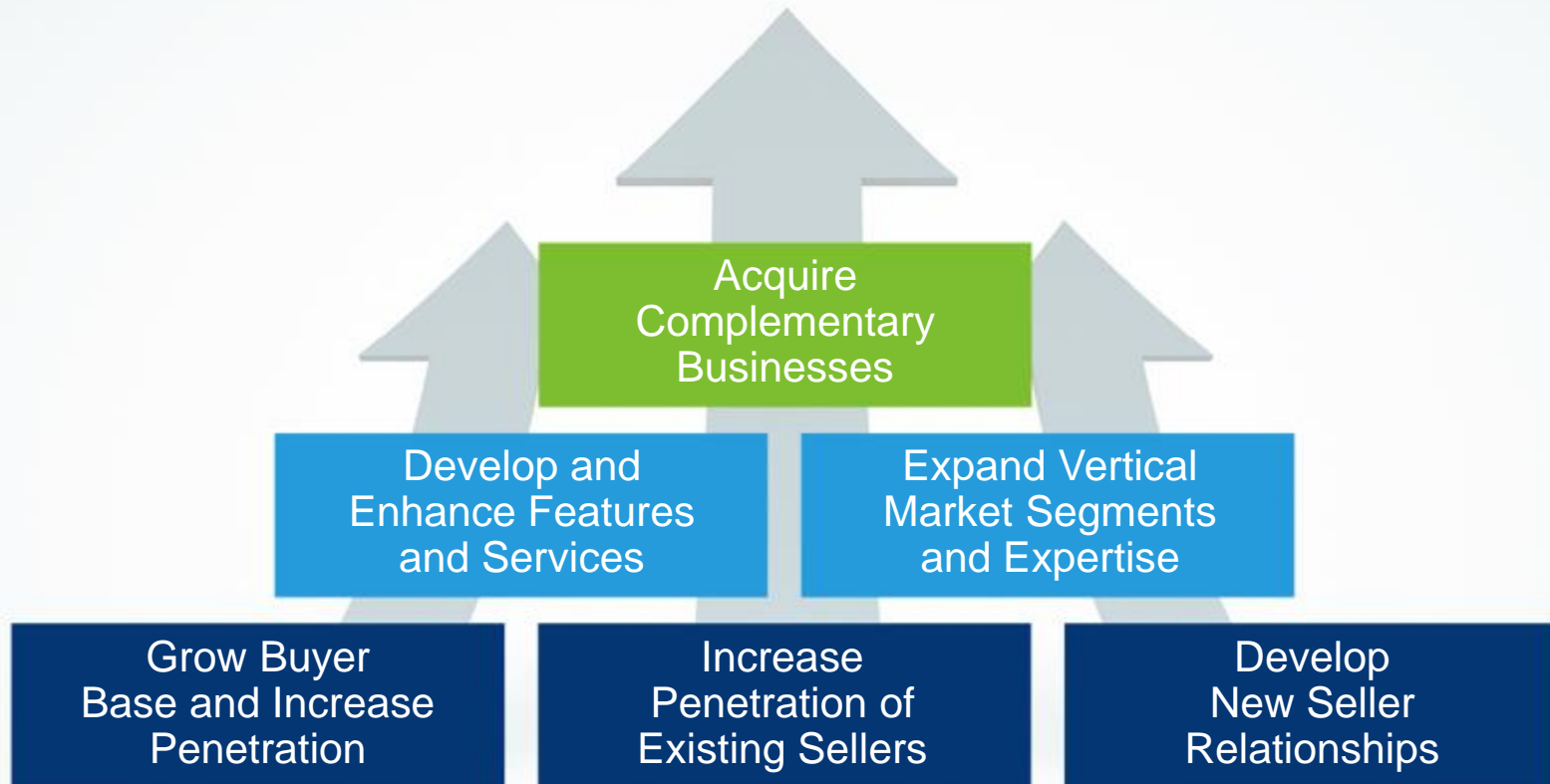
\$48 Billion
Transportation

\$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
 - Network effect drives recovery maximization for sellers and increasing flow of asset supply for buyers
-

Strong Financial Position

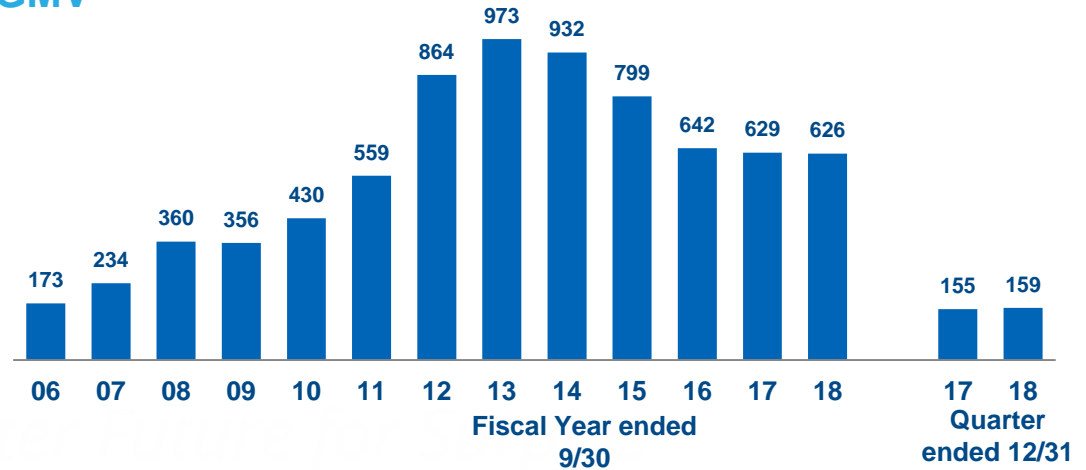
- \$68.5 million of cash and short-term investments
- Debt Free

Top Line Results*

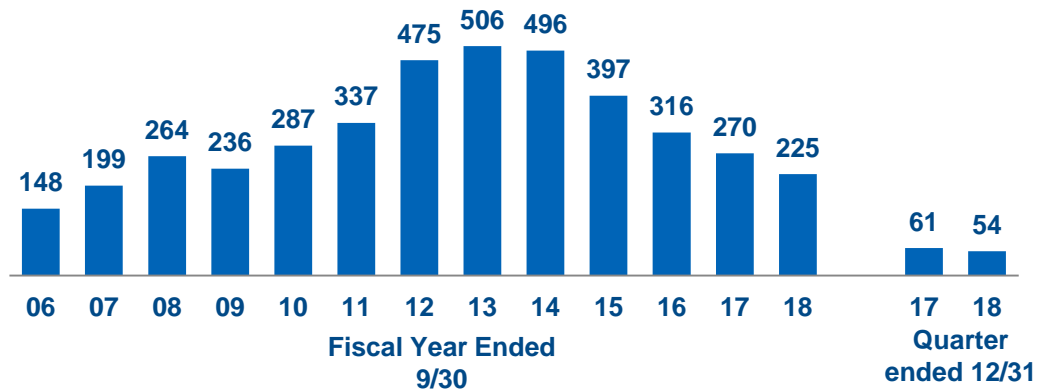
Multiple, Synergistic Revenue Streams

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

GMV



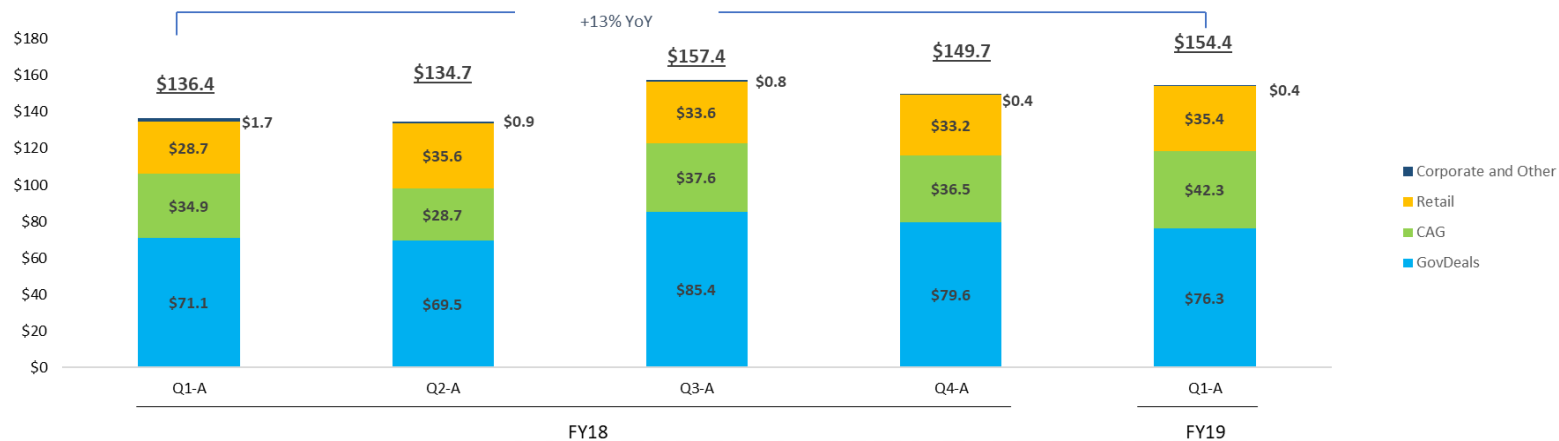
Revenue



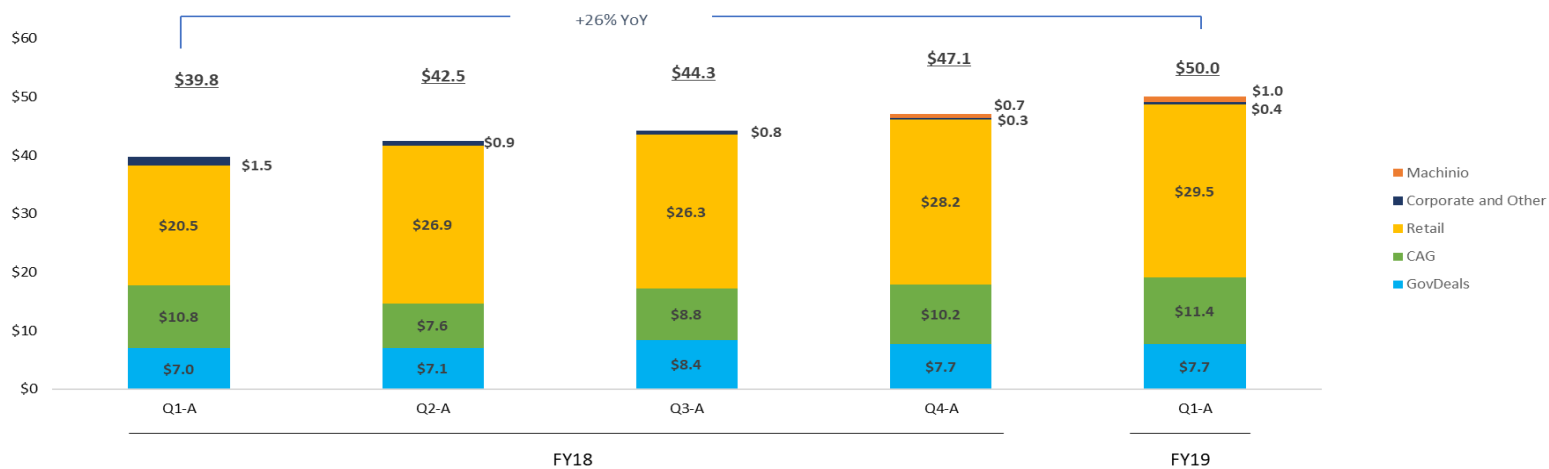
* All numbers are in millions

GMV & Revenue Trends

Commercial Business GMV¹ (\$m)



Commercial Business GAAP Revenue² (\$m)

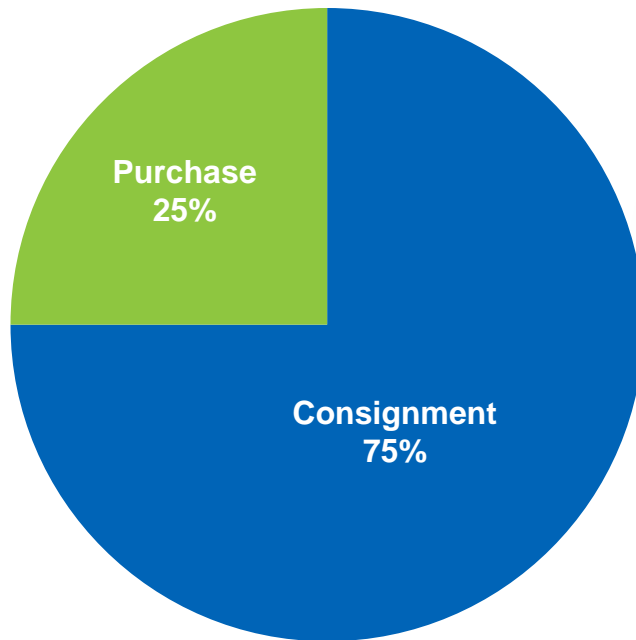


Footnotes

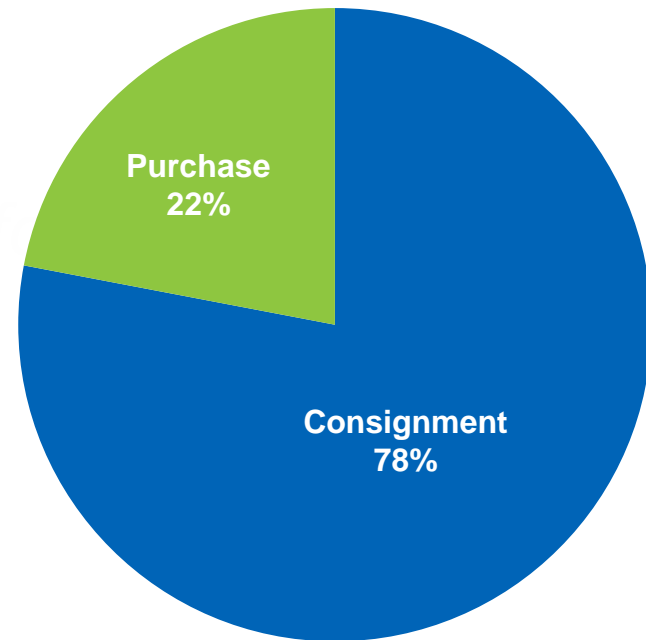
- 1) Product and consignment GMV excluding GMV generated from DOD contracts (Surplus & Scrap)
- 2) GAAP defined revenue excluding revenue generated from DOD contracts (Surplus & Scrap)

Diversification By Pricing Model

GMV Mix By Pricing Model



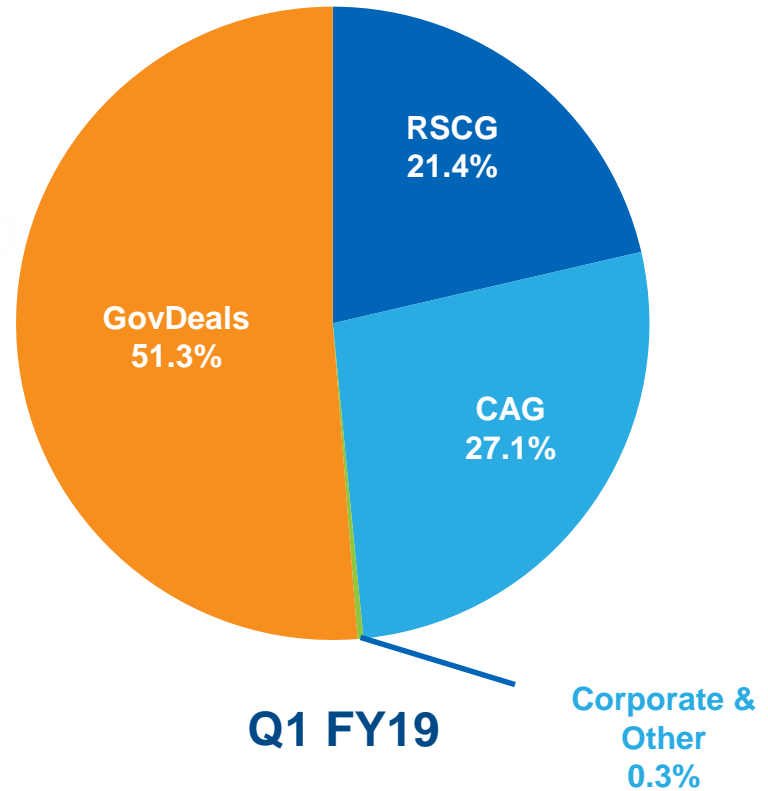
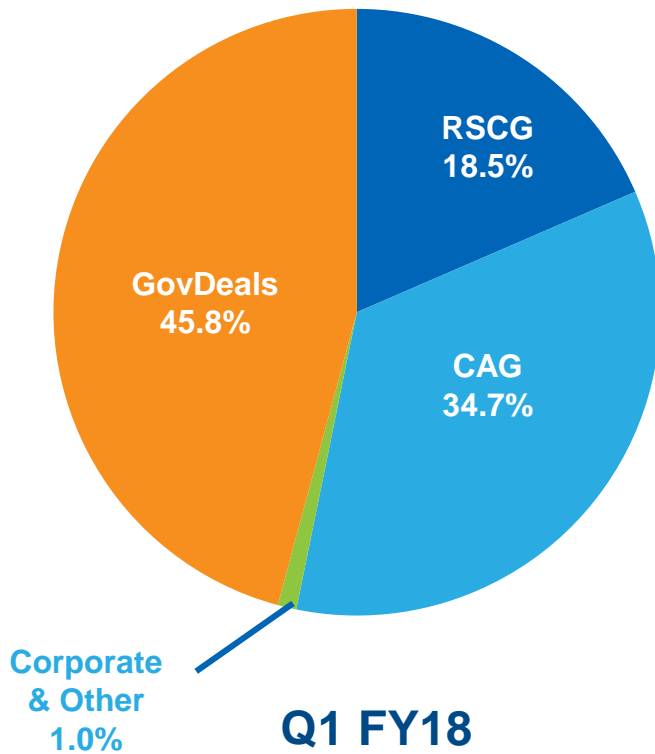
Q1 FY18



Q1 FY19

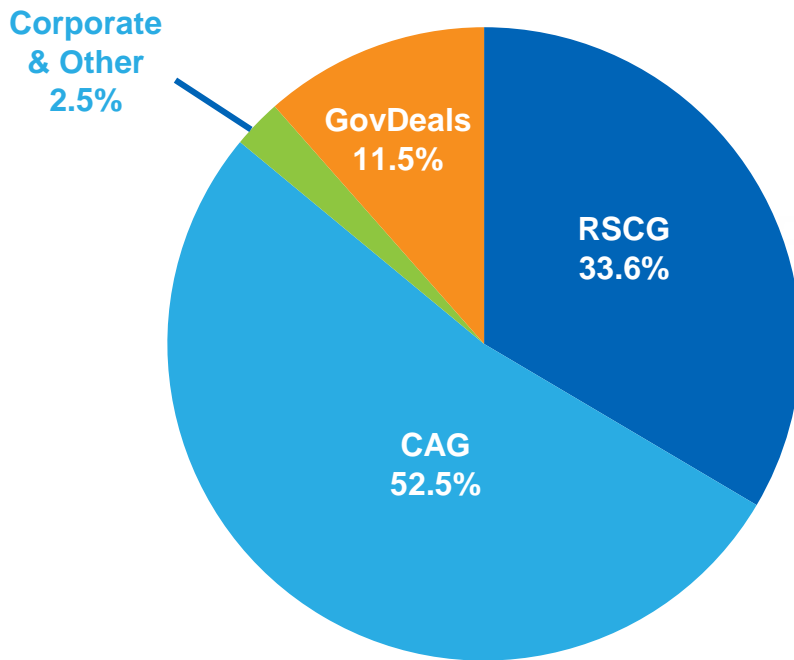
Diversification By Segment

GMV Mix by Segment

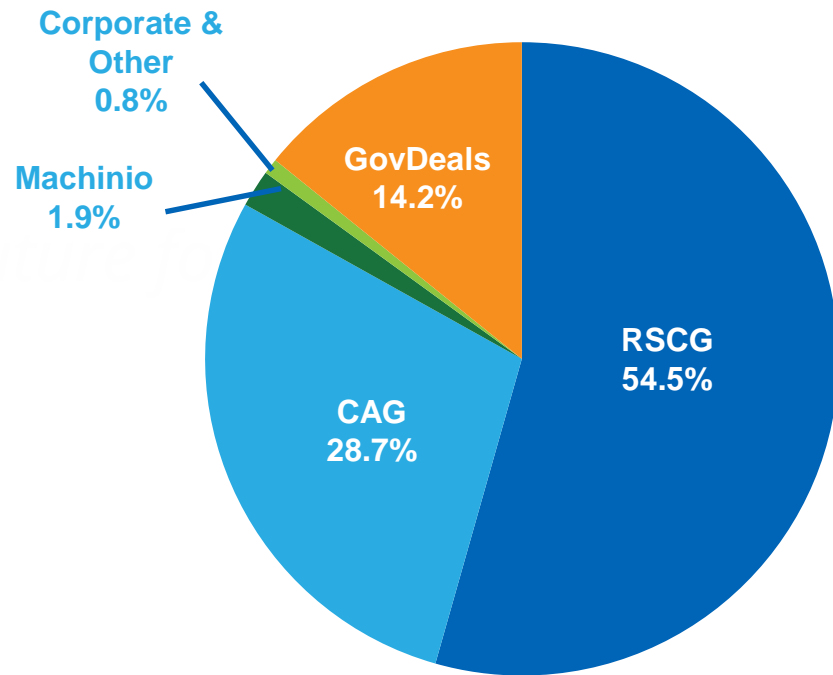


Diversification By Segment

Revenue Mix by Segment



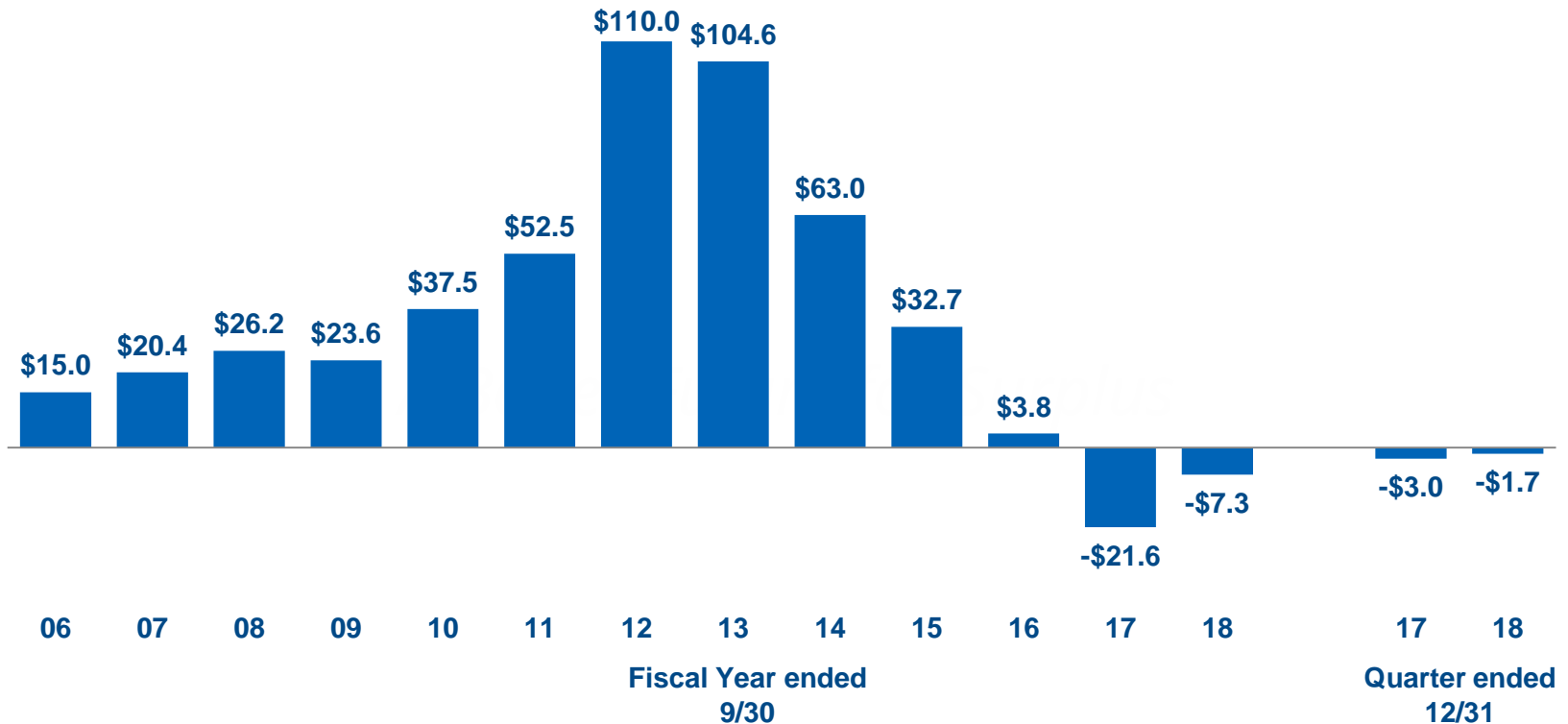
Q1 FY18



Q1 FY19

Profitability

Adjusted EBITDA⁽¹⁾



(1) Adjusted EBITDA shown for fiscal years 2002 – 2018 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, 2017 and 2018, Net Income was \$8.0M, \$11.0M, \$11.6M, \$5.7M, \$12.0M, \$8.5M, \$48.3M, \$41.1M, \$30.4M, (\$104.8)M, (\$59.9)M, \$(39.2)M, and (\$11.6)M respectively. For the three months ended December 31, 2018 and 2019 Net Income was \$(1.2)M and \$(5.0)M, respectively.

Reconciliation of Financial Data



In Thousands	Year Ended September 30,													3 months Ended December 31,	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	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)	(\$11,615)	(\$5,022)	(\$1,212)
Interest & other expense (income), net	(431)	(2,176)	(1,495)	(516)	(69)	111	2,218	(704)	370	171	(1,217)	(362)	(450)	(233)	(425)
(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)	(9,328)	266	(4,815)
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	4,599	1,204	1,211
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)	(\$16,794)	(\$3,785)	(\$5,241)
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	6,597	1,513	930
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	467	82	0
Business Realignment Expense (severance costs)	-	-	-	-	-	-	-	-	1,780	273	-	4,223	1,942	34	1,349
Business Disposition Loss	-	-	-	-	-	-	-	-	-	7,963	-	-	454	432	-
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)	(\$7,334)	(\$1,724)	(\$2,962)



Investor Relations

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