

Investor Presentation

Third Quarter Fiscal Year 2020



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, 2019 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.

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 and revenue excluding DoD contracts. These non-GAAP measures are provided to enhance investors’ overall understanding of our current financial performance and prospects for the future. We use these non-GAAP measures: (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. 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 June 30, 2020.

Who We Are

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



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 an efficient global marketplace



Optimize and execute surplus management strategies to achieve client business goals



The Industry Leader in the Reverse Supply Chain

Trusted by over
14,000
clients worldwide

Experienced in over
500
asset categories and all
asset conditions

Over
\$8 billion
in completed
transactions

Proven
multichannel marketing
& sales strategies for
B2B and B2C


+3.6 million
registered buyers

Clients include
+130
Global Fortune
1000 Companies


Over
600k
transactions
completed annually

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

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

SELLERS



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 Sellers

SERVING THE BROADEST BASE OF INDUSTRIES



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 SELLERS



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

Providing Superior Buyer Experiences

BUYERS WE SERVE



Online/Offline Retailers



Resellers



Distributors



Refurbishers



Wholesalers



Small Businesses



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
(Source: Appriss Retail 2018)

\$3 Billion
U.S Public Sector
(Source: Company Data)

\$8 Billion
Energy
(Source: Company Data)

\$20 Billion
Industrial Capital Assets
(Source: Manfredi & Associates 2015, ACT Research 2016)

\$48 Billion
Transportation
(Source: Company Data)

\$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

e-Commerce Growth

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

Technology Innovation

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

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

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
-

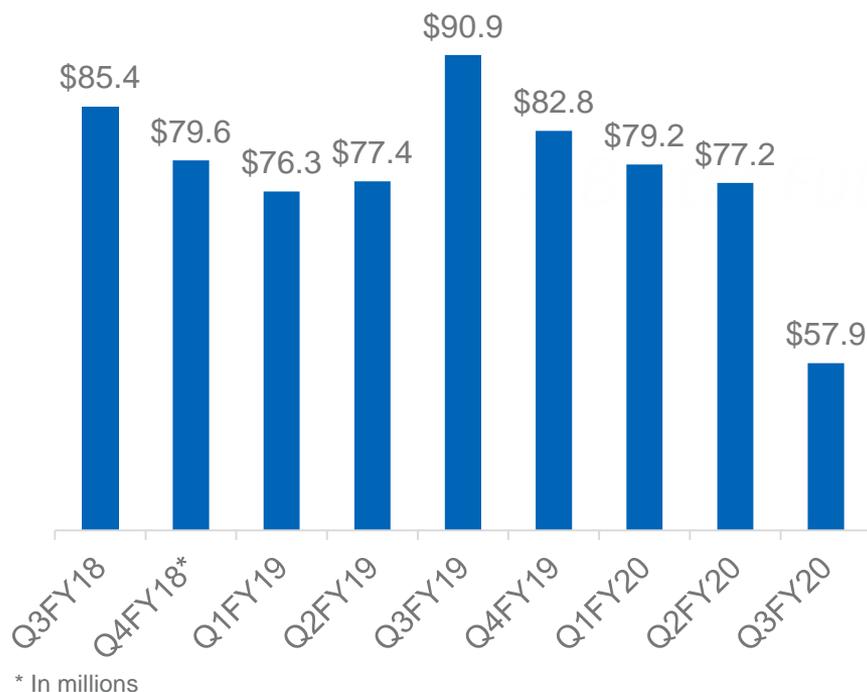
Multiple, Synergistic Revenue Streams

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

GovDeals Segment Delivers Consistent Growth

Over 14,000 government agencies have used our self-service model for low-cost, highly effective surplus sales

GovDeals Segment GMV Trendline

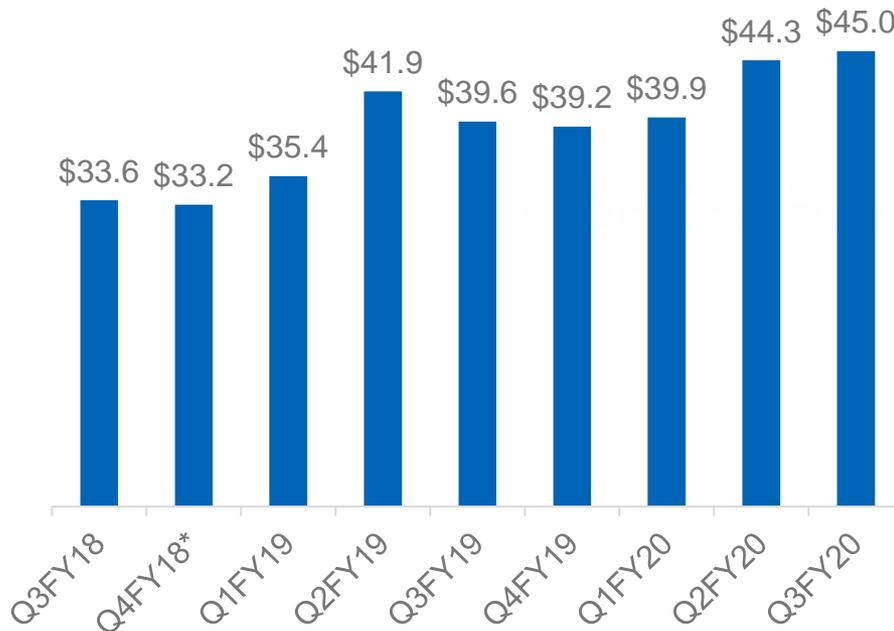


- GovDeals self-directed model is attractive to:
 - State and municipal governments
 - Higher education institutions
 - Non-profits
- Governments seek streamlined costs, reduced space, digital and green solutions, and improved compliance
 - COVID-19 pandemic created short-term pause with many clients in Q2FY20 and first month of Q3FY-20
 - May, June and July results steadily improving towards pre-COVID levels
 - Pending recession has potential to drive increase in government sellers and volumes
- We are leading the trend for government sellers to access a mobile-first solution
 - Well-positioned to serve increasing demand for virtual solutions spurred by COVID-19 pandemic
- We believe that marketing technology and increase in online procurement will drive more buyer demand in FY20

RSCG Segment is Driving Long-Term Growth

RSCG delivers 15 consecutive quarters of GMV growth

RSCG Segment GMV Trendline



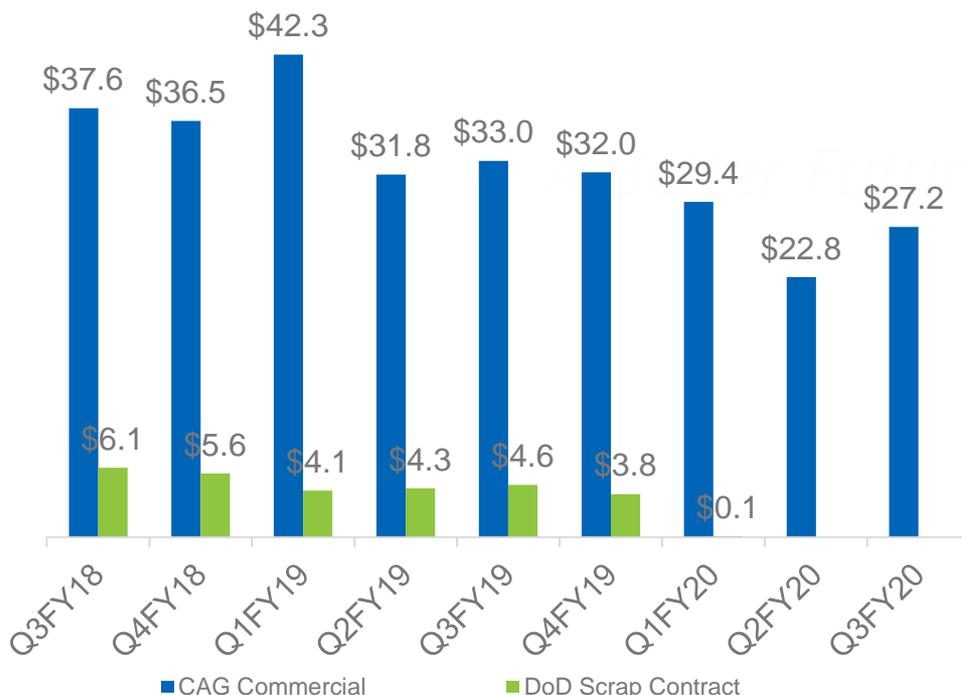
* In millions

- Q2 and Q3FY20 impacted by global pandemic with lower volumes and mixed buyer activity in late March through early May
- We expanded service offerings to address full-spectrum of seller needs and create higher-margin revenue streams:
 - Managed Services for end-to-end solutions
 - ScanN\$ell mobile app for direct upload
 - Self-directed solutions
- These services have positioned us well to respond to recent macro trends spurred by pandemic:
 - Online e-commerce trends drive increased volume of consumer returns
 - Increasing buyer need for discounted, refurbished and secondary market assets drives growth
- Q2 is the seasonally high RSCG quarter

CAG Segment Diversified Seller Base

Seeking to transition key sellers to a new self-directed solution

CAG Segment GMV Trendline



* In millions

** CAG Commercial excludes DoD Surplus and Scrap contracts

- Q2 and Q3FY20 were impacted by global pandemic:
 - APAC had lower seller and buyer activity in January and February
 - EMEA and North American impact started in March
- We are transforming to a self-directed solution to drive predictable volume and higher-margin growth
 - We believe pandemic will drive increased adoption of self-service solutions
- All CAG assets are now 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 Overview



- Machinio aggregates > 1million global used equipment listings worth \$23+ billion and generating 10M+ site visits and 600k qualified seller leads annually
- Subscription model, 1-year term, paid upfront, 85%+ recurring with ~3,000 subscribers
- Recently launched MachineryHost providing dealers with mobile first, online storefront to host equipment inventory and manage online sales leads

Machinio Value Proposition and Rationale

Finding used machinery is hard

Highly **fragmented** market
50+ niche marketplaces
50,000+ standalone websites

Machinio aggregates listings to simplify search



- ✓ Entry into new verticals
- ✓ Expands Liquidity Services buyer base
- ✓ Complementary solution for equipment sellers
- ✓ Rich source of data on equipment, buyers and sellers
- ✓ Cross selling opportunities

Financial Results

A Better Future for Surplus

Q3FY20 Consolidated Results

\$ millions

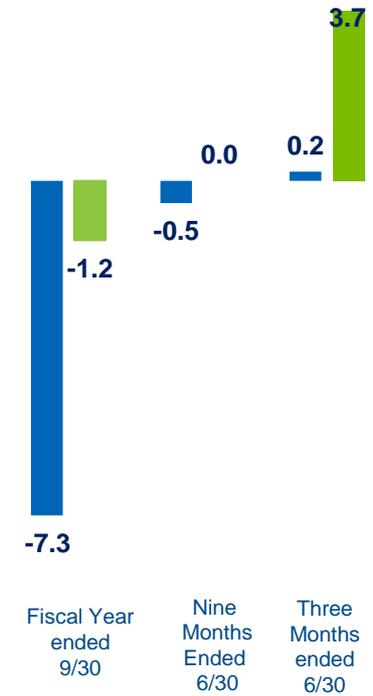
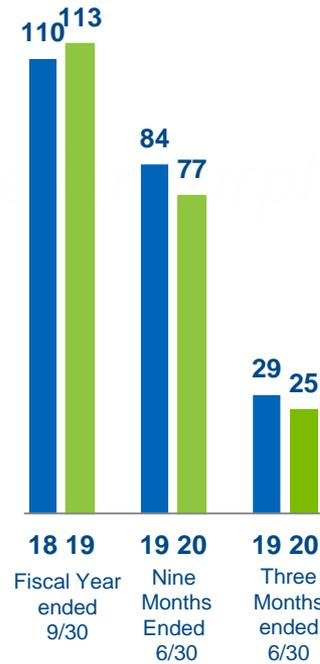
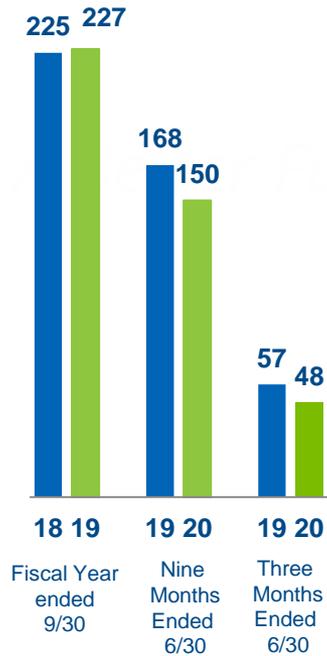
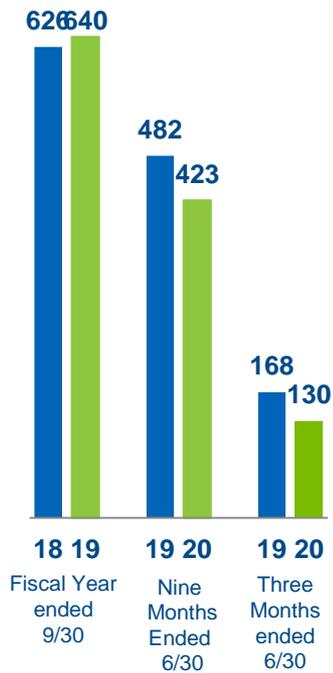


Gross Merchandise Volume

Total Revenue

Gross Profit

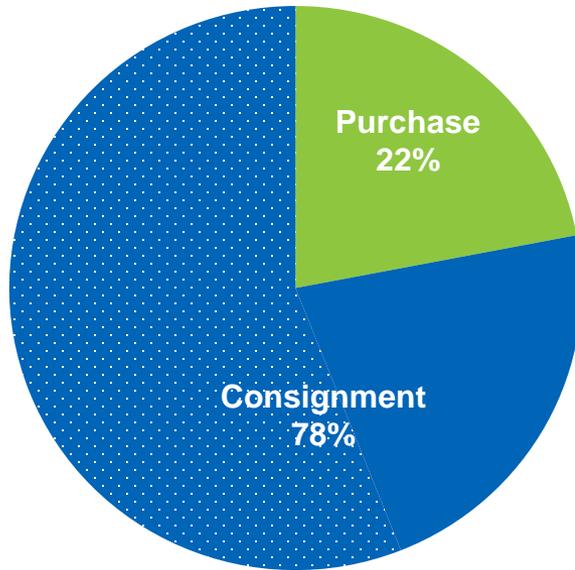
Adjusted EBITDA



- (1) For the twelve months ended September 30, 2018 and 2019 Net Loss was \$(11.6)M and \$(19.3)M respectively. For the nine months ended June 30, 2019 and 2020 Net Loss was \$(14.0)M and \$(9.2)M, respectively. For the three months ended June 30, 2019 and 2020, Net Income (Loss) was \$(4.6)M and \$.2M, respectively
- (2) Consolidated results include the DoD Surplus and Scrap contracts
- (3) See slide #25 for a reconciliation of Adjusted EBITDA

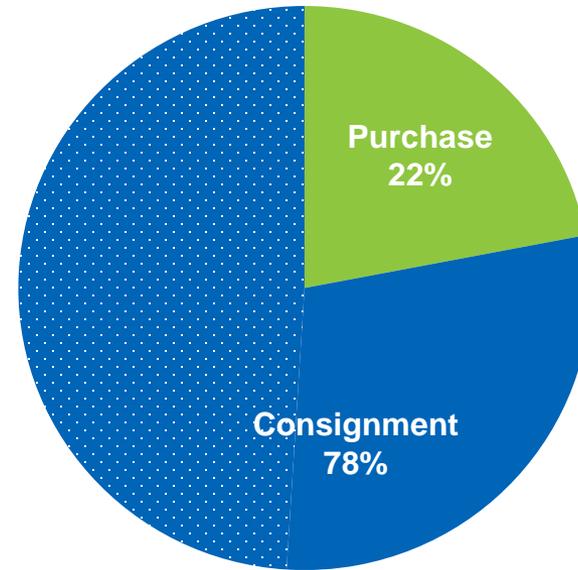
Diversification By Pricing Model

GMV Mix By Pricing Model



■ Purchase ■ Consignment ■ Self-Directed Consignment

Q3 FY19

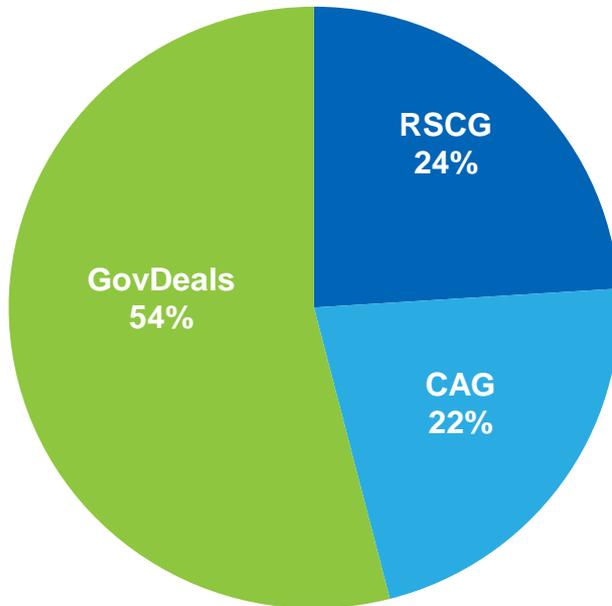


■ Purchase ■ Consignment ■ Self-Directed

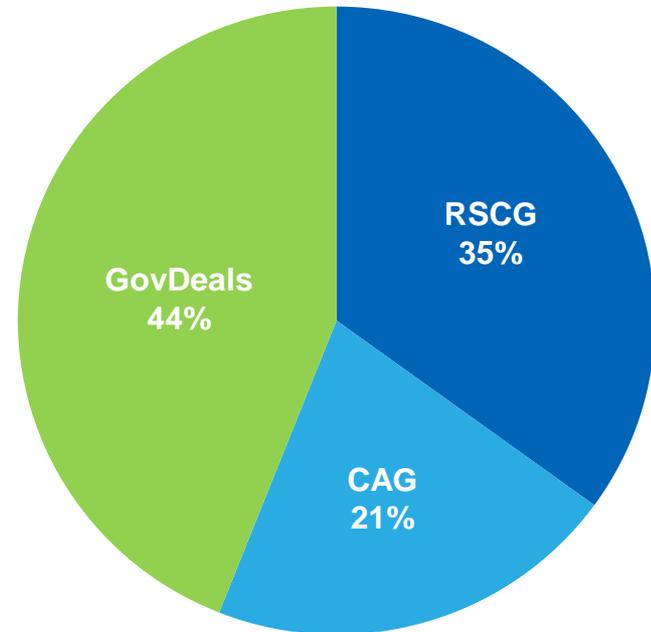
Q3 FY20

Diversification By Segment

GMV Mix by Segment



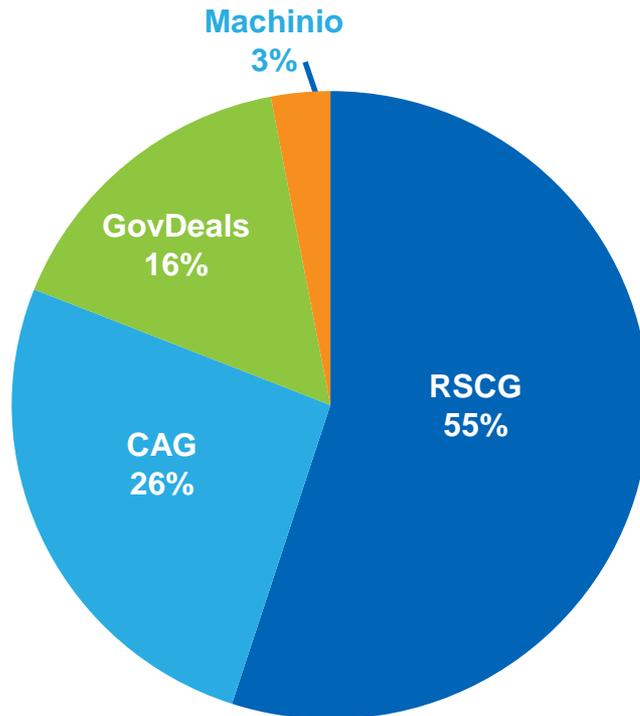
Q3 FY19



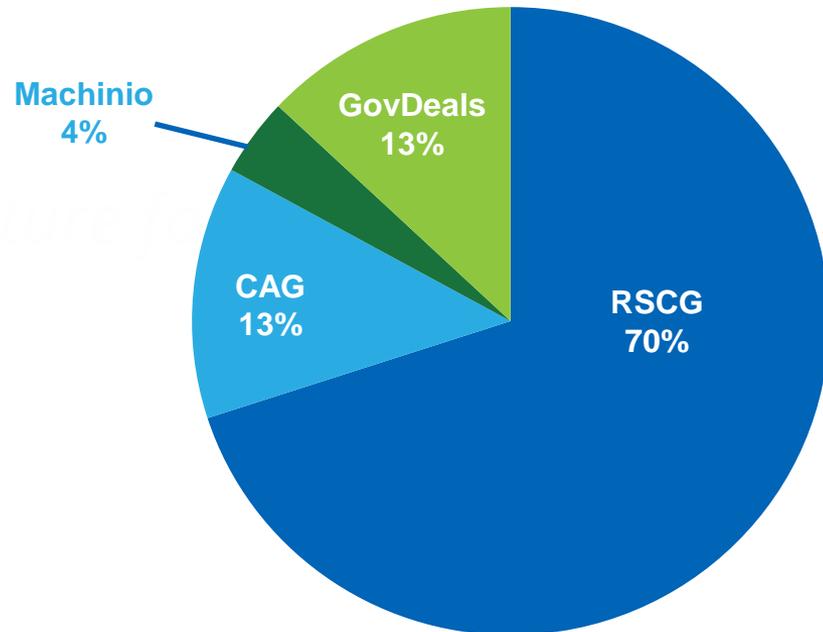
Q3 FY20

Diversification By Segment

Revenue Mix by Segment



Q3 FY19



Q3 FY20

Reconciliation of Financial Data



Adjusted EBITDA Reconciliation

In Thousands	Q3FY18	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20
Net Income (Loss)	(\$3,705)	(\$1,043)	(\$5,022)	(\$4,362)	(\$4,649)	(\$5,224)	(\$5,196)	(\$4,238)	\$213
Interest & other expense (income), net	(47)	326	(233)	(376)	(368)	(124)	(166)	(167)	(156)
(Benefit) Provision for income taxes	612	(5,504)	266	328	542	63	458	43	209
Depreciation and amortization	1,020	1,224	1,204	1,165	1,206	1,516	1,572	1,577	1,567
EBITDA	(\$2,120)	(\$4,997)	(\$3,785)	(\$3,245)	(\$3,269)	(\$3,769)	(\$3,332)	(\$2,785)	\$1,833
Stock compensation expense	1,436	2,463	1,513	2,581	1,362	1,367	1,039	1,231	1,516
Acquisition costs and related fair value adjustments and impairment of goodwill and long-lived assets	204	263	82	38	52	(69)	5	-	-
Business Realignment Expense (severance costs)	249	(131)	34	5	1,055	483	-	-	328
Fair value adjustments to acquisition earn-outs*	-	-	-	1,300	900	1200	200	-	-
Deferred revenue purchase accounting adjustment	-	454	432	258	110	18	3	-	-
Adjusted EBITDA	(\$231)	(\$1,948)	(\$1,724)	\$937	\$210	(\$770)	(\$2,085)	(\$1,554)	\$3,677



Investor Relations

Julie Davis, Senior Director

202.558.6234

julie.davis@liquidityservices.com