

Investor Presentation

Second Quarter Fiscal Year 2017
May 2017



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
9,000
clients worldwide

Experienced in over
500
asset categories and all
asset conditions

Nearly
\$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
transaction
completed annually


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

Your Global Partner

With locations all over the world, Liquidity Services provides you with global coverage for your reverse supply chain.

44 locations

19 countries

6 continents

United States

Anaheim, CA
Atlanta, GA (2)
East Brunswick, NJ
Fontana, CA
Fort Worth, TX
Frisco, TX
Garland, TX
Groveport, OH
Hayward, CA
Houston, TX
Lockbourne, OH
Montgomery, AL
Nashville, TN
New Castle, DE

North Las Vegas, NV
North Wilkesboro, NC
Oklahoma City, OK
Owings Mills, MD
Plainfield, IN
Scottsdale, AZ
Washington, DC

Argentina*

Buenos Aires

Australia

Victoria

Canada

Brampton, ON

China

Hong Kong
Shanghai

Colombia*

Bogota

Costa Rica*

Heredia

Ecuador*

Quito

France

Vanves

Germany

Munich

Ireland*

Dublin

Malaysia

Kuala Lumpur

Peru*

Surco

Philippines

Muntinlupa City

Singapore

Singapore

South Africa*

Cape Town
Johannesburg

South Korea*

Seoul

Spain

Barcelona

United Kingdom

Birmingham
Leeds
London

*Locations of committed strategic partners

North American Reach

With 11 warehouses and fulfillment centers totaling over two million square feet and five lots totaling over 110 acres, we can meet your storage and transportation needs across North America.

Warehouses

Groveport, OH
Lockbourne, OH
Oklahoma City, OK (2)
Hayward, CA
Brampton, ON

Fulfillment Centers

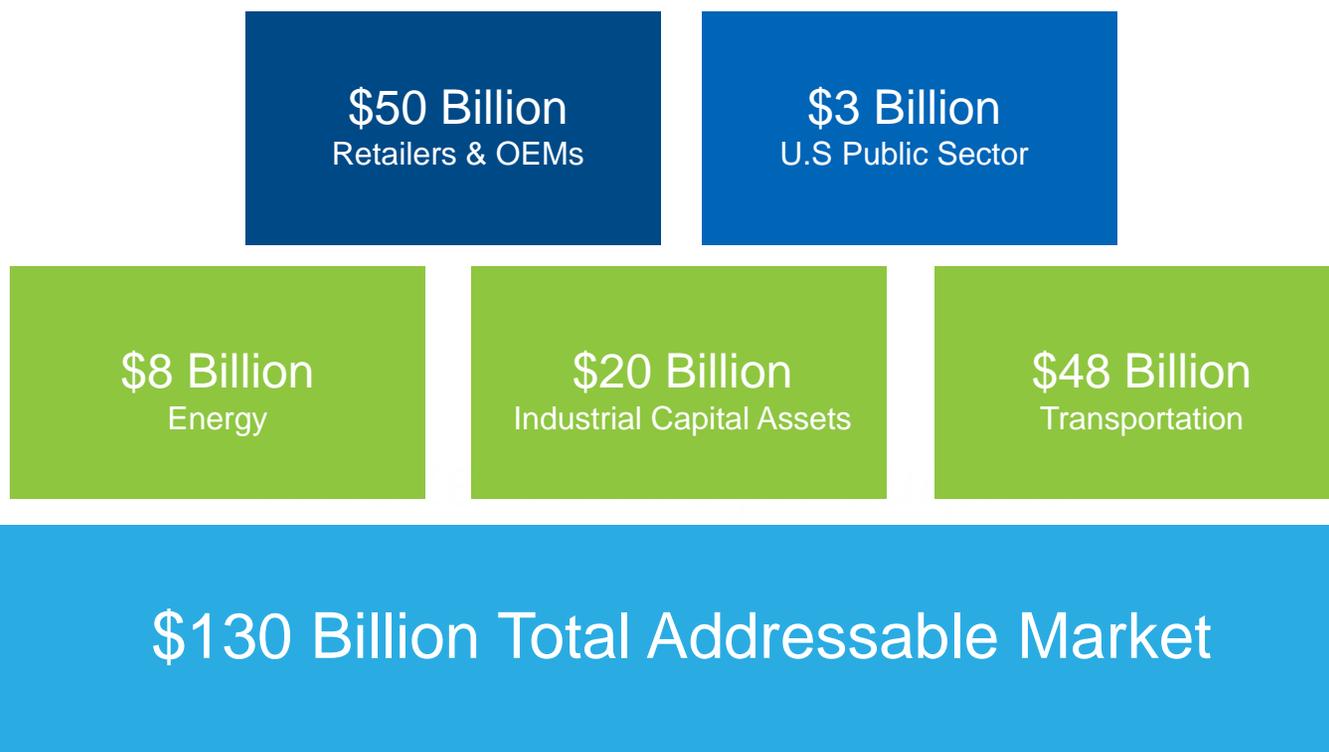
Plainfield, IN
Garland, TX
Las Vegas, NV
North Wilkesboro, NC

Lots

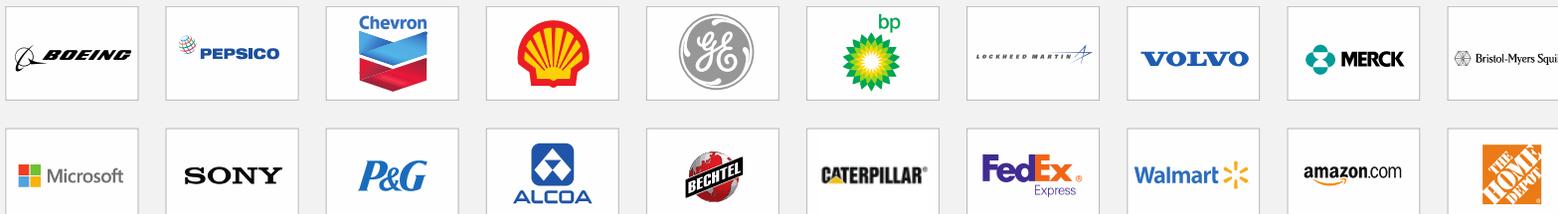
Atlanta
Dallas/Ft Worth
Delaware
Indianapolis
Los Angeles



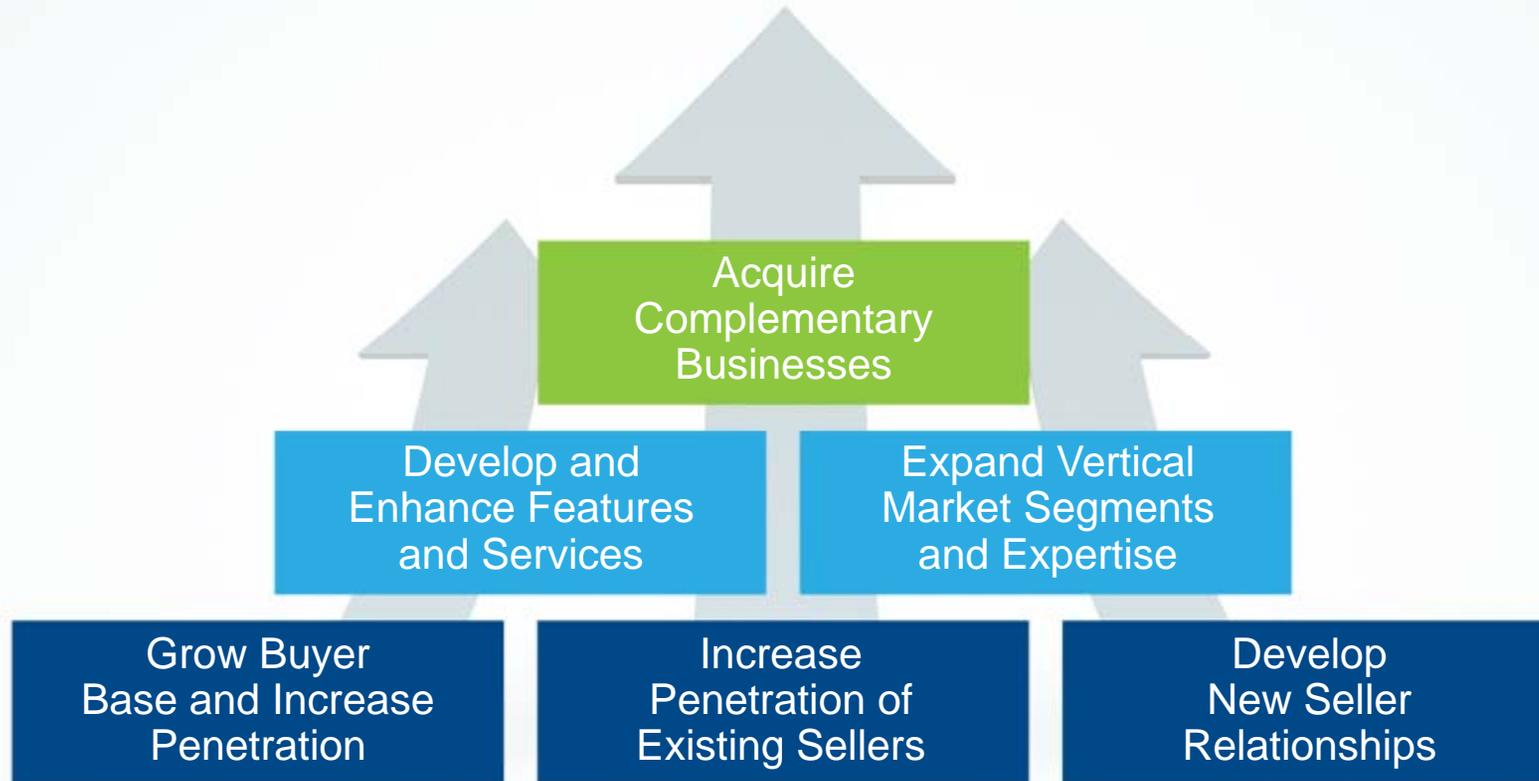
Market Opportunity



Our Clients
Across
Industries



Growth Strategy



Consistent execution of growth strategy
delivers long term shareholder value

Current Initiatives

A Better Future for Surplus

LiquidityOne Transformation Initiative



LiquidityOne Transformation (LOT) is a transformation program that involves defining best practices across the company and building a modern technology platform to drive scale and growth.

LOT will consolidate multiple IT platforms into a single, modular platform that will support the entire company.

The key modules are:

Customer Management Module (CMM):
management of buyer/client leads, contacts, and customer support

Property Management Module (PMM):
streamlined process to receive, manage, and ship assets

Finance ERP/HRIS:
management of finances/payroll/employee data

Transaction Management Module (TMM):
manages marketplace functionality – search, bid, pay, account management

Why LiquidityOne?



Enables singular, more powerful network effect, provides our buyer base with access to all the property available across all marketplaces, and provides a common account experience for sellers



Simplify and streamline operations by enabling common playbooks and global standard operating procedures

RATIONALE



Reduce risk by replacing the suite of legacy systems that are underpowered, fragile, and difficult to scale



Decrease the cost of our systems infrastructure and improve the functionality of our systems support

Increased Efficiency Enables Growth

Target opportunities for expansion include:



Organic growth by doing more with existing clients and adding new customers



Tuck-in acquisitions to deepen and broaden our industry presence



Expanded RTV and refurbishment programs



Enhanced AssetZone and data analytics capabilities and business model (CAG, RSCG)



Self-service model to capture new segments of the commercial market

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

Strong Financial Position

- \$116.1 million of Cash
- Debt Free

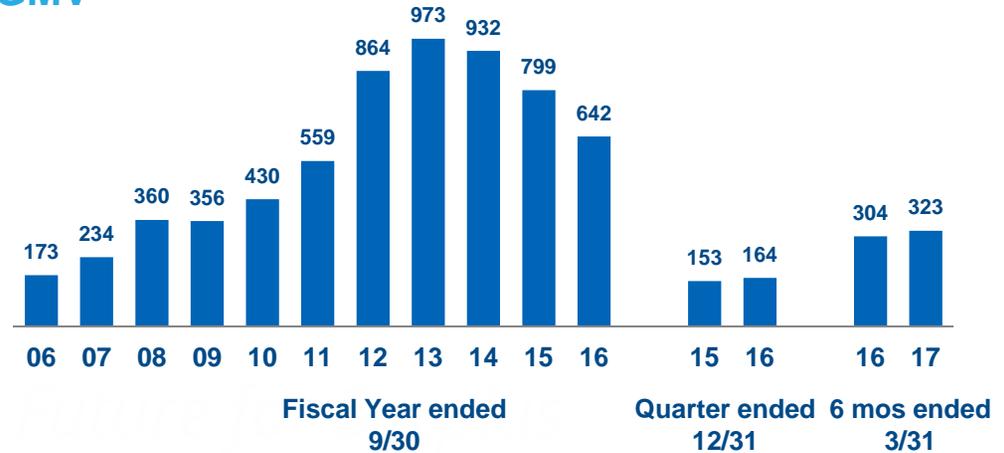
Strong Track Record of Growth*



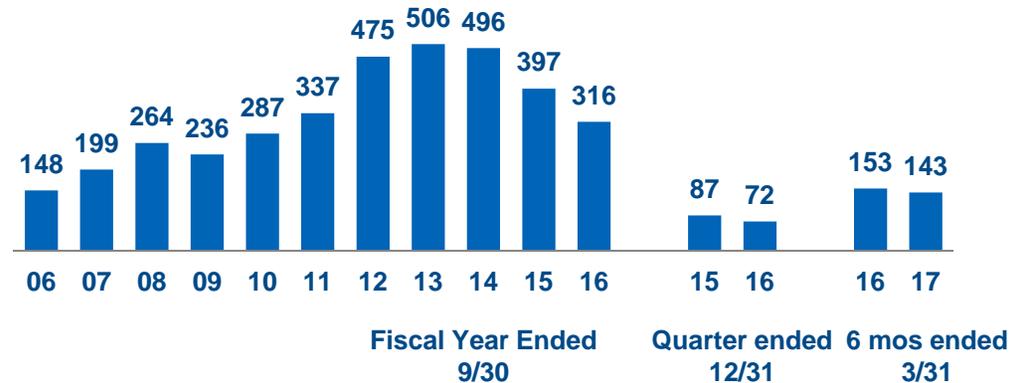
Multiple, Synergistic Revenue Streams

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

GMV



Revenue

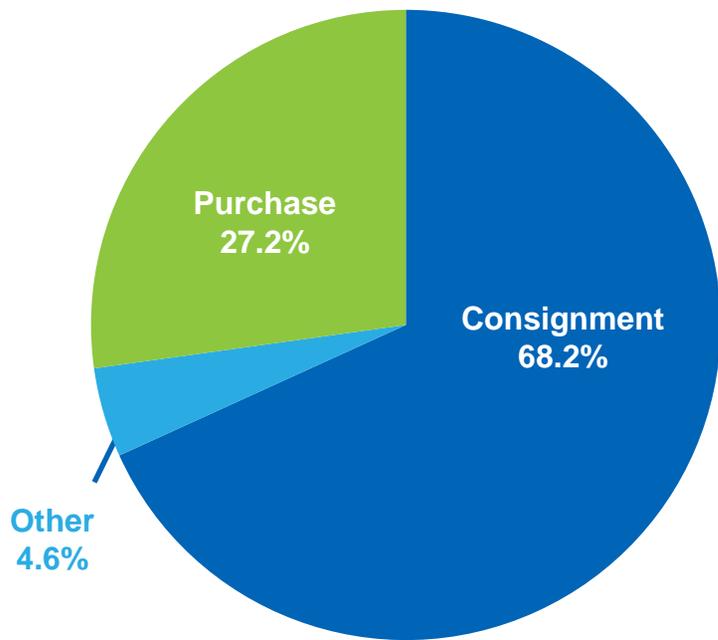


* All numbers are in millions

Diversification

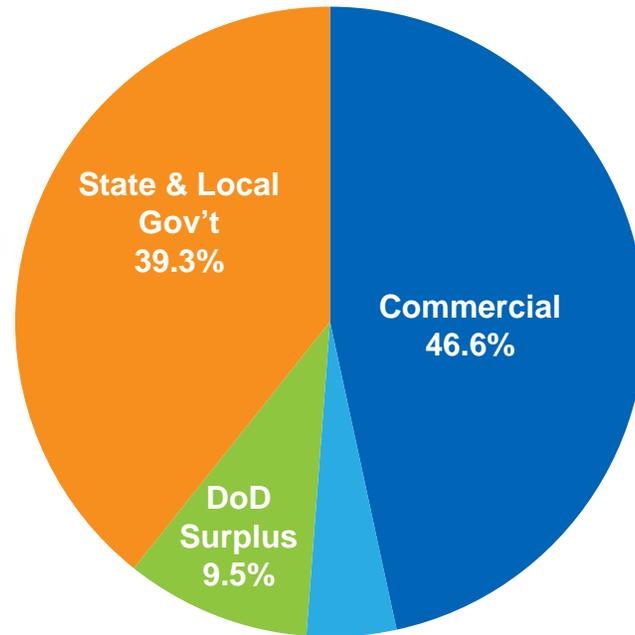
GMV Mix

Pricing Model



Q2 FY17

Seller Base

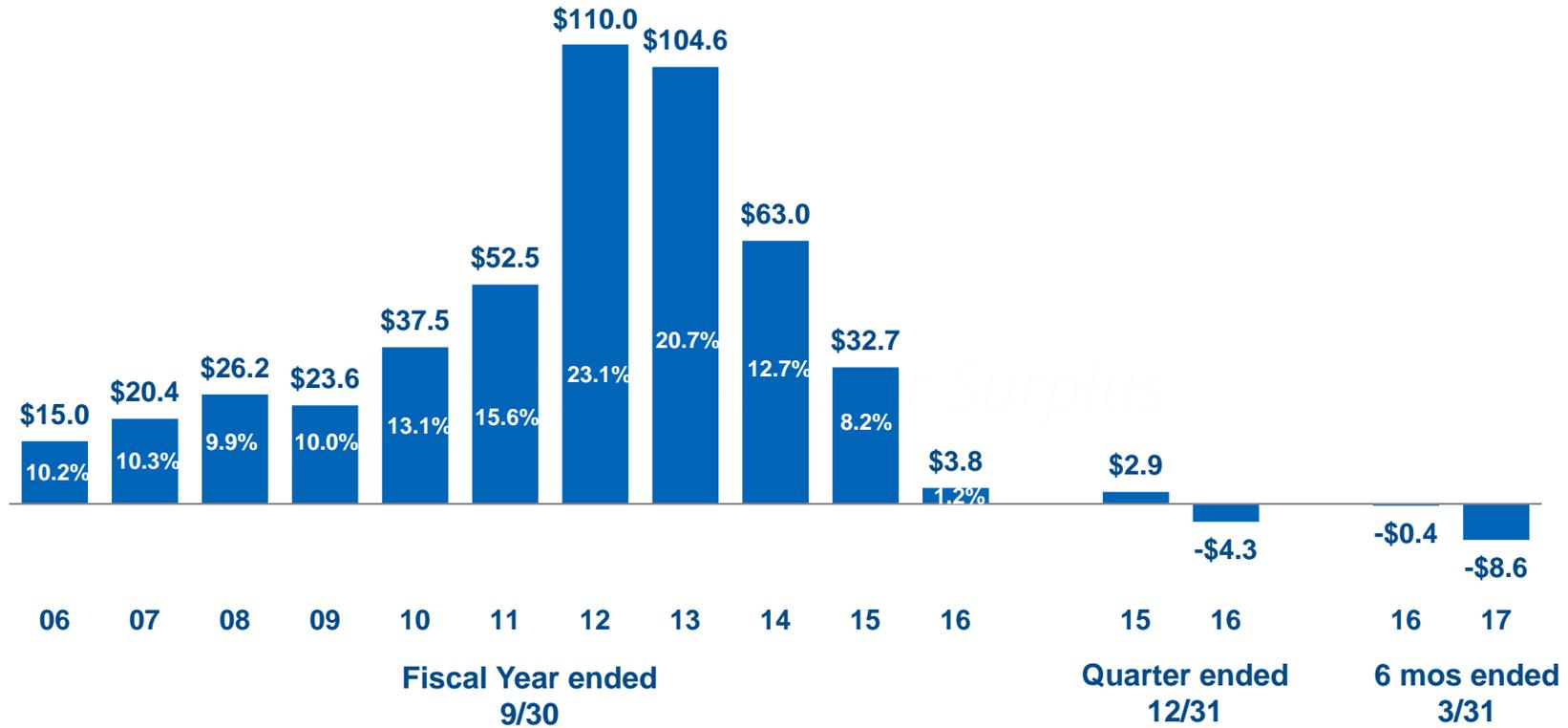


Other
4.6%

Q2 FY17

Profitability

Adjusted EBITDA⁽¹⁾



Note: Percentages indicate margin based on GAAP Revenue

(1) Adjusted EBITDA shown for fiscal years 2002 – 2016 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, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016, Net Income was \$1.3M, \$2.8M, \$5.3M, \$4.1M, \$8.0M, \$11.0M, \$11.6M, \$5.7M, \$12.0M, \$8.5M, \$48.3M, \$41.1M, \$30.4M, (\$104.8)M, and (\$59.8)M, respectively. For the three and six months ended March 31, 2016 and 2017 Net Income was \$(5.2)M and \$(6.0)M and \$(8.4) and \$(16.3), respectively.

Reconciliation of Financial Data



In Thousands	Year Ended September 30,											6 months Ended March 31,	
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	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)	(\$6,047)	(\$16,605)
Interest & other expense (income), net	(431)	(2,176)	(1,495)	(516)	(69)	111	2,218	(704)	370	171	(1,217)	(451)	(102)
(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	(2,421)	50
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	3,332	2,863
EBITDA	\$14,385	\$18,418	\$21,500	\$17,093	\$29,075	\$19,374	\$96,332	\$85,325	\$67,012	(\$134,980)	(\$27,616)	(\$5,587)	(\$13,794)
Stock compensation expense	623	1,943	4,674	6,465	7,891	9,136	12,117	13,379	12,605	12,405	12,247	5,144	3,899
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	39	-
Business Realignment Expense (severance cost)	-	-	-	-	-	-	-	-	1,780	273	-	-	1,140
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	(\$404)	(\$8,755)



Investor Relations

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