LIQUIDITY SERVICES

A Better Future for Surplus

Legacy Systems – It’s time to say goodbye to our pets



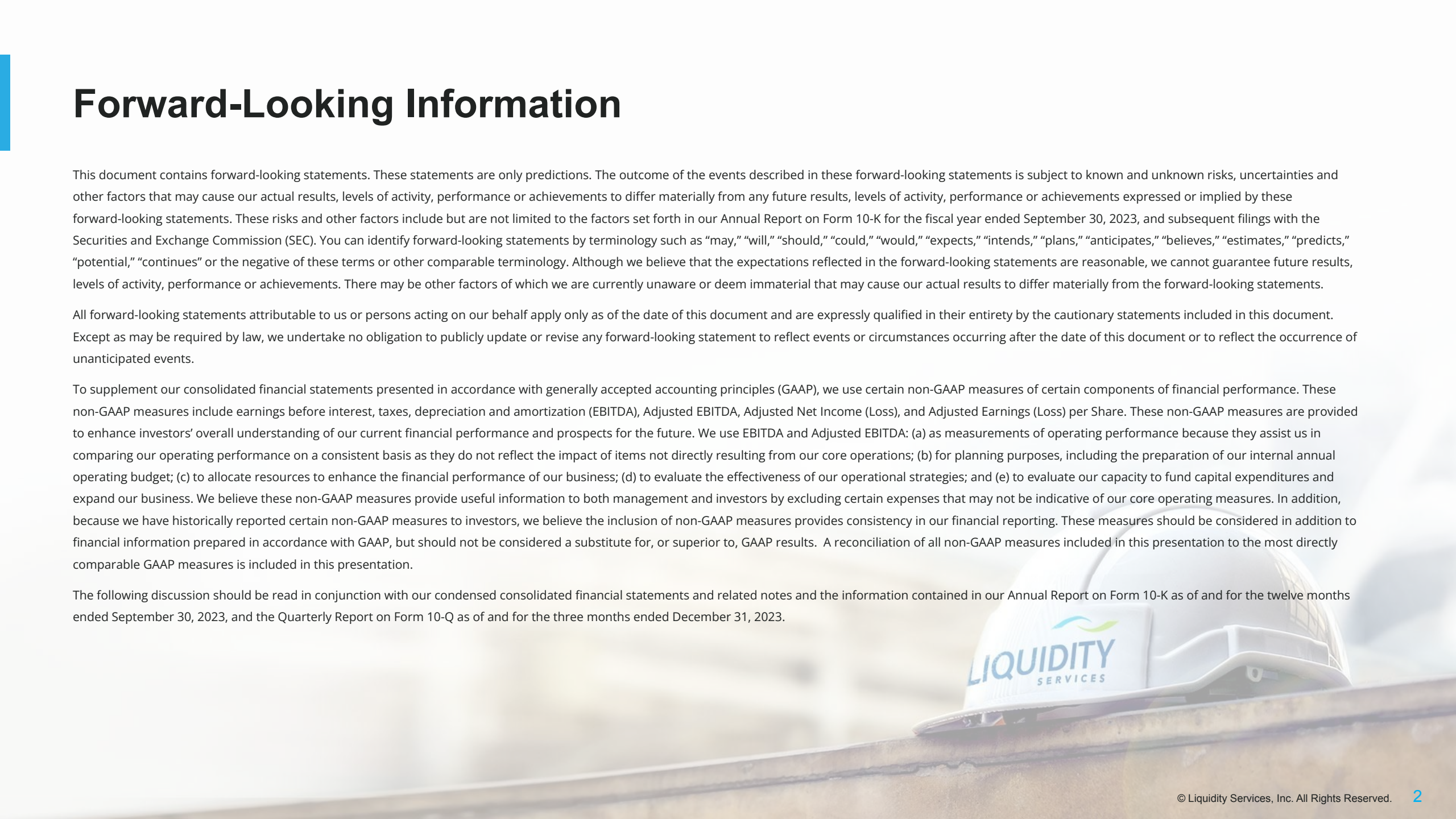
Forward-Looking Information

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 fiscal year ended September 30, 2023, and subsequent filings with the Securities and Exchange Commission (SEC). 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, 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 condensed consolidated financial statements and related notes and the information contained in our Annual Report on Form 10-K as of and for the twelve months ended September 30, 2023, and the Quarterly Report on Form 10-Q as of and for the three months ended December 31, 2023.



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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:

- **Sell**, manage, and value surplus assets across the globe in a broad range of categories and conditions
- **Maximize** value recovery with the broadest buyer base through our efficient global marketplace platform
- **Optimize** and execute surplus management strategies to achieve client business goals



ALLSURPLUS GovDeals Liquidation.com

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bid4assets® A Liquidity Services Marketplace

Industries We Serve



- **Aerospace & Defense**
- **Automotive Manufacturing**
- **Biopharmaceuticals**
- **Consumer Brands & OEMs**
- **Electronics Manufacturing**
- **Energy**
- **Fast-Moving Consumer Goods**
- **Government**
- **Industrial Manufacturing**

Tapping our industry-specific market and asset category expertise, we provide strategic reverse supply chain solutions that enable you to solve your greatest challenges.

Liquidity Services enables thousands of organizations in every major industry worldwide to intelligently capture the enduring value of surplus assets, benefiting their bottom lines.

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The Industry Leader in the Circular Economy

15,000+
Trusted Clients
Worldwide

130+
Fortune 1000
Global Clients

900,000+
Transactions
Completed Annually in
100+ Countries

600+
Asset Categories
Experience

B2B | B2C
Multichannel Marketing
& Sales Strategies

5 Million+
Registered
Buyers

LQDT▲
Publicly Traded
Since 2006 IPO

$10 Billion+
Completed
Transactions

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Cattle vs. Pets

- Originally appeared in 2011/2012
- Credited to Bill Baker - talking about SQL Server at MS and scale out architectures
- Popularized by Tim Bell at CERN

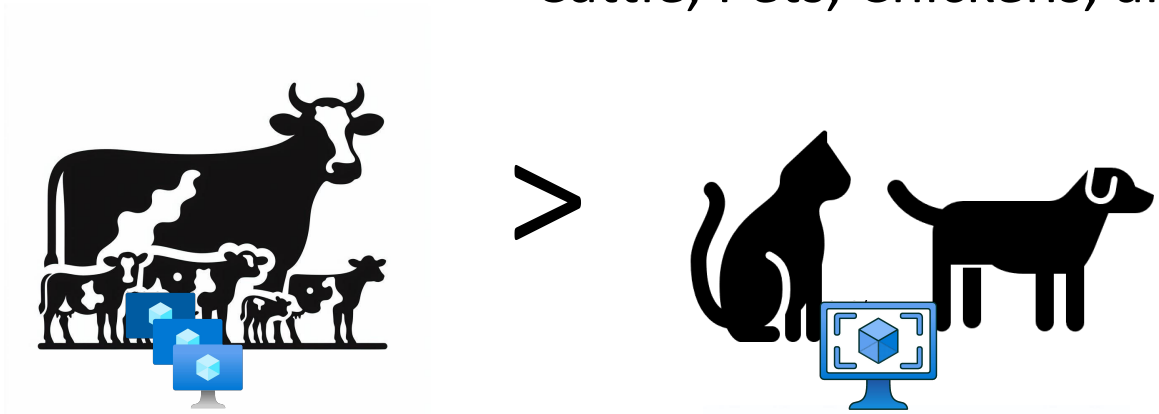


https://www.slideshare.net/gmccance/cern-data-centre-evolution

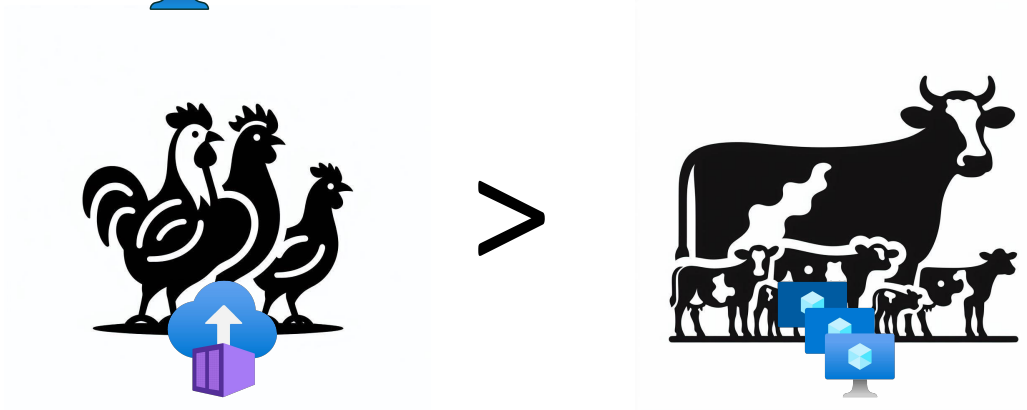
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Extending the metaphor

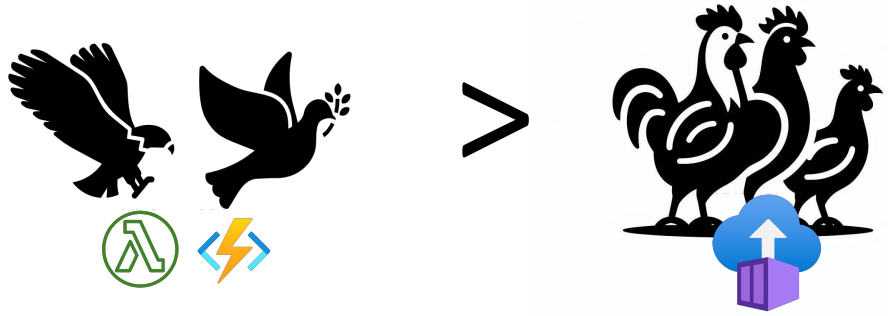
Cattle, Pets, Chickens, and a Flock of Birds



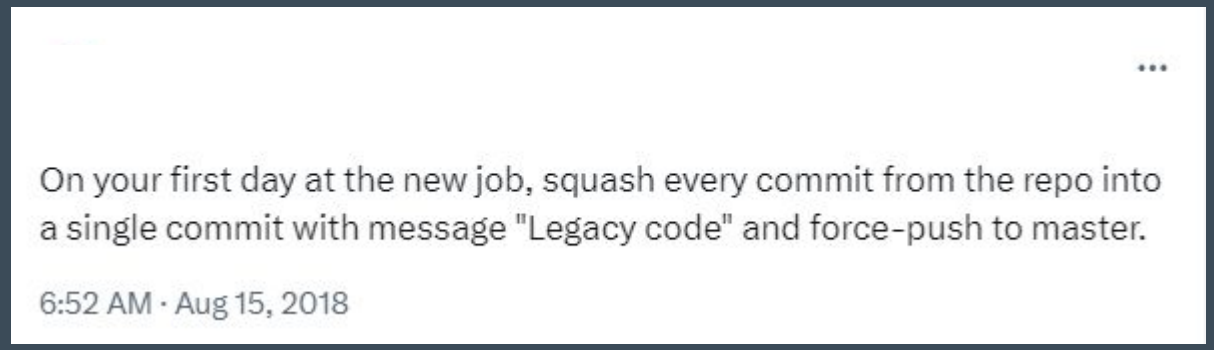
Then



Now



What is a Legacy System?



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Copilot

Absolutely, legacy systems do have positive attributes that can make them valuable to organizations. Here are the top five positive attributes of a legacy system:

1. **Proven Reliability**: Legacy systems have been in operation for a long time and have proven their reliability and stability over the years[1].
2. **Data Preservation**: They often contain a wealth of historical data that is crucial for the organization's operations[1].
3. **Familiarity**: Users and IT staff are often very familiar with these systems, which can make them easier to operate on a day-to-day basis[2].
4. **Cost-Effective**: In some cases, continuing to use a legacy system can be more cost-effective than investing in new technology[2].
5. **Operational Continuity**: Legacy systems can provide a stable operational platform that supports core business functions without the risks associated with changing technologies[3].

These attributes highlight why some organizations may choose to keep legacy systems in place, despite the potential drawbacks.

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You

Give me the top five attributes that define a legacy system

Copilot

Certainly! Legacy systems are typically characterized by the following top five attributes:

1. **Outdated Technology**: Legacy systems are often built on old technologies and platforms that may no longer be supported or maintained [1].
2. **Difficult to Modify**: These systems usually have outdated development, design, and architecture approaches, making them difficult to update or change [1].
3. **Lack of Tests**: Legacy systems often lack comprehensive unit and integration tests, which can lead to stability issues [1].
4. **Incompatibility**: They may not be compatible with more modern technical solutions, leading to integration challenges [2].
5. **Maintenance Challenges**: Legacy systems can be inefficient to support or maintain due to their age and the obsolescence of their components [2].

These attributes can make legacy systems a challenge to work with, especially when trying to integrate them with newer technologies or scale them to meet current business needs.

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Weighing the Merits of Legacy Systems

- Outdated Technology (pets)
- Difficult to Update or Extend
- Integration can be Challenging
- Limited Functionality
- Poor Documentation
- Our customers hate it



Image generated by DALL·E 3

- Purpose Built
- Beautifully Architected
- It has all our Data
- Our Customers Love it
- It was designed to last forever

One of our pets

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GovDeals
A LIQUIDITY SERVICES MARKETPLACE

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June 27, 2013, 10:14 AM ET P22

GovDeals provides servic
Internet. Each partic

CATEGORIES

A Audio/Visual Equipment - 1
Automobiles - 1 items

C Communication/Electronic E
Computers, Parts and Supp

E Equipment, Heavy - 5 items

H Highway Equipment - 1 item

GovDeals
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GovDeals provides services to various government agencies that allow them to sell surpl
rules and regulations and may be s

1990 Ford Econoline E350 | Tennant Sweeper | 2007 Chevrolet Suburban LS 2500 4WD | LE
2012 Ford F250 Extended Cab with High Rail equipm

CATEGORIES

A
Agriculture Equip/Commodities - 114 items
Aircraft and Aviation Parts, Equipment - 25 items
All Terrain Vehicles - 37 items
All Vehicles (Restricted Vehicles) - 4 items
Ambulance/Rescue - 20 items
Animal Equipment, Cages and Feed - 3 items
Arts and Crafts - 31 items
Asphalt Equipment - 18 items
Audio/Visual Equipment - 362 items
Automobiles - 456 items
Automobiles (Classic/Custom) - 1 items

B
Bags, All Types - 10 items
Barber and Beauty Shop Equipment - 3 items
Barrels and Drums - 4 items
Batteries, All Types - 8 items
Bicycles - 59 items
Boats and Marine Supplies - 60 items
Books/Manuals - 19 items
Builders Supplies - 44 items
Buildings - 36 items
Buses, Transit and School - 170 items

C
Cafeteria and Kitchen Equipment - 369 items
Chemicals, All Types - 13 items
Clocks and Watches - 9 items
Clothing/Linens - 80 items
Collectibles - 20 items
Commodities / General Merchandise - 57 items
Communication/Electronic Equipment - 199 items
Compressors - 34 items
Computers, Parts and Supplies - 1018 items
Confiscated/Forfeited/Personal Property - 254 items
Containers - Storage/Shipping - 31 items
Cranes - 3 items

F
Fine Art - 2 items
Fire and Police Equipment - 221
Fire Trucks - 34 items
Firearm Accessories - 14 items
Firearms and Live Ammunition -
Forklifts - 23 items
Fueling Equipment - 11 items
Furniture/Furnishings - 819 items

G
Gambling Machines and Equipm
Garbage - 1 items
Garbage and Refuse Containers
Garbage Trucks - 20 items
Generators - 42 items
Glass - 1 items
Golf Course Equipment - 38 item

H
Hardware - 14 items
Health and Beauty - 8 items
Highway Equipment - 19 items
Holiday/Seasonal Items - 8 items
HVAC Equipment - 58 items

I
Industrial Equipment - 219 items

J
Janitorial Equipment - 90 items
Jewelry - 39 items

L
Laboratory Equipment - 185 item
Laundry Equipment - 30 items
Library Equipment - 29 items
Lighting/Fixtures - 81 items
Lost/Abandoned Property - 79 ite
Lumber - 5 items

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GovDeals provides services to government agencies allowing them to sell surplus assets via the Internet. Each agency has its own auction rules and may be subject to government ordinances.

GovDeals
A LIQUIDITY SERVICES MARKETPLACE

Search Auctions
Advanced Search





1993 Ford F-250 XL HD Reg. Cab 4WD alt
Trailer, Support, Shelter, 35KW Load Share, 8-ton ECU, w/Accessori alt
2001 Ford F-150 XL SuperCab Short Bed 2WD alt
2012 Internationa 7400 alt

Categories

A
Agriculture Equip/Commodities 36
All Terrain Vehicles 44
All Vehicles (Restricted Vehicles) 12
Ambulance/Rescue 31
Animal Equipment, Cages and Feed 5
Arts and Crafts 28
Asphalt Equipment 17
Audio/Visual Equipment 218
Automobiles 558
Automobiles (Classic/Custom) 7
Aviation 14

B
Bags, All Types 9
Barber and Beauty Shop Equipment 18
Barrels and Drums 2
Batteries, All Types 9
Bicycles 14
Boats, Marine Vessels and Supplies 54
Books/Manuals 60
Builders Supplies 56
Buildings 14
Buses, Transit and School 133

C
Cafeteria and Kitchen Equipment 307
Chemicals, All Types 2
Clocks 2

F
Fine Art 3
Fire and Police Equipment 417
Fire Trucks 49
Firearm Accessories 2
Firearms and Live Ammunition 5
First Aid 2
Food 1
Forklifts 12
Fueling Equipment 12
Furniture/Furnishings 846

G
Gambling Machines and Equipment 1
Garbage 1
Garbage and Refuse Containers 15
Garbage Trucks 25
Generators 43
Glass 2
Golf Course Equipment 27

H
Hardware 10
Health and Beauty 2
Highway Equipment 10
Holiday/Seasonal Items 5
HVAC Equipment 80

I
Industrial Equipment 133

N
Nursery/Horticulture/Landscaping 31

O
Office Equipment/Supplies 605
Oils, Waste 1
Outdoor Living 25

P
Paper and Paper Products 3
Photographic Equipment 64
Pipe, Valves, and Fittings, Industrial 13
Playground / Amusement Park Equipment 11
Plumbing Equipment and Supplies 28
Pool Supplies and Equipment 2
Printing and Binding Equipment 99
Public Utility Equipment 35
Pump 38

R
Real Estate 18
Recovered Items 17
Recyclable Materials 8
Road/Highway/Bridge Supplies 32

S
Scales and Weighing Apparatus 7
School Equipment 142
Security Equipment 31
Snow Removal Equipment 40

GovDeals Modernization – Buye Experience

Primary Goals:

- Modernize the technology
- Increase GMV via enhanced buyer experience
  - Fully functional mobile site
  - Introduce global navigation with cleaner page templates
  - Improve Site Search & introduce Recommendati via 3rd party engine
  - Multi-language capability – International Expansi
- Utilize testing and new roll out strategies to reduce chu and improve overall product acceptance

Timeline:

- UX Design – in process
- Development – in process
- Beta Site (public preview) – Q2FY22
- MVP1 (DNS conversion) – Q3-4FY22

Note: This project is focused on the buyer side experience that is GovDeals and does not include the back-end seller tools.

- Rebuild as a single page application backed by fully orchestrated containerized services and microservices/functions
- Replace onsite search engine with AI/ML powered search service
- Introduce product recommendation engine
- Implement CI/CD pipeline for code deployment
- Leverage cloud automation for dynamic monitoring and scale-out of web apps & functions
- Migrate hosting regions
- Remove Cold Fusion from the environment
- Retire the ‘pet’ servers hosting the site

stain

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Our Approach

Evolutionary not Revolutionary

Emphasized incremental delivery – introducing new capabilities and user experience elements over time

Used A/B testing tools to control traffic ramp

Each increment would only occur after reviewing the site’s KPIs



The results

- Increased GMV (Gross Merchandise Value)
- Improved Bid Rate
- YoY Organic traffic growth
- Achieved bulk of technical goals

Also….

- Received some negative customer feedback (initially)
- Took longer than we originally anticipated
- Uncovered features that we missed
- Identified more opportunities to improve both the application, services architecture, and IaC

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Lessons Learned:
Stakeholder Alignment

- What is the intended business outcome?
  - How are you going to measure it?
- Who are the different stakeholders you need to satisfy?
  - How do they each view the current system?
  - Do you have a shared view of what ‘success’ looks like?
  - Are you using a common language?
- Are the expectations reasonable? time, scope, budget
- What is your team’s track record with respect to large projects?
- What is the company culture? Revolutionary vs. Evolutionary

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Lessons Learned:
Technical Architecture Selection

- What is critical to your organization? What is your special sauce?
- Are you solving a solved problem?
- Do you have a solid understanding of the cost implications of feeding your pets, cattle, chickens, or flock of birds?
  - How will this project change that?
  - Is your finance team on board with the change?
- What are your performance requirements and how are you going to test them?
- How are your security boundaries changing as you move across the continuum?
- Are you prepared to support what comes out the other side?

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Where are we going next?

Continue to enhance the user experience of our marketplaces

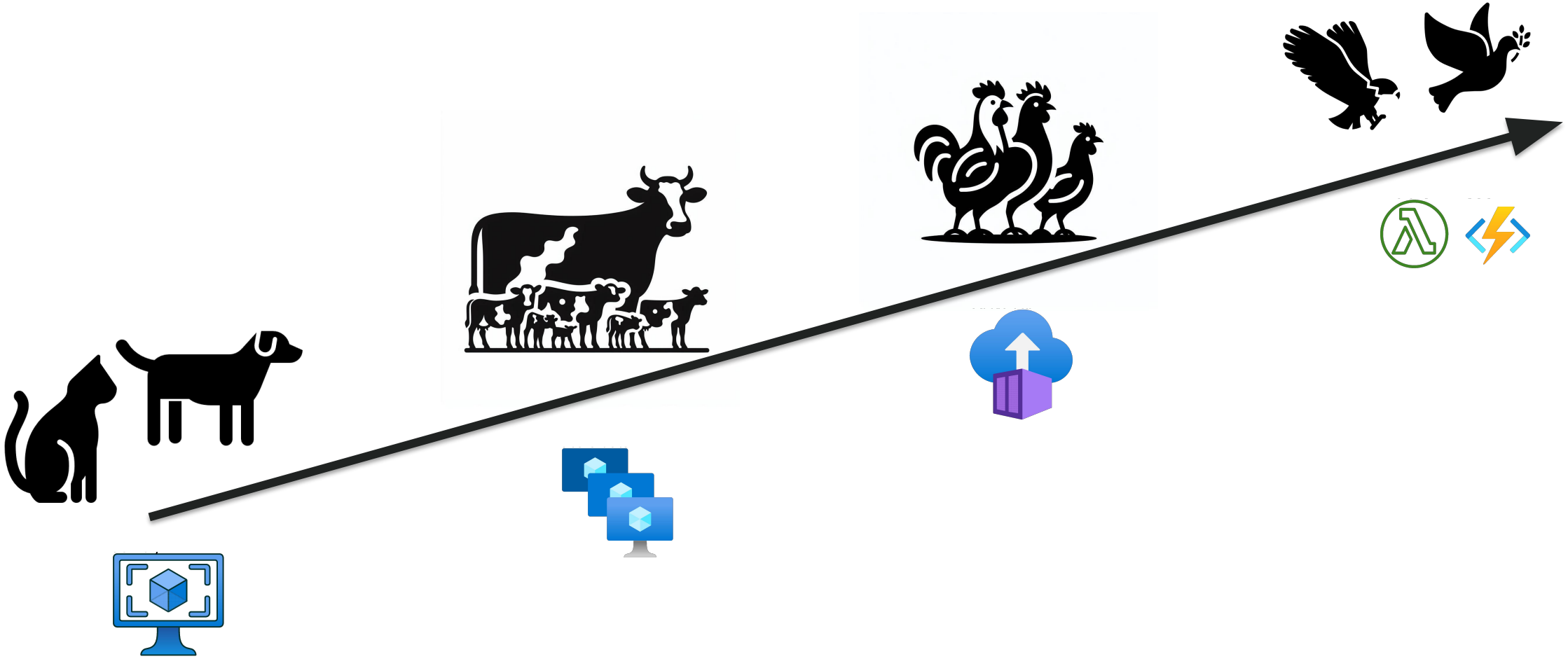
Complete the modernization of our seller tools

Say goodbye to a few more pets



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Where are you in your journey to Platformless?



- Be Pragmatic and Realistic
- Every organization is on its own journey.
- Leverage the tools and technology that make sense for yours

Remember technology is a tool we employ to help achieve a business goal; it is not the end goal itself

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