

LIQUIDITY SERVICES INC
Form 10-Q
February 05, 2016
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from to

Commission file number 0-51813

LIQUIDITY SERVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

52-2209244

(I.R.S. Employer
Identification No.)

1920 L Street, N.W., 6th Floor, Washington, D.C.

(Address of Principal Executive Offices)

20036

(Zip Code)

(202) 467-6868

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock, par value \$.001 per share, as of February 2, 2016 was 30,606,566.

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Liquidity Services, Inc. and Subsidiaries
Consolidated Balance Sheets
(Dollars in Thousands)

	December 31, 2015 (Unaudited)	September 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 85,452	\$ 95,465
Accounts receivable, net of allowance for doubtful accounts of \$549 and \$471 at December 31, 2015 and September 30, 2015, respectively	6,039	6,194
Inventory	27,454	25,510
Tax refund receivable	33,491	33,491
Prepaid and deferred taxes	20,124	19,903
Prepaid expenses and other current assets	7,044	7,826
Total current assets	179,604	188,389
Property and equipment, net	13,485	13,356
Intangible assets, net	3,704	4,051
Goodwill	63,529	64,073
Deferred long-term tax assets	8,025	5,871
Other assets	14,499	12,748
Total assets	\$ 282,846	\$ 288,488
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 10,094	\$ 9,500
Accrued expenses and other current liabilities	25,267	27,350
Profit-sharing distributions payable	1,343	2,512
Customer payables	30,385	29,802
Total current liabilities	67,089	69,164
Other long-term liabilities	3,334	3,322
Total liabilities	70,423	72,486
Stockholders' equity:		
Common stock, \$0.001 par value; 120,000,000 shares authorized; 30,552,286 shares issued and outstanding at December 31, 2015; 30,026,223 shares issued and outstanding at September 30, 2015	29	29
Additional paid-in capital	213,087	210,712
Accumulated other comprehensive loss	(6,383)	(5,626)
Retained earnings	5,690	10,887
Total stockholders' equity	212,423	216,002
Total liabilities and stockholders' equity	\$ 282,846	\$ 288,488

See accompanying notes to the unaudited consolidated financial statements.

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Liquidity Services, Inc. and Subsidiaries
Unaudited Consolidated Statements of Operations
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended December 31,	
	2015	2014
Revenue	\$ 50,138	\$ 98,163
Fee revenue	15,737	26,980
Total revenue	65,875	125,143
Costs and expenses:		
Cost of goods sold (excluding amortization)	26,883	54,315
Profit-sharing distributions	2,357	9,592
Technology and operations	22,807	26,878
Sales and marketing	9,460	10,385
General and administrative	10,068	9,528
Amortization of contract intangibles		1,211
Depreciation and amortization	1,672	1,992
Acquisition costs and related fair value adjustments and impairment of goodwill and long-lived assets	39	96,238
Total costs and expenses	73,286	210,139
Loss from operations	(7,411)	(84,996)
Interest (income) expense and other expense, net	(60)	38