



Distribution Solutions Group Announces Plan to Undertake Rights Offering

March 31, 2023

CHICAGO--(BUSINESS WIRE)--Mar. 31, 2023-- **Distribution Solutions Group, Inc. (Nasdaq: DSGR)** ("DSG"), a premier, multi-platform specialty distribution company, announced today that it plans to distribute at no charge to stockholders of record of its common stock, par value \$1.00 per share ("common stock"), subscription rights for shares of its common stock (the "rights offering"). The rights offering is expected to raise an aggregate amount of approximately \$100 million and will be conducted pursuant to DSG's registration statement on Form S-3 filed on March 17, 2023 with the U.S. Securities and Exchange Commission ("SEC"). The subscription rights will be transferable but will not be listed for trading on any stock exchange or market. The record date, subscription price, expiration date and other details of the rights offering will be specified in a prospectus supplement that DSG intends to file with the SEC once additional details are available.

Luther King Capital Management and its affiliates ("LKCM") currently own approximately 77% of the outstanding common stock, and have indicated an intention to fully subscribe for their pro rata portion in the rights offering, as well as for their pro rata portion of any rights remaining unsubscribed at the completion of the subscription period.

DSG expects to use the net proceeds of the rights offering for general corporate purposes and to fund, in combination with its expanded committed credit facility, the acquisition of all of the issued and outstanding capital stock of HIS Company, Inc. ("Hisco"), pursuant to that certain Stock Purchase Agreement dated as of March 30, 2023 by and among DSG, Hisco, HIS Company, Inc. Employee Stock Ownership Trust ("Seller") and Ellis Moseley, solely in his capacity as the representative of Seller.

This announcement is being issued pursuant to Rule 135 under the Securities Act of 1933, as amended (the "Securities Act") and does not constitute an offer to sell, or a solicitation of offers to purchase or subscribe for, securities in the United States.

This announcement does not constitute, or form part of, a prospectus relating to DSG, nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in DSG or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with DSG.

About Distribution Solutions Group, Inc.

DSG is a premier, multi-platform specialty distribution company providing high touch, value-added distribution solutions to the maintenance, repair & operations ("MRO"), original equipment manufacturer and the industrial technologies markets. DSG was formed through the strategic combination of Lawson Products, Inc., a leader in MRO distribution of C-parts; 301 HW Opus Holdings, Inc., conducting business as Gexpro Services, a leading global supply chain services provider to manufacturing customers; and TestEquity Acquisition, LLC, a leader in electronic test & measurement solutions.

Through its collective businesses, DSG is dedicated to helping customers lower their total cost of operation by increasing productivity and efficiency with the right products, expert technical support, and fast, reliable delivery to be a one-stop solution provider. DSG serves 110,000 customers in several diverse end markets supported by more than 3,100 dedicated employees and strong vendor partnerships. DSG ships from strategically located distribution and service centers to customers in North America, Europe, Asia, South America and the Middle East.

For more information on Distribution Solutions Group please visit www.distributionsolutionsgroup.com.

Forward-Looking Statements

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, and the "safe harbor" provisions under the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. The terms "aim," "anticipate," "believe," "contemplates," "continues," "could," "ensure," "estimate," "expect," "forecasts," "if," "intend," "likely," "may," "might," "objective," "outlook," "plan," "positioned," "potential," "predict," "probable," "project," "shall," "should," "strategy," "will," "would," and other words and terms of similar meaning and expression are intended to identify forward-looking statements.

Forward-looking statements do not relate to historical or current facts and are only predictions and reflect DSG's views as of the date they are made with respect to future events and financial performance. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. DSG gives no assurance that any goal set forth in forward-looking statements can be achieved and cautions readers not to place undue reliance on such statements, which speak only as of the date made. These statements are based on DSG management's current expectations, intentions or beliefs and are subject to assumptions and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences or that might otherwise impact if and to what extent the stockholders of record will exercise their subscription rights to purchase common stock include, but are not limited to, (i) DSG's expected use of proceeds from the rights offering, (ii) the terms and conditions of the rights offering, including the subscription price and (iii) other risks and uncertainties indicated in DSG's annual report on Form 10-K, particularly those under its "Risk Factors" section, and from time to time in DSG's other filings with the SEC.

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