



Distribution Solutions Group Enters into Agreement to Acquire Source Atlantic

July 10, 2024

Strategically Expanding Products and Services in the Canadian Market

FORT WORTH, Texas--(BUSINESS WIRE)--Jul. 10, 2024-- **Distribution Solutions Group, Inc. (NASDAQ: DSGR) ("DSG" or the "Company")**, a premier specialty distribution company, today announced that its operating company, Lawson Products, under its affiliate Lawson Products Canada, Inc. ("Lawson Canada"), signed an agreement to acquire Source Atlantic Limited ("Source Atlantic"). The transaction is expected to close in the third quarter of 2024, subject to regulatory approval and customary closing conditions.

Source Atlantic, headquartered in Saint John, New Brunswick, Canada, is an industry-leading wholesale distributor of industrial MRO supplies, safety products, fasteners, and related value-add services for the Canadian MRO market. For the most recent fiscal year, Source Atlantic generated sales of approximately CAD\$250 million.

Bryan King, Chairman and CEO of DSG, commented, "We're thrilled to partner with Source Atlantic to expand DSG's operating footprint in the Canadian market. We are honored to carry on the company's successful legacy of over 157 years, dating back to 1867, and to continue its steady stewardship by the Irving family spanning 80 years. Combining Source Atlantic's Eastern Canadian operation with Bolt Supply's Western presence positions us as a leading MRO player in the Canadian market, further strengthening DSG's North American presence for our expanded value-added capabilities. We look forward to leveraging the combined operations with the Source Atlantic team and expanding our offerings to their well-established customer base and leveraging their specialty services capabilities which represents approximately one-fourth of their revenues."

Cesar Lanuza, President & Chief Executive Officer of Lawson Products, added, "We are excited by the product extensions and geographic locations that Source Atlantic offers in Canadian markets where we do not have much presence today. Similar to Bolt Supply, a wholly-owned subsidiary of Lawson Canada specializing in MRO solutions via branch locations, Source Atlantic offers products and services that deliver world-class business solutions designed to drive customer efficiency. This acquisition leverages the best of both companies with significantly more scale, products, and services. Along with our existing Lawson sales representatives in Canada, we will offer a high-touch, specialty distribution platform with the convenience of branch locations now spanning the breadth of the Canadian market, providing a comprehensive, seamless customer experience."

Steve Drummond, President of Source Atlantic, commented, "We are excited to join Distribution Solutions Group to provide best-in-class service and offerings in the Canadian MRO market. We are pleased DSG recognized the value of the platform we have built with Source Atlantic and look forward to growing as a combined company across Canada. Our employees, customers, and vendor partners will all benefit from combining Source Atlantic with DSG."

The transaction will be funded through a combination of DSG's existing cash and availability under its credit facility and is expected to be immediately accretive to DSG's adjusted earnings per share. The acquisition is not expected to be material for financial reporting purposes to DSG's results.

About Distribution Solutions Group, Inc.

Distribution Solutions Group ("DSG") is a premier multi-platform specialty distribution company providing high touch, value-added distribution solutions to the maintenance, repair & operations (MRO), the original equipment manufacturer (OEM) and the industrial technologies markets. DSG was formed through the strategic combination of Lawson Products, a leader in MRO distribution of C-parts, Gexpro Services, a leading global supply chain services provider to manufacturing customers, and TestEquity, 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 approximately 180,000 customers in several diverse end markets supported by approximately 3,700 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.

About Lawson Products Canada, Inc.

Lawson Products Canada (Lawson Canada) working with the support of Lawson Products, Inc. (Lawson) in the United States, is the solution to all MRO needs in Western Canada. Since 1952, Lawson has been helping make customers' jobs easier by improving efficiency, productivity, and overall performance. Lawson is dedicated to helping customers in the U.S. and Canada lower their total cost of operation by increasing productivity and efficiency. Lawson provides customers with a seamless and personalized experience and understands that different businesses have unique requirements and offers a range of services tailored to meet the customer's needs. Lawson offers vendor-managed inventory services, online purchasing and supports customers through a dedicated inside and outside sales team shipping from several strategically located distribution centers to customers in all 50 states, Puerto Rico, Canada, Mexico, and the Caribbean.

About Source Atlantic Limited

Source Atlantic Limited is an innovative and industry-leading wholesale distributor driven by delivering value and exceptional service to customers in Canada. Source Atlantic partners with hundreds of world-class suppliers, offers a multitude of specialized and technical services and has many value-added business solutions designed to improve customers' efficiency and productivity. With over 500 employees, Source Atlantic has 24 locations across Canada with a heavy focus in Eastern Canada.

Forward-Looking Statements

This release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. Terms such as "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 variations of them and other words and terms of similar meaning and expression (and the negatives of such words and terms) are intended to identify forward-looking statements. Forward-looking statements can also be identified by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements are based on current expectations and involve inherent risks, uncertainties and assumptions, including factors that could delay, divert or change any of them, and could cause actual outcomes to differ materially from current expectations. DSG can give no assurance that any goal or plan set forth in forward-looking statements can be achieved and DSG cautions readers not to place undue reliance on such statements, which speak only as of the date made. DSG undertakes no obligation to release publicly any revisions to forward-looking statements as a result of new information, future events or otherwise. Actual results may differ materially from those projected as a result of certain risks and uncertainties. Certain risks associated with DSG's business are also discussed from time to time in the reports DSG files with the SEC, including DSG's Annual Report on Form 10-K, DSG's Quarterly Reports on Form 10-Q and DSG's Current Reports on Form 8-K, which should be reviewed carefully. In addition, the following factors, among others, could cause actual outcomes and results to differ materially from those discussed in the forward-looking statements: (i) unanticipated difficulties, expenditures or any problems arising in connection with or after the combination of the businesses of Lawson Products, TestEquity and Gexpro Services (the "merger"), which may result in DSG not operating as effectively and efficiently as expected; (ii) the risk that stockholder litigation in connection with the merger or any other acquisition or business combination completed by DSG or any of its subsidiaries results in significant costs of defense, indemnification and liability; and (iii) the risks that DSG may encounter difficulties integrating the business of DSG with the business of other companies that DSG has acquired or may acquire or has otherwise combined with or may otherwise combine with, that DSG may not achieve the anticipated synergies contemplated with respect to any such business or transactions and that certain assumptions with respect to such business or transactions could prove to be inaccurate.

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