

DSG

DISTRIBUTION
SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

16th Annual Midwest IDEAS Conference

August 27, 2025



Disclaimers

Cautionary Note Regarding Forward-Looking Statements

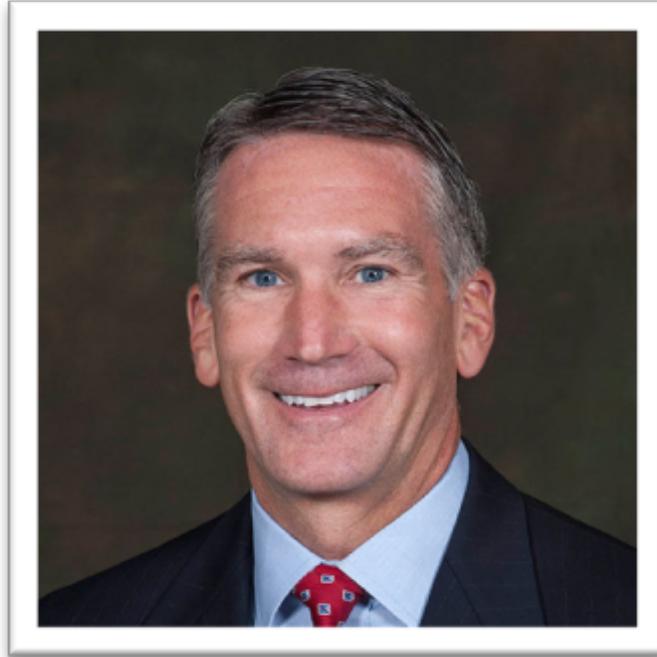
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Non-GAAP Financial Measures, SEC Regulation G GAAP Reconciliations

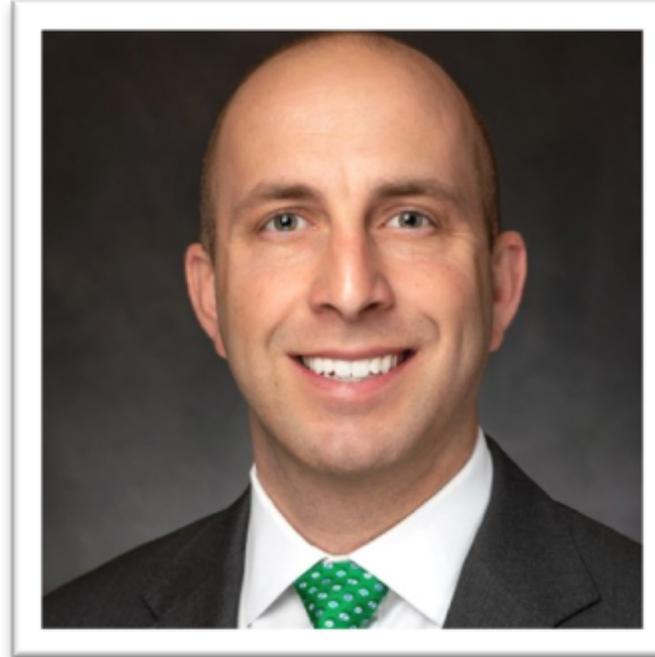
Some of the financial information and data contained in this presentation, such as Adjusted Revenue, Pre-Acquisition Revenue and Adjusted EBITDA, have not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company believes that these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to DSG's financial condition and results of operations. DSG does not consider non-GAAP measures an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is they may exclude significant expense and income items that are required by GAAP to be recognized in our consolidated financial statements. In addition, they reflect the exercise of management's judgment about which expense and income items are excluded or included in determining these non-GAAP financial measures. Non-GAAP financial measures should not be relied upon, in whole or part, in evaluating the financial condition, results of operations or future prospects of DSG. A reconciliation of the non-GAAP financial measures to the nearest comparable GAAP financial measures is contained in the appendix.

Presenters



Ron Knutson

*EVP & CFO for
DSG and Lawson Products*



Brett Scarbrough

*Vice President, Strategy &
Investor Relations for DSG*

Leading Specialty Industrial Distribution Platform



MRO Focus

OEM Focus

Industrial Technologies Focus

VMI Focus

Canadian Branch Focus

Leading vendor managed inventory provider of C-parts to the MRO market

Leading wholesale distributor of MRO supplies, safety products, fasteners, and services to the Canadian MRO market

Leading global supply chain services and C-parts provider to OEM and aftermarket applications

Leading supplier of electronic and specialty production supplies and T&M equipment across OEM and MRO markets

~23% of Revenue ⁽¹⁾

~12% of Revenue ⁽¹⁾

~25% of Revenue ⁽¹⁾

~40% of Revenue ⁽¹⁾

TTM Financial Highlights

\$1.96Bn
Adjusted Revenue⁽¹⁾

~9.6%
Adjusted EBITDA %⁽¹⁾

~\$172M+
Adj. Free Cash Flow⁽²⁾

Fly-by Operating Stats

50+
Countries Served

200k+
Customers

740k+
Unique SKU's

(1) TTM as of June 30, 2025. Adjusted Revenue and Adjusted EBITDA results are presented on an Adjusted (Non-GAAP) and continuing operations basis. Information inclusive of Other Acquisition results prior to the acquisition date. See appendix for reconciliations of all GAAP to Non-GAAP measures.

(2) Defined as Reg G EBITDA less Reg G cash items, less capex, plus/minus change in inventory, accounts receivable & accounts payable divided by Reg G EBITDA.

Why Invest in DSG?

**Built for
Sustainable,
Long-Term
Value
Creation**

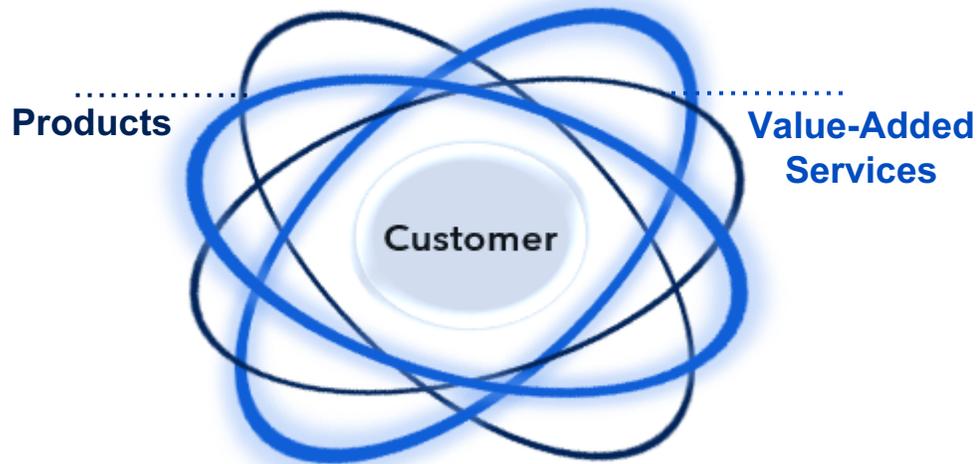
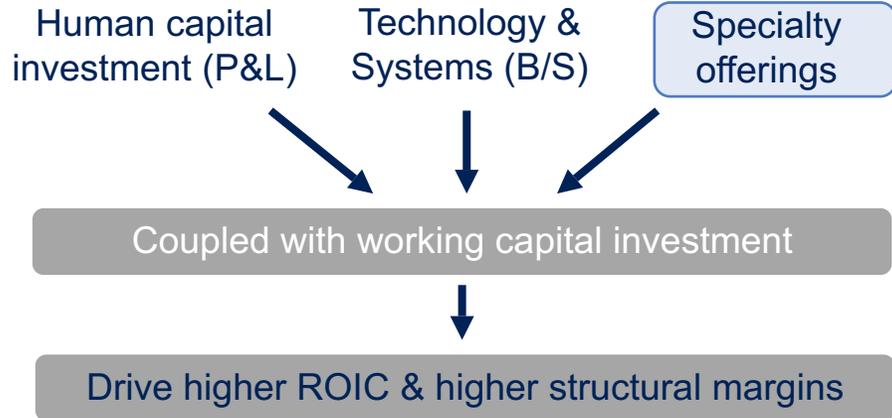
- Leading specialty distributor: Proven history, global supply chain with strong product sourcing & service capabilities
- Delivering comprehensive, high-touch, value-added distribution solutions
- External labor shortages, on-sourcing and IoT places DSG in strong position
- Above-average organic growth potential:
 - Market share expansion + Wallet share growth from existing customers
- Proven acquisition platform
- Driving mid- and long-term EBITDA margin expansion, generating strong & consistent cash flows

Attractive Attributes of Specialty Distributors

- ✓ Business model that extends beyond conventional distribution – **repeatedly demonstrating a clear, differentiated value proposition for customers**
- ✓ **Fortified competitive moat** created by robust technical knowledge, extensive service capabilities, and/or sourcing of complex, scarce products
- ✓ Ability to **rapidly and consistently scale** through organic and inorganic investments
- ✓ Large **consolidation opportunity** driven by **fragmentation** of niche product & service offerings
- ✓ **Diversification** across various dimensions, including customers, suppliers, end markets, and geographies in a **large multi-trillion dollar marketplace**
- ✓ **Resilient through business cycles** via asset light model and working capital rationalization

Value-Added Capabilities Drive Returns

Specialty Distribution Model



Value-Added Offerings...Create High Customer Retention



Vendor Managed Inventory ("VMI")



Customized Supply Chain Solutions



Kitting / Labeling / Packaging



Fabrication / Repair / Service

Cross-Company Collaboration

The Power of Three



Main Assembly



Hydraulics

Fasteners



Chemicals



Gexpro
Services



Fabrications



Hardware



Electrical

Comprehensive product solutions supported by robust suite of value-added services

- VMI Management
- Manufacturing & Assembly
- Labeling & Printing
- Slitting & Die Cutting
- Packaging & Kitting
- Value Engineering
- Chemical Management
- Calibration & Repair

R&D Lab



Environmental Chambers



Oscilloscopes



Electrical Analyzers

Electronics Assembly



Solder Wire



Cases & Tools



Benches & Workstations

Maintenance Shop



Safety



Cutting & Abrasives



Shop Supplies

DSG Delivers a Unique & Attractive Specialty Distribution Platform



Strong, Sticky Role in the Value Chain

Customer-Embedded

Via value-added, best-in-class services

>92% Revenue Retention¹

Providing long-term stability



Significant Customer, Supplier & End Market Diversity

Serve 10+ Industries

Catering to 200,000+ customers up and down the value chain

10,500+ Suppliers

None >5% of Purchases



Attractive, Accretive Returns on Incremental Capital

160+ bps Adjusted EBITDA % ↑

8.0%² pre-merger (2021) to ~9.6% TTM as of June 30, 2025

~38% Current RONWC³

Targeting 50+% with margin expansion and increased NWC efficiency



Dual Pronged Growth Strategy

End markets with long-term strong tailwinds

11 Strategic Acquisitions⁴

Completed since 2022; Purchase price range from 4.6x – 9.4x (weighted 8.3x)

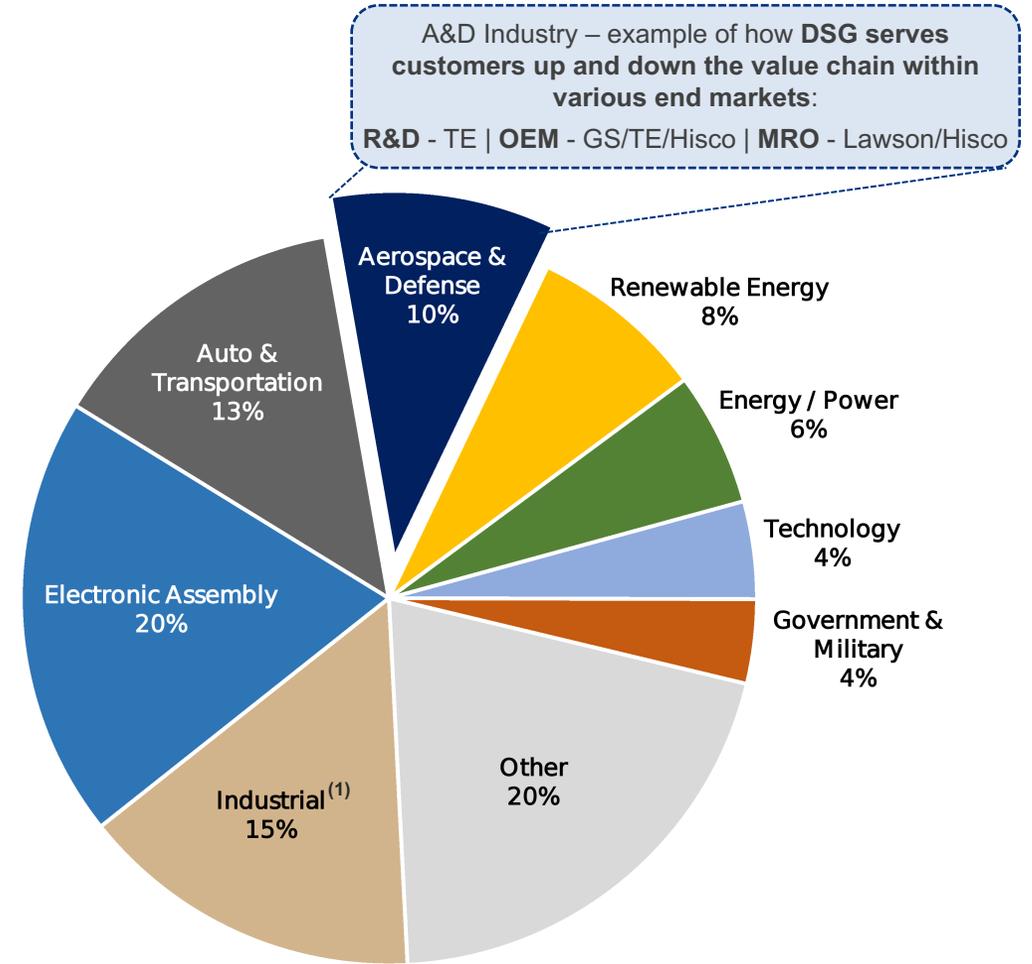
- 1) Revenue decrease from lost customers over the trailing twelve-month period over revenue at the beginning of the same period.
- 2) Inclusive of Lawson Products results Pre-April 1, 2022 Merger Date.
- 3) RONWC calculated as Adjusted EBITDA divided by current trade Net Working Capital (Accounts Receivable plus Inventory less Accounts Payable).
- 4) Includes 2 acquisitions completed in Q1 2022 post merger announcement but pre-close and 9 acquisitions completed post merger.

DSG Serves a Broad & Diverse Set of End Markets

Spotlight: Revenue and End Market Diversification

**>200,000 customers
in a robust set of end markets**

- ✓ *Sticky customer relationships*
- ✓ *Diverse demand drivers*
- ✓ *World class global supply chain capabilities across the platform*
- ✓ *Servicing the full life cycle of customers within various end markets*



Value Creation Themes

Spotlight: Embedded Growth Opportunities

Leverage Platform Across Customer Base

Unique total customer value proposition



Monetize distinct capabilities across the platform



Collaborative selling across customer base



Expand digital capabilities across the platform

Strong Secular Tailwinds



Onshoring /
Nearshoring



Infrastructure
(CHIPS Act)



Tech /
Digitalization (IoT)



Renewables

...and increasing supply chain complexity across many sectors

MRO Focus: Overview

Business Unit Snapshot

MRO Focus

35% of Total Revenue⁽¹⁾

OEM Focus

Industrial Technologies
Focus



MRO – Lawson Products

- **History:** 73+ years in business (Founded 1952)
- **Office HQ:** Chicago, IL
- **TTM 6/30 Adj. Revenue⁽¹⁾:** \$703M
- **Focus:** Vendor managed inventory approach providing high-touch, MRO

Products



- Fasteners
- Chemicals
- Cutting tools
- Hydraulics
- Other broad offerings and C-Parts
- Safety

Services



- Managed inventory
- Industrial vending
- Self-service inventory management
- Product recommendations
- Application advice

Value to Customer



- “One-stop shop”
- Deep product knowledge
- Reducing supply chain costs
- Purchasing leverage / private label offering with consistent delivery

End Markets



- Manufacturing
- Automotive
- Government / Military
- Construction
- Equipment rental
- Other industrial-related sectors

Geography



- United States
- Canada

OEM Focus: Overview

Business Unit Snapshot

MRO Focus

OEM Focus

25% of Total Revenue⁽¹⁾

Industrial Technologies Focus



OEM – Gexpro Services

- **History:** 29+ years in business (carved out of Rexel in '20)
- **Office HQ:** Irving, Texas
- **TTM 6/30 Adj. Revenue⁽¹⁾:** \$483M
- **Focus:** Global supply chain solutions and manufacturing services

Comprehensive Supply Chain Solutions



Vendor Managed Inventory (VMI)



Kitting & Assembly



Aftermarket / Installation



Technology

Diverse End Markets



Renewables



Technology



Aerospace & Defense



Industrial Power



Consumer & Industrial



Transportation

Serving Customers in 40 Countries and 6 Continents

USA
Canada
Mexico

Denmark
Hungary
Germany

Turkey
China
Brazil

...and Many Others

Industrial Technologies Focus: Overview

Business Unit Snapshot

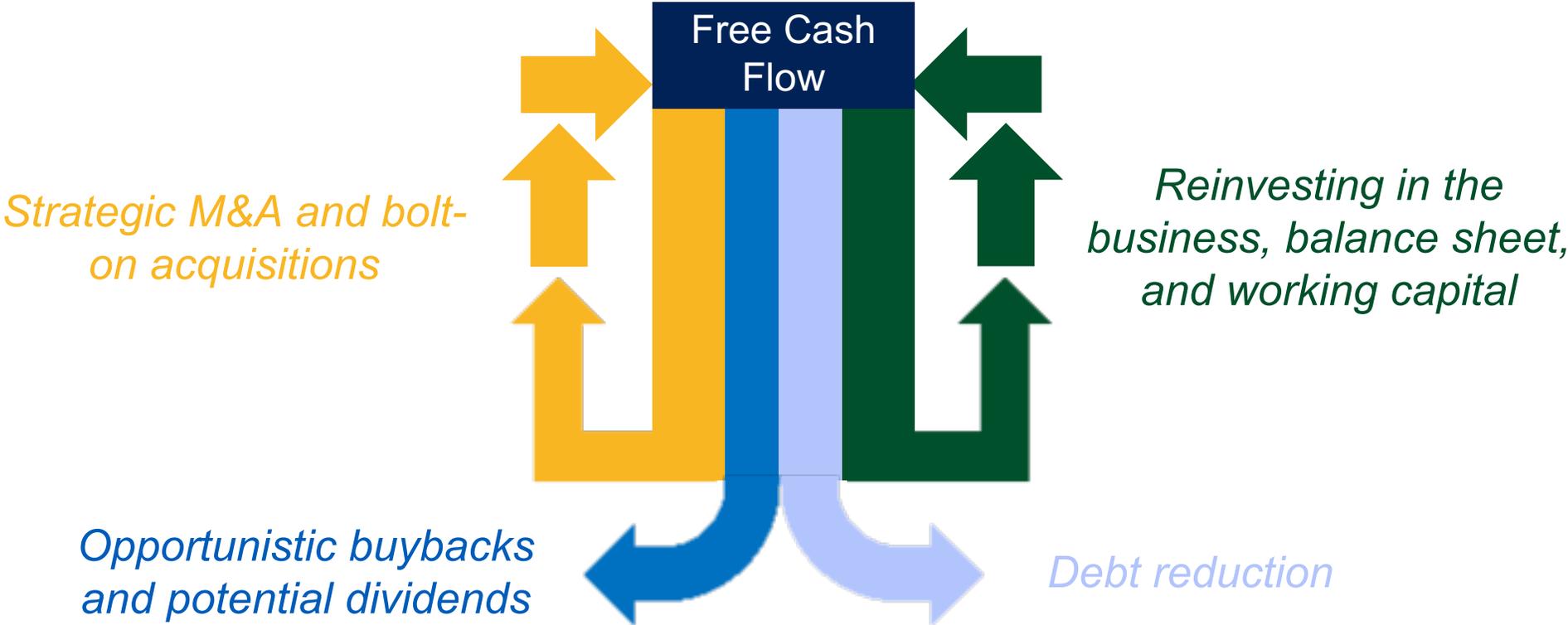
MRO Focus	
OEM Focus	
Industrial Technologies Focus	40% of Total Revenue ⁽¹⁾

TestEquity	<ul style="list-style-type: none"> ▪ History: 54+ years in business (Founded 1971) ▪ Office HQ: North Richland Hills, Texas ▪ TTM 6/30 Adj. Revenue⁽¹⁾: \$775M ▪ Focus: T&M equipment and electronic production supplies serving OEM customers 	
Hisco (Acquisition)	<ul style="list-style-type: none"> ▪ History: 55+ years in business (Founded 1970) ▪ Office HQ: Houston, Texas ▪ Focus: Specialty (adhesives, chemicals, electronic) industrial supplies distribution & manufacturing 	

Products 	<ul style="list-style-type: none"> ▪ Electronic Production Supplies ▪ Test & Measurement Instrumentation 	<ul style="list-style-type: none"> ▪ Environmental Test Chambers ▪ Chemicals & Adhesives ▪ Labels and Printing
Services 	<ul style="list-style-type: none"> ▪ VMI ▪ Calibration ▪ Chemical Management 	<ul style="list-style-type: none"> ▪ Asset Management ▪ Rentals
Value to Customer 	<ul style="list-style-type: none"> ▪ Highly technical knowledge ▪ “Total Lifecycle Support” T&M offering 	<ul style="list-style-type: none"> ▪ Omni-channel availability for customer ▪ Private label & branded offerings ▪ VMI & value-add mfg
End Markets 	<ul style="list-style-type: none"> ▪ Aerospace & Defense ▪ Automotive ▪ EDU 	<ul style="list-style-type: none"> ▪ Technology ▪ OEM ▪ Medical
Geography 	<ul style="list-style-type: none"> ▪ United States ▪ Canada ▪ Mexico & Central America 	<ul style="list-style-type: none"> ▪ UK ▪ Western Europe

(1) TTM as of June 30, 2025. Adjusted Revenue is presented on an Adjusted (Non-GAAP) and continuing operations basis. Information inclusive of Other Acquisition results prior to the acquisition date. See appendix for reconciliations of all GAAP to Non-GAAP measures.

Compounding Effect of Cash Flow Reinvestment



Disciplined Capital Allocation Framework with a Healthy Competition for Capital



Acquisition Criteria

Unique customer value proposition

Strong organic growth and potential for scale in attractive end markets

Synergistic across the platform while driving higher structural margins

A clear integration thesis to unlock targeted value-enhancement levers

Prioritizing North American footprint



MRO Focus

- Product offering expansion in safety, cutting tools, automotive, and fluid power categories
- Leverage current VMI offering across acquired company's customer base
- Augment current go-to-market model with technical product/service specialists
- Expand manufacturing customer presence especially in the US and Canada
- Other focus areas include private label and eCommerce



OEM Focus

- Expansion of fasteners, fabrication, electricals, mechanicals, & gasket/seals/o-ring products
- Strengthen value proposition with strategic sourcing, VMI offering, specification engineering resources, and manufacturing capabilities
- Complementary technology solutions including eCommerce, WMS, AI, etc.
- End market focus: Aerospace & Defense, Industrial Power, Renewables, Technology in North America, Europe, and SE Asia



Industrial Technologies Focus

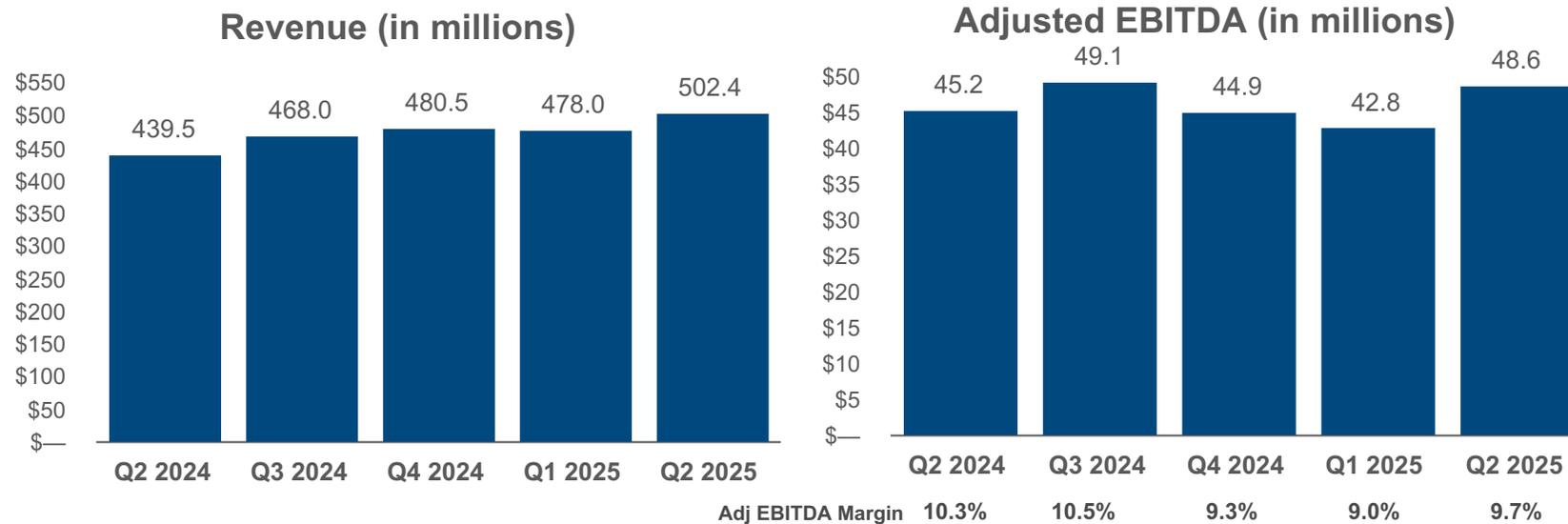
- Distribution: EPS & T&M, with emphasis on acquiring companies with strong technical sales force
- Calibration: Adding this capability to RFID asset management service offering provides very sticky customer relationships and "final brick in moat"
- Used/Rental: Capital intensive, high margins, sticky customer relationships
- Geographic expansion focus in US, Western Europe and Canada

M&A Focus Areas

				
Expand	Product Offering	Safety, Cutting Tools, Automotive, Fluid Power, Fasteners, Welding	Fasteners, Fabrication, Electricals, Mechanicals, Gaskets/Seals/O-Rings, Hose Assemblies	Electronic Production Supplies Test & Measurement Calibration
	Geographic Coverage	United States Canada Mexico	North America Europe SE Asia	United States Western Europe Canada
	End Market	Manufacturing Infrastructure Transportation Forestry	Aerospace & Defense Industrial Power Renewables Technology	Aerospace & Defense OEM Medical / Life Sciences Education
Enhance	Value-Added Services / Capabilities	VMI Technical Sales Resources Product Specialists Training	VMI Field Installation Specification Engineering	Calibration Fabrication Printing
	Technology & Sales Channels	E-Commerce Inside Sales	E-Commerce Integrated Technology (e.g., AI, WMS, EDI, data analytics)	New/Used Rentals Digital

Q2 2025 Consolidated Financial Highlights

- ✓ Q2 revenue of \$502M; up \$63M or 14.3% over a year ago primarily from five acquisitions closed in 2024; up 5.1% sequentially over Q1. Organic average sales grew 3.3% over a year ago and 2.4% sequentially.
- ✓ Q2 adjusted EBITDA of \$48.6M or 9.7% of sales compared to \$45.2M. As expected, the acquisition of Source Atlantic compressed margins by ~60bps in Q2 over a year ago quarter. Sequentially, Adjusted EBITDA increased by \$5.8 million from Q1 and expanded by 70bps.
- ✓ Diluted income per share was \$0.11 for the quarter compared to diluted income per share of \$0.04 in the year-ago quarter. Non-GAAP adjusted diluted earnings per share was \$0.35 compared to \$0.40 for the same period a year ago and \$0.31 in the first quarter.



Capital Allocation Strategy

Organic Growth	M&A	Robust Net Working Capital Investment	Focus on Deleveraging via Earnings Growth and Free Cash Flow Generation	Return Capital to Shareholders
<ul style="list-style-type: none"> Market share growth Value-accretive initiatives Wallet-share expansion Cross-selling opportunities 	<ul style="list-style-type: none"> Adding scale, footprint, product adjacencies & services Building structurally high margin businesses Disciplined acquisition criteria 	<p style="text-align: center;">\$490.5M</p> <div style="display: flex; justify-content: center; align-items: center;"> <div style="background-color: #003366; color: white; padding: 5px; margin-bottom: 5px;">\$283.5M</div> <div style="margin-left: 5px;">Accounts Receivable</div> </div> <div style="display: flex; justify-content: center; align-items: center;"> <div style="background-color: #cccccc; padding: 5px; margin-bottom: 5px;">\$350.3M</div> <div style="margin-left: 5px;">Inventory</div> </div> <div style="display: flex; justify-content: center; align-items: center;"> <div style="background-color: #cccccc; padding: 5px; margin-bottom: 5px;">\$(143.3M)</div> <div style="margin-left: 5px;">Accounts Payable</div> </div> <p style="text-align: center;">6/30/2025 Trade NWC</p> <p style="text-align: center;">High returns realized on working capital investments</p>	<p style="text-align: center;">3.6x</p> <p style="text-align: center;">Leverage⁽¹⁾ at April 1, 2022 Merger Close</p> <div style="text-align: center; margin: 20px 0;">  </div> <p style="text-align: center;">3.5x</p> <p style="text-align: center;">Leverage⁽¹⁾ as of June 30, 2025</p> <p style="text-align: center;">Inclusive of 9 acquisitions post-April 2022 merger with cash portion of purchase price of ~\$450M</p>	<ul style="list-style-type: none"> Authorized \$37.5M share repurchase program in place Repurchased shares of \$20.0M YTD 2025; \$6.3M still available under prior authorizations

- **Total Liquidity at June 30, 2025 ~\$314M⁽²⁾**
- **TTM Free Cash Flow Conversion of ~93%⁽³⁾**
 - **TTM ROIC of ~11%⁽⁴⁾**

(1) As defined under DSG's credit agreement.

(2) Inclusive of restricted & unrestricted cash position and availability under credit facility.

(3) Defined as Reg G EBITDA less Reg G cash items, less capex, plus/minus change in inventory, accounts receivable & accounts payable divided by Reg G EBITDA.

(4) Defined as adjusted net operating profit after tax (NOPAT) divided by invested capital (current assets plus property, plant and equipment (net), rental equipment (net), goodwill, intangible assets (net), and other assets less cash and cash equivalents, accounts payable, accrued expenses and other current liabilities and goodwill related to the April 2022 DSG merger).

Highly Aligned Leadership / Governance

DSG  **J. Bryan King**
DSG Chairman & CEO
LKCM HW Managing Partner

 **Ron Knutson**
EVP and CFO
Lawson and DSG

LKCM HEADWATER INVESTMENTS
+
Dedicated LKCM Headwater team investing significant time, resources and well aligned capital

LAWSON PRODUCTS



Cesar Lanuza
CEO

GEXPRO SERVICES



Bob Connors
CEO

TESTEQUITY GROUP



Barry Litwin
CEO

M&A playbook led by a first-class, in-house corporate development team

Independent & diverse Board of Directors providing strategic direction

Supported by a base of over 4,400 employees

LKCM Headwater Introduction



- Private, employee-owned SEC-registered investment advisor
- Founded in 1979 with over 73 investment and other professionals
- \$28.6 billion of assets under management (6/30/2025)
- C-corp with 46 years of retained earnings
- Primarily long-term, long-equity strategies for individuals and families
- LKCM, investment team & affiliates are collectively the firm's largest client



- Private investment arm of LKCM
- Over 100 years of collective experience & more than 100 businesses in the distribution space
- LKCM, investment team and affiliates are collectively the largest investor (~1/3 of capital)
- Engaged group of over 100 retired and active operating executives that are investors in the partnerships and willingness to lean into engagements to improve value within the portfolio
- More than \$2.1 billion of committed private capital



SIGNIFICANT PRIVATE COMPANY DISTRIBUTION EXPERIENCE

CURRENT		<ul style="list-style-type: none"> • LG - Leading distributor of fabricated hose, gaskets and belting for specialized and mission-critical applications • ESP - Value-added provider of mission-critical sealing solutions to diverse end markets • CNC - Leading provider of flow control solutions to the energy industry
		<ul style="list-style-type: none"> • Value-added distributor specializing in designing and implementing supply chain solutions / VMI for OEM customers
		<ul style="list-style-type: none"> • Leading provider of building automation, controls and gas detection solutions for the commercial buildings market
		<ul style="list-style-type: none"> • Value-added instrumentation, controls, automation and rotating equipment distributor with engineering and service capabilities
FORMER		<ul style="list-style-type: none"> • Largest North American specialty distributor of electronic production supplies and T&M equipment
		<ul style="list-style-type: none"> • North America's leading value-added distributor and service provider of mission-critical communication solutions
		<ul style="list-style-type: none"> • High growth value-added distributor, packager and re-packager of generic pharmaceuticals
		<ul style="list-style-type: none"> • Provider of supply chain solutions and distributor of indirect materials primarily to manufacturers
		<ul style="list-style-type: none"> • Leading value-added instrumentation and valve distributor based in the Gulf Coast

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- Driving mid- and long-term EBITDA margin expansion, generating strong & consistent cash flows

Questions?

Visit our websites for more information

www.lawsonproducts.com

www.testequity.com

www.gexproservices.com

www.lkcmheadwater.com



www.distributionsolutionsgroup.com

Investor Contacts



Three Part Advisors, LLC
(214) 872-2710

Steven Hooser
shooser@threepa.com

Sandy Martin
smartin@threepa.com

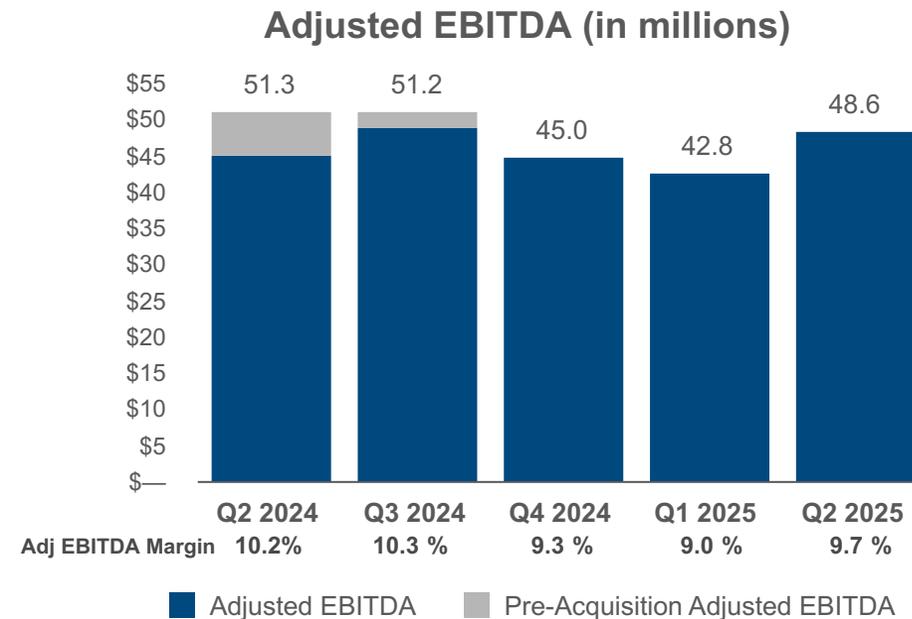
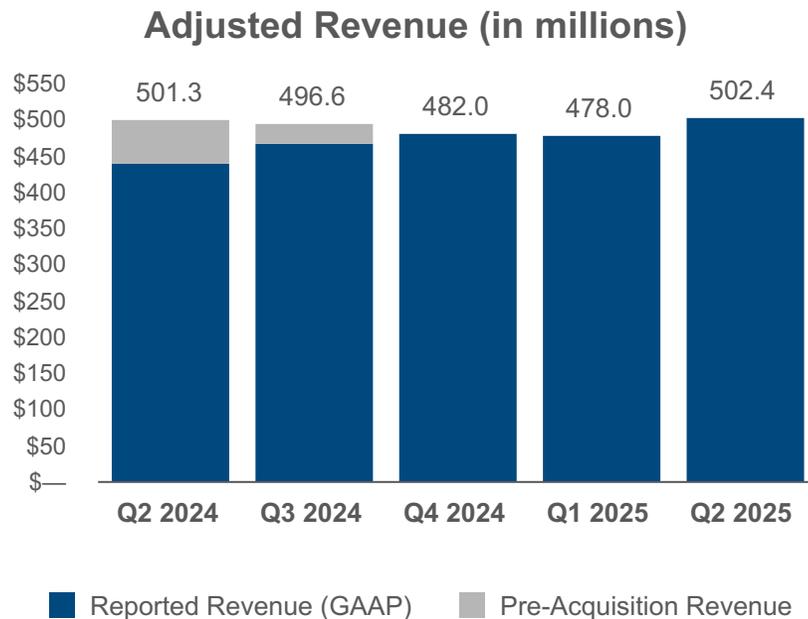
Appendix



Q2 2025 Consolidated Financial Highlights

Results Inclusive of Pre-Acquisition Results

- ✓ Adjusted Revenue and adjusted EBITDA below include the reported GAAP results and the pre-acquisition results of other businesses that were acquired at any time during the Q2 2024-Q2 2025 period.



GAAP to Non-GAAP Reconciliations

Q2 Revenue and Adjusted EBITDA Reconciliation (\$000s)

(Unaudited)

Quarter Ended	Lawson Products		Gexpro Services		TestEquity		Canada Branch Division		All Other		Eliminations		Consolidated DSG	
	Q2 2025	Q2 2024	Q2 2025	Q2 2024	Q2 2025	Q2 2024	Q2 2025	Q2 2024	Q2 2025	Q2 2024	Q2 2025	Q2 2024	Q2 2025	Q2 2024
Revenue from external customers	\$ 124,287	\$ 121,089	\$ 127,474	\$ 106,530	\$ 194,830	\$ 197,446	\$ 55,846	\$ 14,471	\$ —	\$ —	\$ —	\$ —	\$ 502,437	\$ 439,536
Intersegment revenue	26	29	333	604	216	35	6	—	—	—	(581)	(668)	—	—
Revenue	<u>\$ 124,313</u>	<u>\$ 121,118</u>	<u>\$ 127,807</u>	<u>\$ 107,134</u>	<u>\$ 195,046</u>	<u>\$ 197,481</u>	<u>\$ 55,852</u>	<u>\$ 14,471</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (581)</u>	<u>\$ (668)</u>	<u>\$ 502,437</u>	<u>\$ 439,536</u>
Operating income (loss)	\$ 7,975	\$ 6,129	\$ 13,902	\$ 8,091	\$ 4,813	\$ 703	\$ 1,751	\$ 1,463	\$ (1,615)	\$ (2,228)			\$ 26,826	\$ 14,158
Depreciation and amortization	6,808	6,390	3,532	3,825	8,280	7,795	1,718	525	—	—			20,338	18,535
Adjustments:														
Acquisition related costs(1)	12	2,400	(397)	382	29	282	148	—	—	534			(208)	3,598
Stock-based compensation(2)	775	(633)	18	—	168	160	—	—	289	166			1,250	(307)
Severance and acquisition related retention expenses(3)	139	1,583	27	192	187	6,508	3	30	(1)	—			355	8,313
Inventory step-up(4)	—	634	—	—	—	—	—	—	—	—			—	634
Other non-recurring(5)	—	—	—	250	—	—	—	—	—	—			—	250
Non-GAAP adjusted EBITDA	<u>\$ 15,709</u>	<u>\$ 16,503</u>	<u>\$ 17,082</u>	<u>\$ 12,740</u>	<u>\$ 13,477</u>	<u>\$ 15,448</u>	<u>\$ 3,620</u>	<u>\$ 2,018</u>	<u>\$ (1,327)</u>	<u>\$ (1,528)</u>			<u>\$ 48,561</u>	<u>\$ 45,181</u>
Operating income (loss) as a percent of revenue	6.4%	5.1%	10.9%	7.6%	2.5%	0.4%	3.1%	10.1%	N/M	N/M			5.3%	3.2%
Adjusted EBITDA as a percent of revenue	12.6%	13.6%	13.4%	11.9%	6.9%	7.8%	6.5%	13.9%	N/M	N/M			9.7%	10.3%

1. Transaction and integration costs related to acquisitions.

2. Expense (benefit) primarily for stock-based compensation, of which a portion varies with the Company's stock price.

3. Includes severance expense for actions taken not related to a formal restructuring plan and acquisition related retention expenses.

4. Inventory fair value step-up adjustment for acquisition accounting related to acquisitions completed.

5. Other non-recurring costs consist of certain non-recurring strategic projects and other non-recurring items.

^{N/M} - Not meaningful

GAAP to Non-GAAP Reconciliations

Adjusted Revenue and Adjusted EBITDA Reconciliation (\$000s)

Results Inclusive of Acquisitions – Pre-Acquisition Date

(Unaudited)

	Quarter Ended	Consolidated DSG				
		Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenue		\$ 439,536	\$ 468,019	\$ 480,463	\$ 478,029	\$ 502,437
Pre-acquisition revenue(1)		61,725	28,556	1,534	—	—
Adjusted revenue		\$ 501,261	\$ 496,575	\$ 481,997	\$ 478,029	\$ 502,437
Operating income (loss)		\$ 14,158	\$ 18,947	\$ 20,067	\$ 20,097	\$ 26,826
Pre-acquisition operating Income (loss) (1)		(337)	447	(870)	—	—
Adjusted Operating Income (loss)		13,821	19,394	19,197	20,097	26,826
Depreciation and amortization		18,535	18,624	20,165	19,979	20,338
Adjustments:						
Acquisition related costs(2)		3,598	2,901	1,689	108	(208)
Stock-based compensation(3)		(307)	2,432	910	974	1,250
Severance and acquisition related retention expenses(4)		8,313	3,568	639	1,628	355
Inventory step-up(5)		634	1,126	1,122	—	—
Other non-recurring(6)		250	1,512	307	—	—
Pre-Acquisition add-backs(7)		6,426	1,603	935	—	—
Adjusted EBITDA		\$ 51,270	\$ 51,160	\$ 44,964	\$ 42,786	\$ 48,561
Operating income (loss) as a percent of revenue		3.2%	4.0%	4.2%	4.2%	5.3%
Adjusted EBITDA as a percent of adjusted revenue		10.2%	10.3%	9.3%	9.0%	9.7%

References to table footnotes are on slide 29

GAAP to Non-GAAP Reconciliations

Adjusted Revenue and EBITDA Reconciliation – Table Footnotes

1. Represents additional revenue and operating income of acquisitions prior to their acquisition dates not in reported GAAP results.
2. Transaction and integration costs related to acquisitions.
3. Expense (benefit) primarily for stock-based compensation, of which a portion varies with the Company's stock price.
4. Includes severance expense for actions taken not related to a formal restructuring plan and acquisition related retention expenses.
5. Inventory fair value step-up adjustments resulting from the acquisition accounting related to acquisitions completed.
6. Other non-recurring costs consist of certain non-recurring strategic projects and other non-recurring items.
7. Represents additional EBITDA adjustments of other acquisitions prior to the respective acquisition dates.

GAAP to Non-GAAP Reconciliations

GAAP Net Income (Loss) and GAAP Diluted EPS to Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted EPS Reconciliation (\$000s, except per share data)

(Unaudited)

	Consolidated DSG					
	Q2 2025		Q2 2024		Q1 2025	
	Amount	Diluted EPS ⁽²⁾	Amount	Diluted EPS ⁽²⁾	Amount	Diluted EPS ⁽²⁾
Net income (loss)	\$ 5,003	\$ 0.11	\$ 1,896	\$ 0.04	\$ 3,261	\$ 0.07
Pretax adjustments:						
Stock-based compensation	1,250	0.03	(307)	(0.01)	974	0.02
Acquisition related costs	(208)	—	3,598	0.08	108	—
Amortization of intangible assets	11,650	0.25	12,206	0.26	11,585	0.24
Severance and acquisition related retention expenses	355	0.01	8,313	0.17	1,628	0.03
Change in fair value of earnout liabilities	—	—	8	—	1,000	0.02
Inventory step-up	—	—	634	0.01	—	—
Other non-recurring	—	—	250	0.01	—	—
Total pretax adjustments	13,047	0.29	24,702	0.52	15,295	0.31
Tax effect on adjustments(1)/(3)	(3,135)	(0.08)	(7,238)	(0.15)	(4,044)	(0.07)
Deferred tax asset valuation allowance(3)/(4)	1,536	0.03	(410)	(0.01)	190	—
Non-GAAP adjusted net income	\$ 16,451	\$ 0.35	\$ 18,950	\$ 0.40	\$ 14,702	\$ 0.31

(1) The adjustment to the income tax expense (benefit) is determined by excluding the non-GAAP adjustments by jurisdiction.

(2) Pretax adjustments to diluted EPS calculated on 46.563 million, 47.624 million and 47.400 million diluted shares for the second quarter of 2025 and 2024, and the first quarter of 2025, respectively.

(3) The quarter-to-date amounts are derived from the current period year-to-date amount less the previous quarter year-to-date amount.

(4) The estimated impact to the deferred tax asset valuation allowance from interest expense limitations under Section 163(j) determined by including the non-GAAP adjustments by jurisdiction.

Historical Acquisitions

	COMPANY	FOCUS	STRATEGIC RATIONALE	CLOSING DATE	REVENUE ⁽¹⁾	PURCHASE PRICE
2017	 JENSEN TOOLS+SUPPLY	Industrial Technologies	<ul style="list-style-type: none"> Expanded geographic coverage and expanded customer base with an additional ~22,000 customer locations Complementary value-added products / services (kitting, VMI) 	January 2017	\$45.1	\$25.0
	 TECHNI-TOOL SPECIALIZED PRODUCTS • SIMPLIFIED SOLUTIONS	Industrial Technologies	<ul style="list-style-type: none"> Adds scale to highly complementary Lab & Production supplies offering Bolsters stocked inventory and value-add capabilities (VMI, vending, etc.) 	July 2017	\$77.8	\$35.0
	 THE BOLT SUPPLY HOUSE LTD.	MRO	<ul style="list-style-type: none"> Complementary products in fasteners, power tools and MRO supplies Provides sales/regional fulfillment expansion opportunity in W Canada 	October 2017	\$34.4	\$32.0
2020	 PARTSMASTER ALWAYS RUNNING	MRO	<ul style="list-style-type: none"> Sizeable “DNA match” acquisition for MRO segment Highly accretive with significant cost synergies 	August 2020	\$64.2	\$35.3
2021	 Dunn FASTENERS	OEM	<ul style="list-style-type: none"> Complementary value-added fabrication capabilities Highly accretive with significant synergies 	June 2021	\$5.3	\$6.5
	 mcstest	Industrial Technologies	<ul style="list-style-type: none"> European beachhead for Industrial Technologies segment Supplier expansion and further penetration into Telecom/5G market 	July 2021	\$9.7	\$14.4
	 NATIONAL ENGINEERED FASTENERS INC.	OEM	<ul style="list-style-type: none"> Strategic expansion into Canada & Mexico for OEM segment Loyal customer base with high service levels in new and existing markets 	November 2021	\$28.3	\$18.9
	 SIS	OEM	<ul style="list-style-type: none"> Highly accretive “DNA match” with diversified end markets Natural tuck-in with value-add product offering and strong management 	December 2021	\$9.6	\$11.8

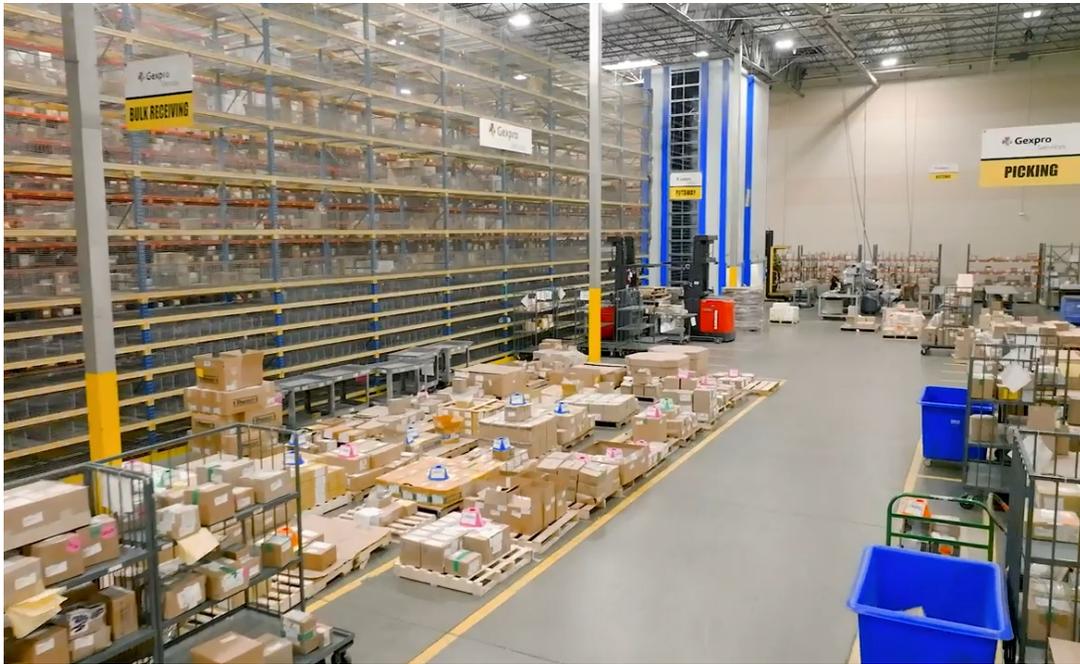
Historical Acquisitions (Continued)

	COMPANY	FOCUS	STRATEGIC RATIONALE	CLOSING DATE	REVENUE ⁽¹⁾	PURCHASE PRICE
2022	 Resolux	OEM	<ul style="list-style-type: none"> Leading global renewables supplier within the OEM segment Opened new strategic markets in Europe, the Middle East, and Asia 	January 2022	\$31.9	\$38.0
	 FT	OEM	<ul style="list-style-type: none"> Enhances B & C-class product and service offering to Renewables market Significant commercial synergies and delivers manufacturing capabilities 	March 2022	\$21.9	\$30.0
	 TE Equipment	Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines (handhelds), brands and customers Digital go-to-market supplements Industrial Technology's sales model 	April 2022	\$113.0	\$55.0
	 NTE	Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines with reconditioned equipment Strong focus on rental and leasing purchase options 	June 2022	\$9.0	\$7.8
	 INSTRUMEX	Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines with reconditioned equipment Natural tuck-in with expanded markets in Europe 	December 2022	\$7.0	\$3.9
2023	 Hisco	Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines, including adhesives, chemicals and tapes as well as specialty materials such as electrostatic discharge, thermal management materials and static shielding bags. 	June 2023	\$422.6	\$269.1
2024	 EMERGENT	MRO	<ul style="list-style-type: none"> Adds complementary product lines in the safety category, which accelerates Lawson's safety product category by over four times. 	January 2024	\$13.0	\$10.0
	 SS	MRO	<ul style="list-style-type: none"> Extends Lawson's automotive product category and expands market reach with automotive dealers 	May 2024	\$40.0	\$80.0
	 SA SOURCE ATLANTIC	MRO	<ul style="list-style-type: none"> Extends Lawson's MRO supplies, safety products, fasteners, and related value-add services and operating footprint in the Canadian market 	August 2024	\$185.0	\$105.0
	 TECH-COMPONENT RESOURCES	OEM	<ul style="list-style-type: none"> A distributor of fasteners, mechanical components, and other industrial products in Southeast Asia Supports our existing large OEM customers' expansion plans while providing us with a strategic foothold in this growing region 	October 2024	\$4.5	\$5.9
	 ConRes	Industrial Technologies	<ul style="list-style-type: none"> Expands Test & Measurement leasing and calibration offerings, deepens national customer relationships Expands resources in the Northeast 	November 2024	\$12.0	\$17.0
HIGHLIGHTED TOTAL					~\$1,134	~\$801

Note: \$ figures in millions. List includes highlighted acquisitions executed under LKCM Headwater stewardship.

(1) Represents trailing twelve-month measurement period at close.

Who We Are



DSG is a best-in-class specialty distribution company providing high-touch, value-added distribution solutions to the MRO, OEM, and Industrial Technologies verticals in a diversified set of end markets.

We take a solutions-based approach to serving our customers the way they want to be served.

DSG operates under three distinct verticals with many benefits of a scaled, integrated platform.