DISTRIBUTION SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

Q1 2024 Financial Results

May 2, 2024

Safe Harbor Statement

Cautionary Note Regarding Forward-Looking Statements

This presentation 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. Distribution Solutions Group ("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.

Earnings Call Agenda

Today's Conference Call Will Discuss Results Primarily on an Adjusted (Non-GAAP) and Comparable Operations Basis.

Agenda

- 2024 Q1 Consolidated Highlights & Financial Results
- Segment Highlights & Financial Results
- Q&A

See appendix for GAAP to Non-GAAP reconciliations.

Q1 Commentary

- Q1 revenue of $416M and adjusted EBITDA of $36M.

- Q1 revenue up $67.8M or 19.5% including acquired revenue. Two-year stacked organic growth up 4.7% in Q1, despite organic revenue softness down 8.6% on comparable days. Although sequential trends improving, technology end-market, renewables maintenance and capital spending continued to pressure sales.

- Q1 adjusted EBITDA of $36.1M, or 8.7% of sales, compared to $39.4 million or 11.3% in the prior year quarter. Sequentially, adjusted EBITDA grew $2.2 million or 30bps from the fourth quarter of 2023; up from 8.4%.

- Diluted loss per share was $0.11 for the quarter, compared to diluted income per share of $0.14 in the year-ago quarter on higher depreciation and amortization expenses and non-recurring severance and acquisition-related retention costs. Non-GAAP adjusted diluted earnings per share was $0.25, compared to $0.42 EPS for the same period a year ago and $0.22 EPS from the fourth quarter of 2023.

- Deleveraged the company to 3.0x; ended the quarter with $86M of cash and approx. $198M of availability under revolving credit facility.

- Completed the acquisition of Emergent Safety Supply ("ESS") in Q1 with annual revenues of approximately $13M and S&S Automotive Inc., ("S&S"), subsequent to Q1 with annual revenues of approximately $40M.

Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.

Leading Specialty Industrial Distribution Platform

DSG DISTRIBUTION SOLUTIONS GROUP

DSG

LAWSON	Gexpro Services	TestEquity
MRO Focus	**OEM Focus**	**Industrial Technologies Focus**
Leading vendor managed inventory provider of C-parts to the 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*
~31% of Revenue (2)	***~23% of Revenue (2)***	***~46% of Revenue (2)***

TTM Financial Highlights	**$1.73Bn** Adjusted Revenue	**~9%** Adjusted EBITDA %	**$170M+** Adj. Free Cash Flow (1)

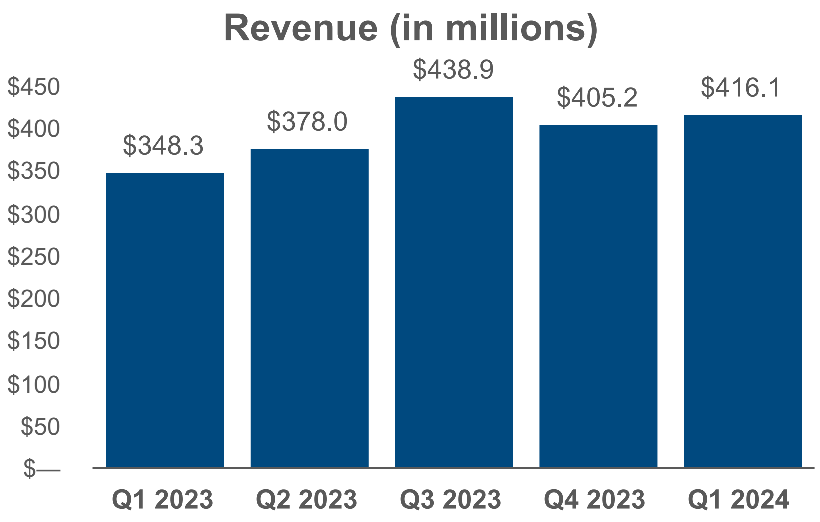
Fly-by Operating Stats	**40+** Countries Served	**180k+** Customers	**500k+** Unique SKU's

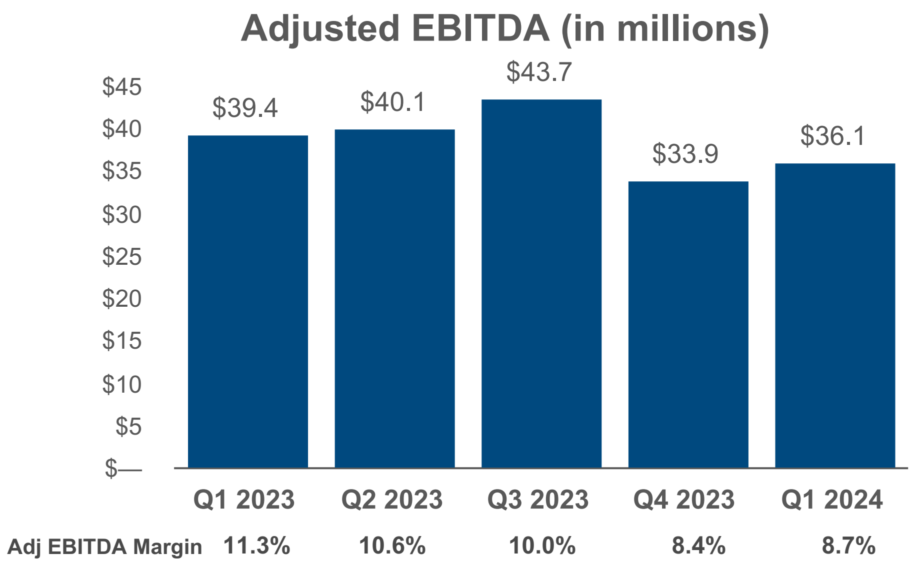
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.
Information inclusive of Other Acquisition results prior to the acquisition date.
(1) Defined as Reg G EBITDA less Reg G cash items, less capex, plus/minus change in inventory, accounts receivable & accounts payable divided by Reg G EBITDA.
(2) TTM revenue by segment inclusive of Other Acquisition results prior to the acquisition date.

Reported Revenue and Adjusted EBITDA

- Q1 revenue of $416.1M; up $67.8M or 19.5% due to 2023 and 2024 acquisitions. Q1 two-year stacked organic growth up 4.7% while Q1 organic down down 8.6% on comparable days primarily from continued softness in technology end-market, renewables maintenance and capital spending.

- Q1 adjusted EBITDA of $36.1M or 8.7% of sales; up $2.2 million or 30bps from 8.4% of sales in the fourth quarter of 2023.



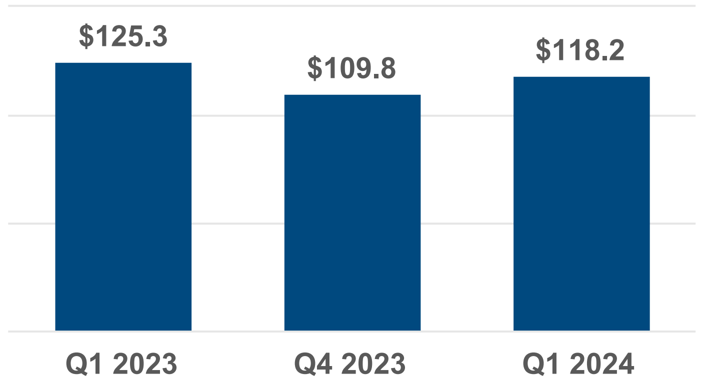


Lawson Products – MRO Focus

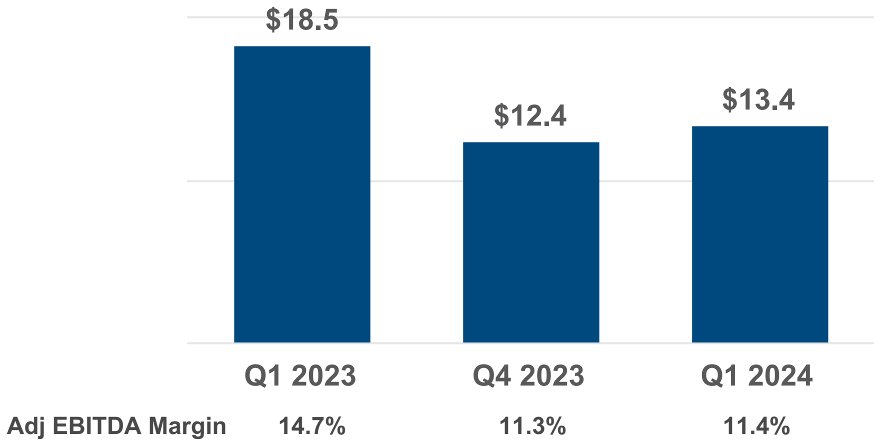
Q1 2024 Highlights:

- Q1 revenue down $7.1M over prior year same quarter on 1 less selling day; up $9.3M sequentially from Q4 2023 with $2.3M from the ESS acquisition and organic growth-driven by pricing and expanding / new customer relationships
- Ended March 31, 2024 with ~860 sales reps. Q1 sales per rep per day productivity continued its improved trend, up ~8% vs. Q1 2023
- Q1 adjusted EBITDA of $13.4M or 11.4% of revenue up sequentially from 11.3% in Q4 2023 on revenue growth and operating leverage
- Completed the acquisition of ESS to expand safety offering and S&S Automotive subsequent to quarter end to further expand its presence in the automotive dealership and collision repair end markets
- 2024 to be a year of continued evolution of sales rep enhancements and customer/channel expansion

Revenue (in millions)



Adjusted EBITDA (in millions)



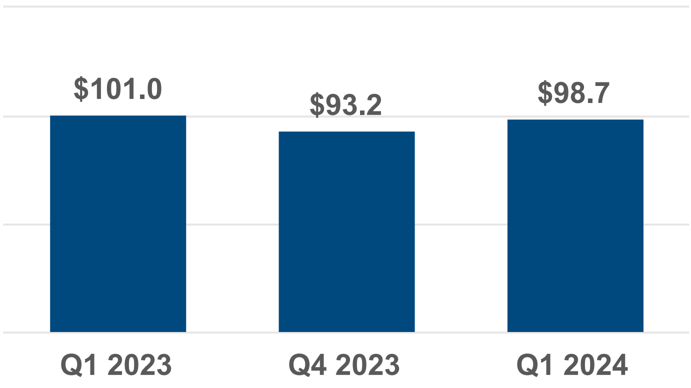
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.
Bolt Supply no longer included in Lawson Products reporting segment.

Gexpro Services – OEM Focus

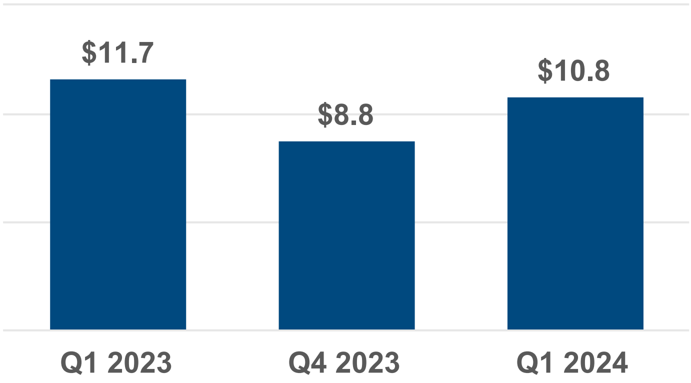
Q1 2024 Highlights:

- Q1 revenue down 2.3% over prior year same quarter; up $5.5M sequentially from Q4 2023. Strong Aerospace & Defense and improving Technology end markets most recently drove sequential sales growth. YoY, excluding tough comps in Technology and project verticals, up 3.0%.
- Continued expansion in gross margin through strategic sourcing initiatives and supply chain improvements
- Value creation initiatives including DSG cross sell, acquisition synergies and expanded kitting offerings and E-commerce. Book to billing increasing over 2nd half of 2023
- Q1 adjusted EBITDA of $10.8M or 11.0% of revenue, up sequentially from 9.5% in Q4 2023 on sales increase and improved gross profit margins
- Flat opex on normalized sales levels to drive net margin expansion in 2024 as outstanding bids/quotes remain strong

Revenue (in millions)



Adjusted EBITDA (in millions)



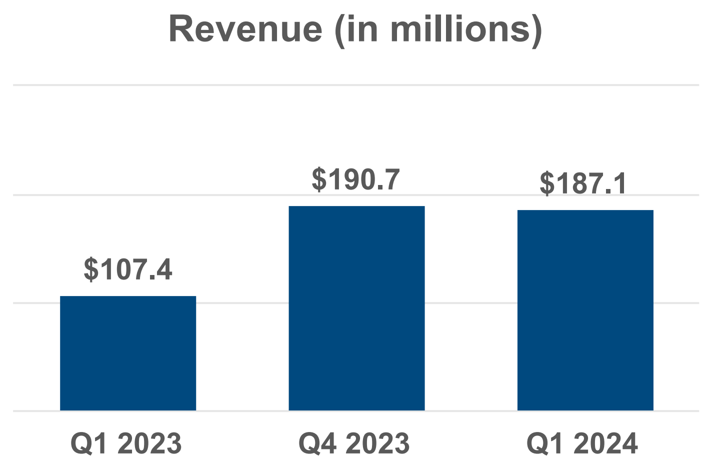
	Q1 2023	Q4 2023	Q1 2024
Adj EBITDA Margin	11.6%	9.5%	11.0%

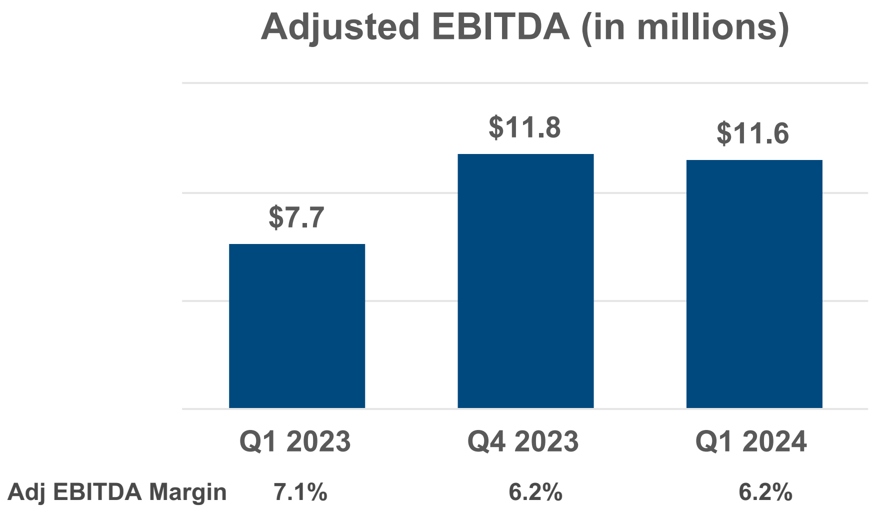
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.

TestEquity – Industrial Technologies Focus

Q1 2024 Highlights:

- Q1 Revenue +74.3% or $79.8M; primarily driven by Hisco acquisition; organic revenue down 15.9% or $17.1M. Sales softness in core legacy business as T&M "capital" type project headwinds continue
- Key operating initiatives focused on acquisition integration, pricing disciplines, sales force optimization, digital channel expansion and cost containment
- Proactively taking actions to align operating costs - annualized cost impact to exceed $15M from merger savings and cost rationalization
- Sequential quarterly margin improvement anticipated in 2024 through Hisco integration, gross margin enhancements and sales drivers on cost optimization
- Margin profile stabilized despite continued market pressures in T&M end market





Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.

Other Financial Highlights

Robust Net Working Capital Investment

$433.4M

3/31/2024 Trade NWC

High returns realized on working capital investments

Focus on Deleveraging via Earnings Growth and Free Cash Flow Generation

3.6x

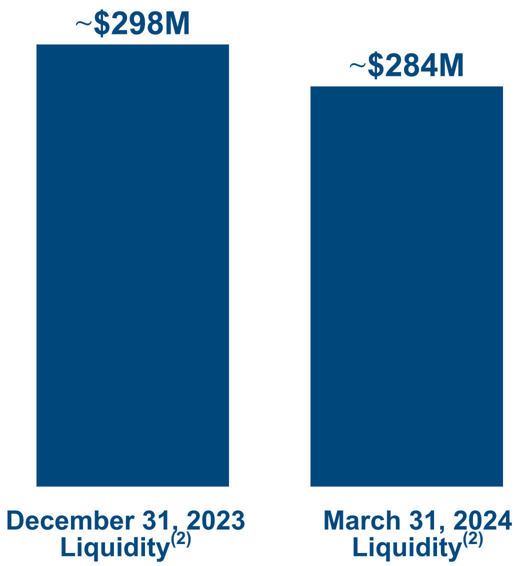
Leverage[1] at April 1, 2022 Merger Close

3.0x

Leverage[1] as of March 31, 2024

Inclusive of 5 acquisitions post-April 2022 merger

Total Liquidity



(1) As defined under DSG's credit agreement.
(2) Inclusive of restricted & unrestricted cash position and availability under credit facility.

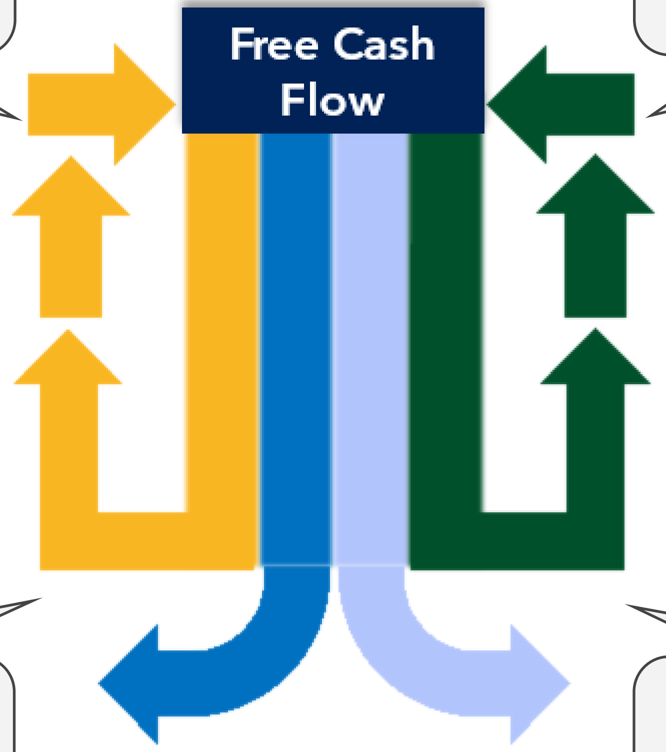
Disciplined Capital Allocation Framework

Q1'24 trade working capital $433M

TTM cash flows from operating activities of $95M

Q1 '24 3.0x[2] Net Debt Leverage

TTM Free Cash Flow[1] Conversion of ~110%



5 highly commercially strategic & accretive, high ROIC tuck-in distribution company acquisitions in the preceding 24 months

46.8M shares outstanding

$29.0M available for opportunistic buybacks
(No share buybacks in Q1)

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

Summary

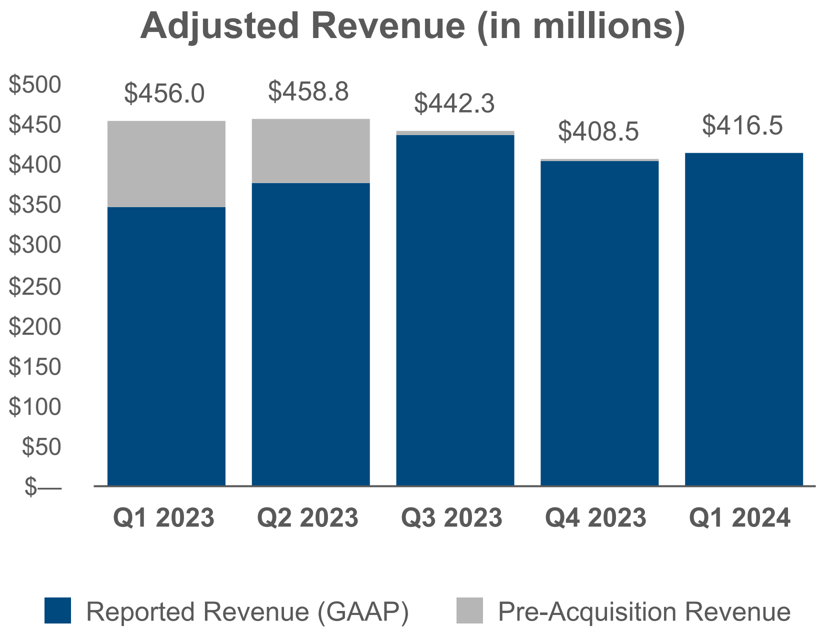
- ***Sequential progress*** *despite tough sales comps; continued softness of certain end-markets experienced.*
- ***Process and structural optimization initiatives*** *for each business unit* ***well underway****.*
- *Q1 results driven primarily by acquired revenue – aligns with growth strategy;* ***two-year stacked organic growth of 4.7%****.*
- ***Sequential improvement*** *in adjusted EBITDA of* ***$2 million*** to ***8.7%*** *from* ***8.4%*** in the fourth quarter of 2023.
- ***Conservative financial management*** *and prudent capital allocation to continue.* Leverage of ***3.0x*** *which includes impact of ESS acquisition in Q1.*
- ***Team collaboration and M&A playbook*** *bridging to a structurally higher margin in 2024.*
- ***Disciplined M&A strategy*** *to capture commercially strategic with high ROIC, bolt-on acquisitions;* ***pipeline*** *for add-on acquisitions* ***remains encouraging. Completed the acquisition of ESS in Q1 and S&S Automotive subsequent to quarter end.***

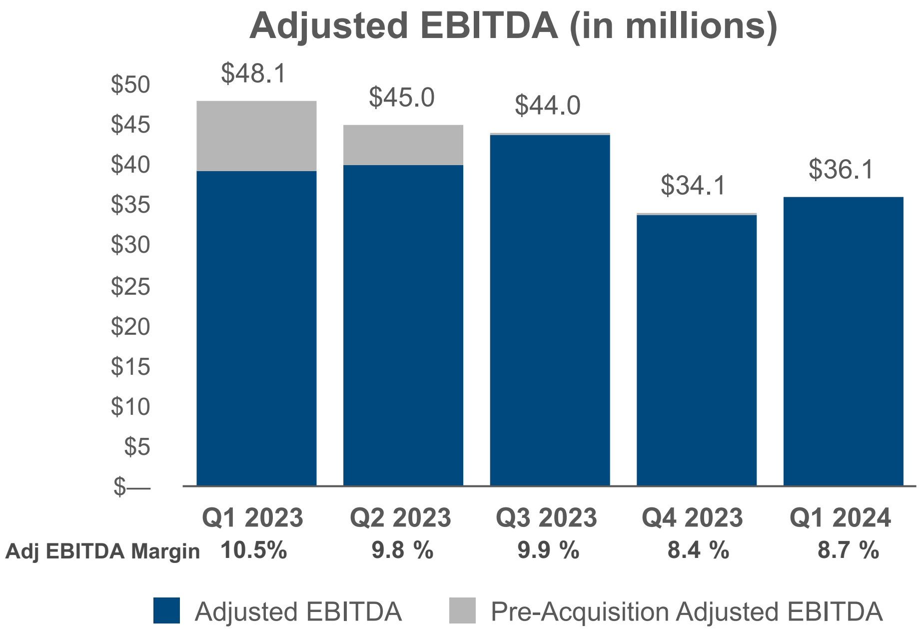
Appendix

Q1 2024 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 Q1 2023-Q1 2024 period.





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.

GAAP to Non-GAAP Reconciliations

Q1 Revenue and Adjusted EBITDA Reconciliation ($000s)

(Unaudited)

	Lawson Products		Gexpro Services		TestEquity		All Other		Eliminations		Consolidated DSG	
Quarter Ended	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Revenue from external customers	$ 118,162	$ 125,280	$ 98,364	$101,016	$ 187,065	$ 107,359	$ 12,495	$ 14,615	$ —	$ —	$ 416,086	$ 348,270
Intersegment revenue	24	—	287	—	84	—	—	—	(395)	—	—	—
Revenue	$ 118,186	$ 125,280	$ 98,651	$101,016	$ 187,149	$ 107,359	$ 12,495	$ 14,615	$ (395)	$ —	$ 416,086	$ 348,270
Operating income (loss)	$ 4,107	$ 8,245	$ 5,462	$ 7,374	$ (6,094)	$ 26	$ (692)	$ 1,076			$ 2,783	$ 16,721
Depreciation and amortization	5,208	6,558	3,840	3,865	7,496	4,805	508	494			17,052	15,722
Adjustments:												
Acquisition related costs(1)	1,287	1,009	73	375	381	2,715	213	—			1,954	4,099
Stock-based compensation(2)	2,012	2,204	—	—	—	—	186	—			2,198	2,204
Severance and acquisition related retention expenses(3)	812	238	72	—	9,828	113	4	—			10,716	351
Other non-recurring(4)	—	196	1,364	60	—	—	—	—			1,364	256
Non-GAAP adjusted EBITDA	$ 13,426	$ 18,450	$ 10,811	$ 11,674	$ 11,611	$ 7,659	$ 219	$ 1,570			$ 36,067	$ 39,353
Operating income (loss) as a percent of revenue	3.5%	6.6%	5.5%	7.3%	(3.3)%	—%	(5.5)%	7.4%			0.7%	4.8%
Adjusted EBITDA as a percent of revenue	11.4%	14.7%	11.0%	11.6%	6.2%	7.1%	1.8%	10.7%			8.7%	11.3%

(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 in 2024 and 2023 not related to a formal restructuring plan and acquisition related retention expenses for the Hisco acquisition
(4) Other non-recurring costs consist of certain non-recurring strategic projects and other non-recurring items

GAAP to Non-GAAP Reconciliations

DSG DISTRIBUTION SOLUTIONS GROUP

Adjusted Revenue and Adjusted EBITDA Reconciliation ($000s)

Results Inclusive of Acquisitions – Pre-Acquisition Date

(Unaudited)

	Consolidated DSG				
Quarter Ended	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**
Revenue	$ 348,270	$ 377,984	$ 438,909	$ 405,239	$ 416,086
Pre-acquisition revenue(1)	107,774	80,772	3,355	3,251	440
Adjusted revenue	$ 456,044	$ 458,756	$ 442,264	$ 408,490	$ 416,526
Operating income (loss)	$ 16,721	$ 13,776	$ 12,783	$ (289)	$ 2,783
Pre-acquisition operating Income (loss) (1)	3,634	6,287	231	238	10
Adjusted Operating Income (loss)	20,355	20,063	13,014	(51)	2,793
Depreciation and amortization	15,722	14,584	17,010	16,272	17,052
Adjustments:					
Acquisition related costs(2)	4,099	5,058	(94)	2,498	1,954
Stock-based compensation(3)	2,204	2,188	1,049	2,499	2,198
Severance and acquisition related retention expenses(4)	351	2,437	10,478	11,400	10,716
Inventory step-up(5)	—	716	2,150	716	—
Other non-recurring(6)	256	1,341	327	784	1,364
Pre-Acquisition add-backs(7)	5,077	(1,353)	22	22	—
Adjusted EBITDA	$ 48,064	$ 45,034	$ 43,956	$ 34,140	$ 36,077
Operating income (loss) as a percent of revenue	4.8%	3.6%	2.9%	(0.1)%	0.7%
Adjusted EBITDA as a percent of revenue	13.8%	11.9%	10.0%	8.4%	8.7%
Adjusted EBITDA as a percent of pro forma revenue	10.5%	9.8%	9.9%	8.4%	8.7%

References to table footnotes are on slide 17

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 in 2024 and 2023, not related to a formal restructuring plan and acquisition related retention expenses for the Hisco acquisition
(5) Inventory fair value step-up adjustments resulting from the acquisition accounting
(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					
	Q1 2024		Q1 2023(3),(4)		Q4 2023	
	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)
Net income (loss)	$ (5,224)	$ (0.11)	$ 5,907	$ 0.14	$ (16,330)	$ (0.35)
Pretax adjustments:						
Stock-based compensation	2,198	0.05	2,204	0.05	2,499	0.05
Acquisition related costs	1,954	0.04	4,099	0.10	2,498	0.05
Amortization of intangible assets	10,746	0.23	9,152	0.21	10,398	0.22
Severance and acquisition related retention expenses	10,716	0.23	351	0.01	11,400	0.24
Change in fair value of earnout liabilities	(5)	—	57	—	(112)	—
Inventory step-up	—	—	—	—	716	0.02
Other non-recurring	1,364	0.03	256	0.01	784	0.02
Total pretax adjustments	26,973	0.58	16,119	0.38	28,183	0.60
Tax effect on adjustments(1)	(7,334)	(0.16)	(4,239)	(0.10)	(7,412)	(0.16)
Deferred tax asset valuation allowance(5)	(2,696)	(0.06)	—	—	6,144	0.13
Non-GAAP adjusted net income	$ 11,719	$ 0.25	$ 17,787	$ 0.42	$ 10,585	$ 0.22

(1) The estimated tax effect on the adjustments is determined by applying the jurisdictional rate of the originating territory of the non-GAAP adjustments.
(2) Pretax adjustments to diluted EPS calculated on 46.777 million, 42.608 million and 46.805 million diluted shares for the first quarter of 2024 and 2023,and the fourth quarter of 2023, respectively.
(3) In the fourth quarter of 2023, the Company changed the treatment of amortization of intangible assets and the deferred tax asset valuation allowance to be included in the calculation of Non-GAAP adjusted net income and Non-GAAP adjusted diluted EPS. The calculation of the tax effect on adjustments was revised to consider the jurisdictional rate of the originating territory of the non-GAAP adjustments. Prior periods have been adjusted to conform to current period presentation.
(4) Share and per share data for all periods presented reflect two-for-one stock split.
(5) Represents expense related to the deferred tax asset valuation allowance from interest expense limitations under Section 163(j).