DSG
DISTRIBUTION SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

2023 Financial Results

March 7, 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 after combining 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 has otherwise combined 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

- 2023 Full Year and Q4 Consolidated Highlights & Financial Results
- Segment Highlights & Financial Results
- Q&A

DSG's Board of Directors approved and declared a two-for-one stock split in Q3. Accordingly, all share and per share amounts presented herein have been retroactively adjusted to reflect the impact of the Stock Split.

2022 GAAP results reported under Reverse Merger Accounting. Combined Gexpro Services/TestEquity is accounting acquiror of Lawson Products given common control of entities and thus, include Lawson Products results commencing on the Merger date of April 1, 2022.

See appendix for GAAP to Non-GAAP reconciliations.

2023 Year in Review

Demonstrated our ability to execute strategic goals; expanding revenues, margins, enterprise value, and generating significant operating cash flow

- Accelerated growth through a disciplined execution of our M&A playbook
  - Accretive acquisition and integration of Hisco underway
- Key initiatives for MRO Focus
  - Salesforce transformation investments to drive productivity improvement in field sales reps, channel expansion through inside sales team
  - New product expansion
- Key initiatives for OEM Focus
  - Upstream & downstream synergies in large and diverse end markets
  - Gross margin expansion despite headwinds
- Key initiatives for Industrial Technologies focus
  - Meaningful expansion to DSG's scale and footprint in North America
  - Margin improvements, strategic cost-outs and system consolidation
  - Creation of one digital platform
- Capital building initiatives of rights offering and expanded share repurchase plan
- Built collaborative teams with a results-oriented culture

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

2023 Full Year and Q4 Highlights

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- Full year revenue increased 36.4%; adjusted for Lawson pre-merger, comparable pro forma revenue increased 23.7% over 2022.
- Q4 revenue up 23.2% from acquired revenue. Two-year stacked organic growth up 10% in Q4; Q4 2023 organic revenue down 6.4%. Technology end-market, renewables maintenance and capital spending continued to show softness.
- Full year adjusted EBITDA increased 27.6% or $34M to $157M or 10.0% of sales.
- Q4 adjusted EBITDA of $34M, flat vs. year ago and 8.4% of sales.
- Full year loss per diluted share of $0.20 compared to earnings per diluted share of $0.21 in 2022. Non-GAAP adjusted diluted EPS of $1.42 compared to $1.47 a year ago on 44.9M shares outstanding compared to 35.1M shares outstanding.
- Generated $102M of full year operating cash flows ($28M during Q4) from working capital efficiencies and improved profitability.
- Deleveraged the company to 2.9x; ended the year with $100M of cash and approx. $198M of availability under revolving credit facility.

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

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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*
~30% of Revenue	***~23% of Revenue***	***~47% of Revenue***

TTM Financial Highlights	**$1.75Bn** Adjusted Revenue	**~10%** Adjusted EBITDA %	**$160M+** Adj. Free Cash Flow (1)

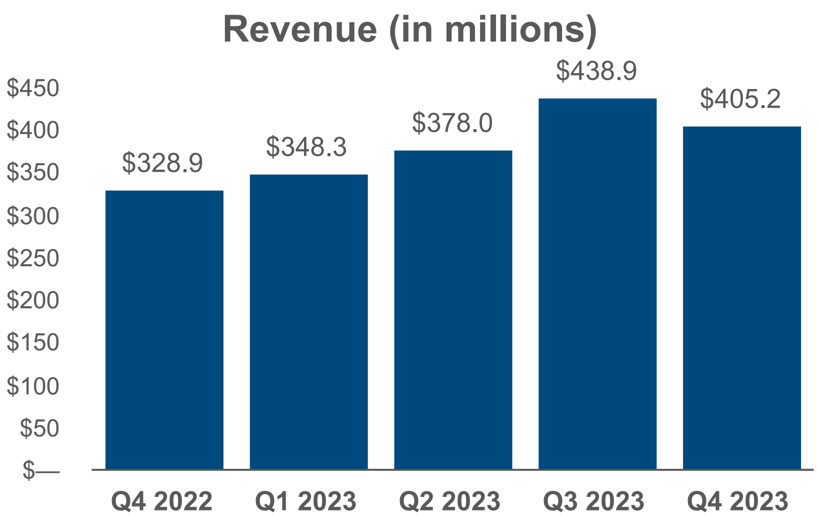
Fly-by Operating Stats	**40+** Countries Served	**180k+** Customers	**500k+** Unique SKU's

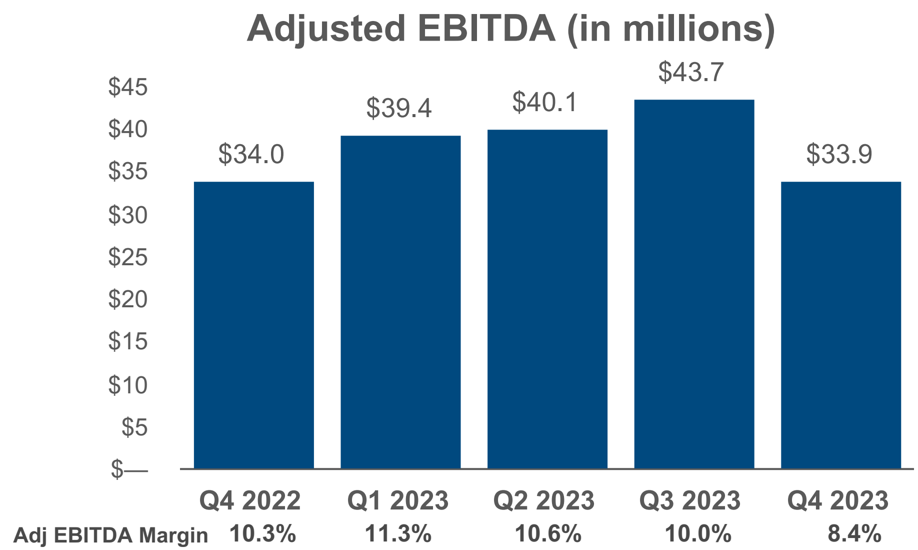
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.
Information inclusive of Other Acquisition results prior to the acquisition date.
(1) Defined as Reg G EBITDA less Reg G cash items, less capex, plus/minus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

2023 Consolidated Financial Highlights

Reported Revenue and Adjusted EBITDA

- Full year revenue of $1.57B, an increase of $419.0M or 36.4% over 2022; inclusive of Lawson pre-merger, pro forma revenue up $301.1M or 23.7% over 2022.
- Q4 revenue of $405.2M; up $76.4M or 23.2% due to 2023 Hisco acquisition. Q4 two-year stacked organic growth up 10% while Q4 organic down 6.4% primarily from continued softness in technology end-market, renewables maintenance and capital spending.
- Q4 adjusted EBITDA flat vs. year ago at $33.9M or 8.4% of sales.
- Full year adjusted EBITDA of $157.0M; up 27.6% over 2022.





Revenue and Adjusted EBITDA results are presented on an Adjusted (Non-GAAP) and continuing operations basis.

Lawson Products – MRO Focus LAWSON

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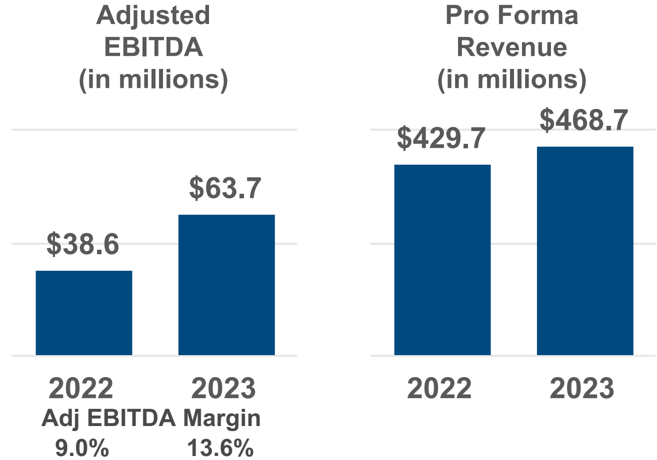
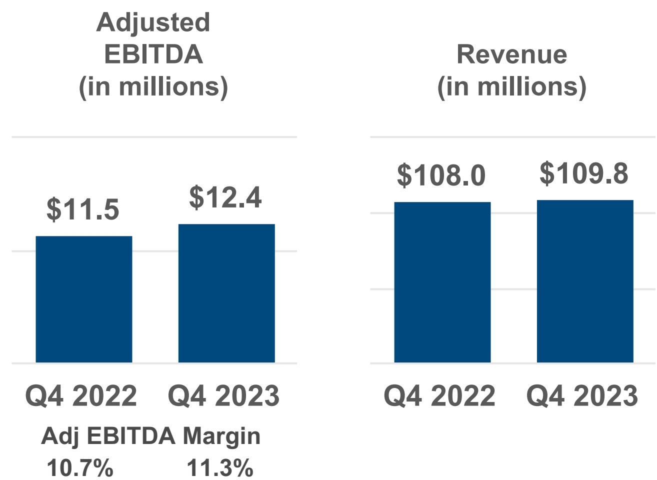
2023 Highlights:

- Pro forma revenue +9.1% or $39M YTD; all organic growth-driven by pricing and expanding / new customer relationships
- Strong sales realized in strategic, Kent Automotive and government verticals in 2023
- Ended December 31, 2023 with ~900 sales reps. Q4 sales per rep per day productivity improved ~15% vs. Q4 2022 on top of ~18.0% gained in Q3
- YTD adjusted EBITDA of $63.7 or 13.6% of revenue up from 9.0% of pro forma revenue. Q4 adjusted EBITDA of $12.4M or 11.3% of revenue up from 10.7% over year ago quarter on revenue growth and improved gross margins
- Significant adjusted EBITDA expansion despite investments in business during 2023 to build infrastructure for long-term channel growth
- 2024 to be a year of continued evolution of sales rep enhancements and customer/channel expansion

Year-to-Date



Quarterly



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

Gexpro Services

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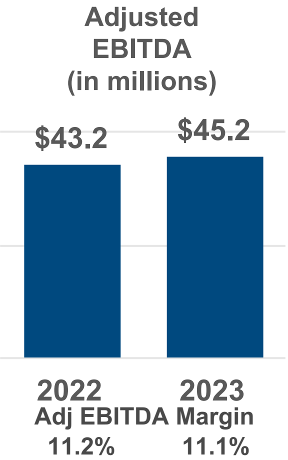
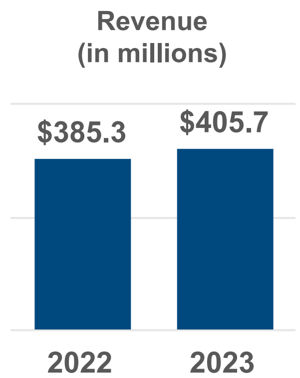
2023 Highlights:

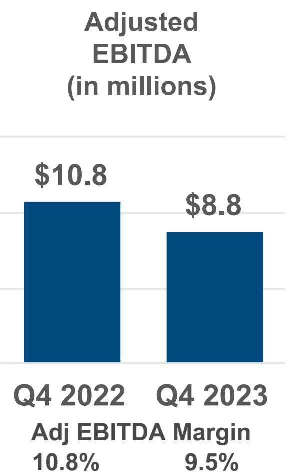
- Revenue + 5.3% or $20.4M YTD; despite ~50% decline in technology/semiconductor end-market. Excluding acquired businesses and technology end-market, 2023 up ~15%
- Q4 revenue down 6.9% primarily within technology and delayed maintenance in renewables within acquired businesses. Remainder of business up 6.2%.
- 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
- YTD adjusted EBITDA of $45.2M or 11.1% of revenue flat with prior year. Q4 adjusted EBITDA of $8.8M or 9.5% of revenue. Lower margin driven primarily by end market sales shift mix
- Flat opex on normalized sales levels to drive net margin expansion by Q2 as outstanding bids/quotes remain strong

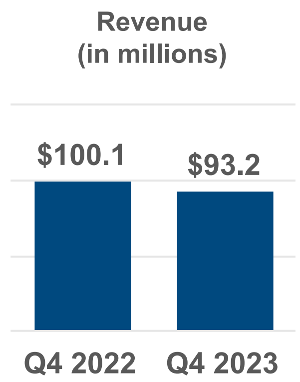
Year-to-Date





Quarterly





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

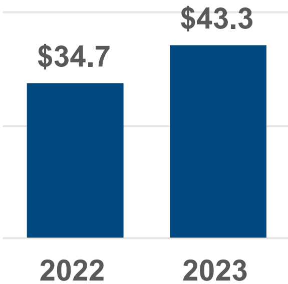
TestEquity | DSG DISTRIBUTION SOLUTIONS GROUP

2023 Highlights:

- Revenue +63.6% or $249.4M YTD; primarily driven by acquisitions; organic revenue down 8.0% or $24.0M. Sales softness in core legacy business as T&M "capital" type project delays continue
- Revenue from 2022 and 2023 acquisitions (Hisco and Instrumex) up $273.4M from a year ago
- Key operating initiatives focused on acquisition integration, pricing disciplines, sales force optimization and digital channel expansion
- Proactively taking actions to align operating costs - annualized margin cost savings expected to exceed $10M
- YTD adjusted EBITDA of $43.3M or 6.7% of revenue down from 8.9%. $19.7M adjusted EBITDA generated from acquisitions
- Q4 adjusted EBITDA includes $6.3M from acquisitions; offset by softer organic sales and higher compensation and health insurance claims
- Sequential quarterly margin improvement anticipated in 2024 through Hisco integration, gross margin enhancements and sales drivers on relatively flat opex

Year-to-Date

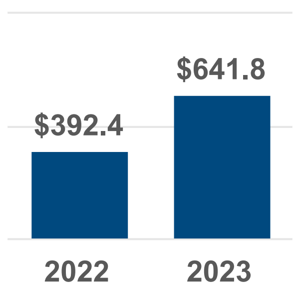
Adjusted EBITDA (in millions)



Adj EBITDA Margin

8.9% 6.7%

Revenue (in millions)



Quarterly

Adjusted EBITDA (in millions)

Adj EBITDA Margin

9.9% 6.2%

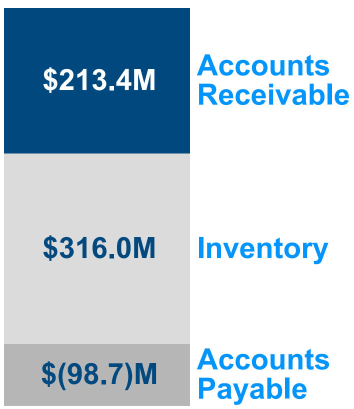
Revenue (in millions)

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

$430.7M



12/31/2023 Trade NWC

High returns realized on working capital investments

Rapid Deleveraging via Earnings Growth and Free Cash Flow Generation

3.6x

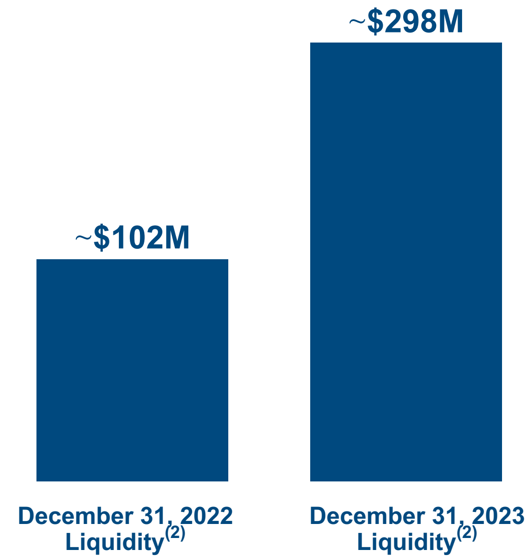
Leverage[1] at April 1, 2022 Merger Close

2.9x

Leverage[1] as of December 31, 2023

Inclusive of 4 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

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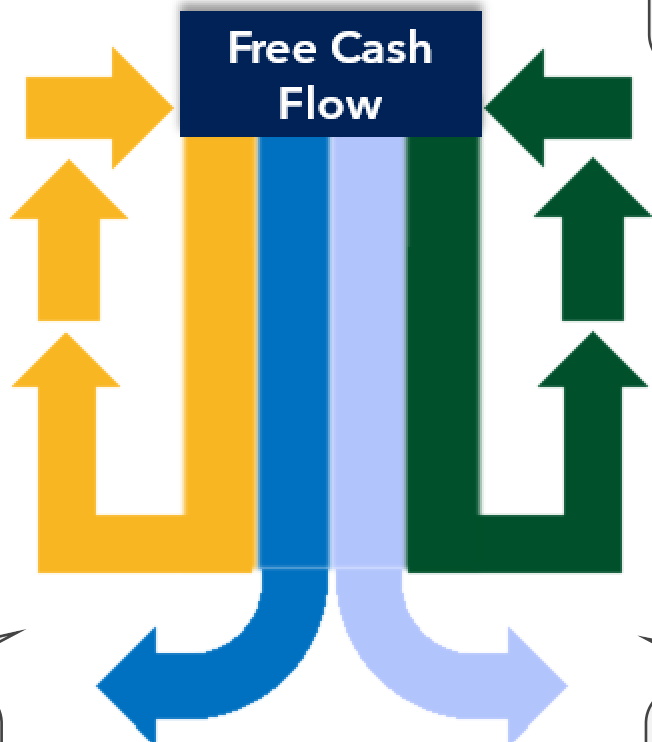
Q4 '23 trade working capital $431M
Cash flows from operating activities of $102M in 2023 ($28M in Q4 '23)

Q4 '23 2.9x[2] Net Debt Leverage

Free Cash Flow[1] Conversion of ~100% realized in 2023



10 highly strategic & accretive tuck-in distribution company acquisitions in the preceding 24 months

$29.0M available for opportunistic buybacks ($3.6M executed in Q4)

(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

- ***Strong full year results*** *despite tougher sales comps in 2nd half; softening of certain end-markets experienced.*

- ***Proactively re-baselining cost structure*** *where appropriate.*

- *Full year results driven primarily by acquired revenue – aligns with growth strategy;* ***Q4 two-year organic growth of 10%****.*

- ***Year-over-year improvement*** *in adjusted EBITDA of* ***10.0%*** *and comparative margin excluding Hisco of* ***10.5%*** vs. ***9.7%*** a year ago.

- ***Conservative financial management*** *and prudent capital allocation to continue.* ***$102 million of cash flows from operations in 2023*** with leverage of ***2.9x***.

- *Companies* ***collaborating well together*** *to identify growth and cost saving opportunities.*

- ***Disciplined M&A strategy*** *to capture accretive, bolt-on acquisitions;* ***pipeline*** *for add-on acquisitions* ***remains encouraging****.*

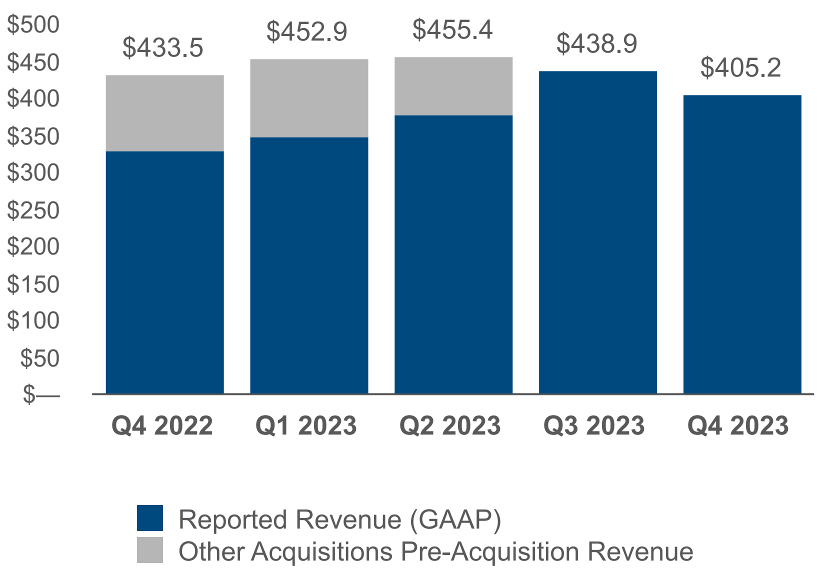
Appendix

Q4 2023 Consolidated Financial Highlights

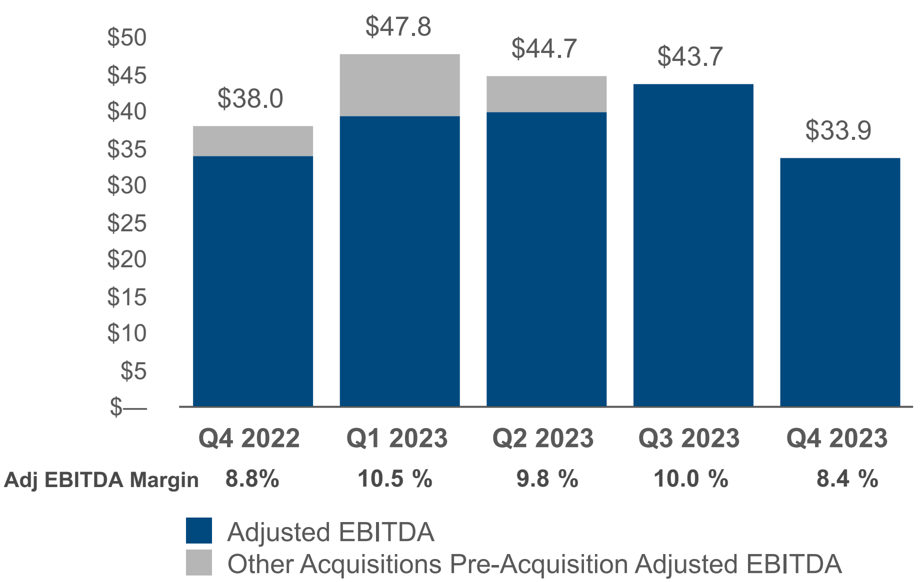
Results Inclusive of Other Acquisitions Pre-Acquisition Results

- 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 Q4 2022-Q4 2023 period.

Adjusted Revenue (in millions)



Adjusted EBITDA (in millions)



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

Q4 Revenue and Adjusted EBITDA Reconciliation ($000s)

(Unaudited)

	Lawson Products		Gexpro Services		TestEquity		All Other		Eliminations		Consolidated DSG	
Quarter Ended	**Q4 2023**	**Q4 2022**	**Q4 2023**	**Q4 2022**	**Q4 2023**	**Q4 2022**	**Q4 2023**	**Q4 2022**	**Q4 2023**	**Q4 2022**	**Q4 2023**	**Q4 2022**
Revenue from external customers	$ 109,475	$ 108,029	$ 91,968	$ 100,103	$ 190,560	$ 105,374	$ 13,236	$ 15,344	$ —	$ —	$ 405,239	$ 328,850
Intersegment revenue	332	—	1,243	—	125	—	—	—	(1,700)	—	—	—
Revenue	$ 109,807	$ 108,029	$ 93,211	$ 100,103	$ 190,685	$ 105,374	$ 13,236	$ 15,344	$ (1,700)	$ —	$ 405,239	$ 328,850
Operating income (loss)	$ 5,140	$ 3,746	$ 3,516	$ 4,317	$ (8,282)	$ 3,932	$ (663)	$ 663			$ (289)	$ 12,658
Depreciation and amortization	4,407	4,063	4,026	4,196	7,315	5,055	524	558			16,272	13,872
Adjustments:												
Merger and acquisition related costs(1)	360	1,324	268	1,823	931	1,486	939	—			2,498	4,633
Stock-based compensation(2)	2,499	2,003	—	—	—	—	—	—			2,499	2,003
Severance and acquisition related retention expenses(3)	46	217	199	221	11,153	3	2	2			11,400	443
Inventory step-up(4)	—	—	—	—	716	—	—	—			716	—
Other non-recurring(5)	(30)	156	814	238	—	—	—	—			784	394
Non-GAAP adjusted EBITDA	$ 12,422	$ 11,509	$ 8,823	$ 10,795	$ 11,833	$ 10,476	$ 802	$ 1,223			$ 33,880	$ 34,003
Operating income (loss) as a percent of revenue	4.7%	3.5%	3.8%	4.3%	(4.3)%	3.7%	(5.0)%	4.3%			(0.1)%	3.8%
Adjusted EBITDA as a percent of revenue	11.3%	10.7%	9.5%	10.8%	6.2%	9.9%	6.1%	8.0%			8.4%	10.3%

(1) Transaction and integration costs related to the mergers and other 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 2023 and 2022 not related to a formal restructuring plan and acquisition related retention expenses for the Hisco acquisition
(4) Inventory fair value step-up adjustment for Lawson resulting from the reverse merger acquisition accounting and acquisition accounting for additional acquisitions completed by Gexpro Services or TestEquity
(5) Other non-recurring costs consist of non-capitalized deferred financing costs incurred in conjunction with the 2023 credit agreement amendment, certain non-recurring strategic projects and other non-recurring items

GAAP to Non-GAAP Reconciliations

Fiscal Year Pro Forma Revenue and Adjusted EBITDA Reconciliation ($000s)

Results Inclusive of Lawson Products Pre-Merger Results

	Lawson Products		Gexpro Services		TestEquity		Other		Eliminations		Consolidated DSG	
Year Ended	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue from external customers	$ 468,379	$ 324,783	$ 404,490	$ 385,326	$ 641,643	$ 392,358	$ 55,890	$ 48,955	$ —	$ —	$ 1,570,402	$ 1,151,422
Intersegment revenue	332	—	1,243	—	125	—	—	—	(1,700)	—	—	—
Revenue	468,711	324,783	405,733	385,326	641,768	392,358	55,890	48,955	(1,700)	—	1,570,402	1,151,422
Pre-merger revenue(1)	—	104,902	—	—	—	—	—	12,975	—	—	—	117,877
Pro forma revenue	$ 468,711	$ 429,685	$ 405,733	$ 385,326	$ 641,768	$ 392,358	$ 55,890	$ 61,930	$ (1,700)	$ —	$ 1,570,402	$ 1,269,299
Operating income (loss)	$ 32,498	$ 6,536	$ 27,000	$ 21,291	$ (16,465)	$ 11,375	$ (42)	$ 2,584			$ 42,991	$ 41,786
Pre-merger operating income(1)	—	11,096	—	—	—	—	—	980			—	12,076
Pro forma merger adjustments(2)	—	(4,086)	—	—	—	—	—	—			—	(4,086)
Pro forma operating income (loss)	32,498	13,546	27,000	21,291	(16,465)	11,375	(42)	3,564			42,991	49,776
Depreciation and amortization	19,532	14,716	15,986	15,175	26,002	17,480	2,068	2,080			63,588	49,451
Adjustments:												
Merger and acquisition related costs(3)	3,015	7,672	1,081	5,957	6,215	4,786	1,250	—			11,561	18,415
Stock-based compensation(4)	7,940	(4,237)	—	—	—	—	—	—			7,940	(4,237)
Severance and acquisition related retention expenses(5)	476	2,050	238	266	23,949	1,095	3	11			24,666	3,422
Inventory net realizable value adjustment(6)	—	1,737	—	—	—	—	—	—			—	1,737
Inventory step-up(7)	—	1,943	—	163	3,582	—	—	761			3,582	2,867
Other non-recurring(8)	202	1,199	886	354	—	—	1,620	44			2,708	1,597
Non-GAAP adjusted EBITDA	$ 63,663	$ 38,626	$ 45,191	$ 43,206	$ 43,283	$ 34,736	$ 4,899	$ 6,460			$ 157,036	$ 123,028
Operating income (loss) as a percent of revenue	6.9%	2.0%	6.7%	5.5%	(2.6)%	2.9%	(0.1)%	5.3%			2.7%	3.6%
Adjusted EBITDA as a percent of revenue	13.6%	11.9%	11.1%	11.2%	6.7%	8.9%	8.8%	13.2%			10.0%	10.7%
Adjusted EBITDA as a percent of pro forma revenue	13.6%	9.0%	11.1%	11.2%	6.7%	8.9%	8.8%	10.4%			10.0%	9.7%

References to table footnotes are on slide 18

GAAP to Non-GAAP Reconciliations

Fiscal Year Pro Forma Revenue and Adjusted EBITDA Reconciliation – Table Footnotes

(1) Represents Lawson Products pre-merger revenue and operating income

(2) Represents Lawson Products pro forma adjustments related to the merger consisting primarily of amortization of intangibles and stock based compensation

(3) Transaction and integration costs related to the mergers and other acquisitions

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

(5) Includes severance expense for actions taken in 2023 and 2022, not related to a formal restructuring plan and acquisition related retention expenses for the Hisco acquisition

(6) Inventory net realizable value adjustment recorded to reduce inventory related to discontinued products where the anticipated net realizable value was lower than the cost reflected in our records

(7) Inventory fair value step-up adjustment for Lawson resulting from the reverse merger acquisition accounting and acquisition accounting for additional acquisitions completed by Gexpro Services or TestEquity

(8) Other non-recurring costs consist of non-capitalized deferred financing costs incurred in conjunction with the 2023 credit agreement amendment, certain non-recurring strategic projects and other non-recurring items

GAAP to Non-GAAP Reconciliations

Adjusted Revenue and Adjusted EBITDA Reconciliation ($000s)

Results Inclusive of Other Acquisitions – Pre-Acquisition Date

(Unaudited)

	Consolidated DSG				
Quarter Ended	**Q4 2022**	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**
Revenue	$ 328,850	$ 348,270	$ 377,984	$ 438,909	$ 405,239
Pre-acquisition revenue(1)	104,677	104,616	77,447	—	—
Adjusted revenue	$ 433,527	$ 452,886	$ 455,431	$ 438,909	$ 405,239
Operating income (loss)	$ 12,658	$ 16,721	$ 13,776	$ 12,783	$ (289)
Pre-acquisition operating Income (loss) (1)	(577)	3,345	6,014	—	—
Adjusted Operating Income (loss)	12,081	20,066	19,790	12,783	(289)
Depreciation and amortization	13,872	15,722	14,584	17,010	16,272
Adjustments:					
Merger and acquisition related costs(2)	4,633	4,099	5,058	(94)	2,498
Stock-based compensation(3)	2,003	2,204	2,188	1,049	2,499
Severance and acquisition related retention expenses(4)	443	351	2,437	10,478	11,400
Inventory step-up(5)	—	—	716	2,150	716
Other non-recurring(6)	394	256	1,341	327	784
Pre-Acquisition add-backs(7)	4,571	5,056	(1,375)	—	—
Adjusted EBITDA	$ 37,997	$ 47,754	$ 44,739	$ 43,703	$ 33,880
Operating income (loss) as a percent of revenue	3.8%	4.8%	3.6%	2.9%	(0.1)%
Adjusted EBITDA as a percent of revenue	11.6%	13.7%	11.8%	10.0%	8.4%
Adjusted EBITDA as a percent of pro forma revenue	8.8%	10.5%	9.8%	10.0%	8.4%

References to table footnotes are on slide 20

DSG DISTRIBUTION SOLUTIONS GROUP

Adjusted Revenue and EBITDA Reconciliation – Table Footnotes

(1) Represents additional revenue and operating income of other acquisitions prior to their acquisition dates not in reported GAAP results

(2) Transaction and integration costs related to the mergers and other 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 2023 and 2022, 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 reverse merger acquisition accounting for Lawson Products and acquisition accounting for additional acquisitions completed by Gexpro Services or TestEquity

(6) Other non-recurring costs consist of non-capitalized deferred financing costs incurred in conjunction with the 2023 credit agreement amendment, 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							
	Q4 2023		Q4 2022(3)		Full Year 2023		Full Year 2022(3)	
	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)
Net income (loss)	$ (16,330)	$ (0.35)	$ (1,883)	$ (0.05)	$ (8,967)	$ (0.20)	$ 7,406	$ 0.21
Pretax adjustments:								
Stock-based compensation	2,499	0.05	2,003	0.05	7,940	0.18	2,448	0.07
Merger and acquisition related costs	2,498	0.05	4,633	0.12	11,561	0.26	15,441	0.44
Amortization of intangible assets	10,398	0.22	8,186	0.21	40,263	0.90	29,097	0.83
Severance and acquisition related retention expenses	11,400	0.24	443	0.01	24,666	0.55	2,796	0.08
Change in fair value of earnout liabilities	(112)	—	4,431	0.11	(758)	(0.02)	483	0.01
Inventory net realizable value adjustment	—	—	—	—	—	—	1,737	0.05
Inventory step-up	716	0.02	—	—	3,582	0.08	2,867	0.08
Other non-recurring	784	0.02	394	0.01	2,708	0.06	1,597	0.05
Total pretax adjustments	28,183	0.60	20,090	0.51	89,962	2.01	59,861	1.71
Tax effect on adjustments(1)	(7,412)	(0.16)	(5,264)	(0.14)	(23,660)	(0.53)	(15,684)	(0.45)
Deferred tax asset valuation allowance(5)	6,144	0.13	124	—	6,144	0.14	124	—
Non-GAAP adjusted net income	$ 10,585	$ 0.22	$ 13,067	$ 0.32	$ 63,479	$ 1.42	$ 51,707	$ 1.47

(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 46.805 million and 38.817 million diluted shares for the fourth quarter of 2023 and 2022, respectively. Pretax adjustments to diluted EPS calculated on 44.869 million and 35.087 million diluted shares for the twelve months ended December 31, 2023 and 2022, respectively.

(3) In 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).