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NASDAQ: DSGR

# Q2 2025 Financial Results

July 31, 2025

## 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, Section 21E of the Securities Exchange Act of 1934, as amended, and the "safe-harbor" provisions under the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. The Terms "aim," "anticipate," "believe," "contemplates," "continues," "could," "ensure," "estimate," "expect," "forecasts," "if," "intend," "likely," "may," "might," "objective," "outlook," "plan," "positioned," "potential," "predict," "probable," "project," "shall," "should," "strategy," "will," "would," and 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. DSG undertakes no obligation to release publicly any revisions to forward-looking statements as a result of new information, future events or otherwise. Each forward-looking statement speaks only as of the date on which such statement is made, and DSG undertakes no obligation to update any such statement to reflect events or circumstances arising after such date. Actual results may differ materially from those projected as a result of certain risks and uncertainties. Factors that could cause or contribute to such differences or that might otherwise impact DSG's business, financial condition and results of operations include the risks that DSG may encounter difficulties integrating the business of DSG with the business of other companies that DSG has combined with or may otherwise combine with and that certain assumptions with respect to such business or transactions could prove to be inaccurate. Certain risks associated with DSG's business are also discussed from time to time in the reports DSG files with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K or other reports the Company may file from time to time with the Securities and Exchange Commission, which should be reviewed carefully.

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

## Agenda

- 2025 Q2 Consolidated Highlights & Financial Results
- Segment Highlights & Financial Results
- Q&A

**Change in Reportable Segments:** In the third quarter of 2024, as a result of the Source Atlantic Limited ("Source Atlantic") acquisition, we realigned our GAAP reportable segments by adding a new segment with a focus on the Canadian MRO market. The new Canada Branch Division segment includes the results of Source Atlantic and Bolt Supply House ("Bolt"). The results of Bolt had previously been included in our All Other non-reportable segment prior to Q3 2024. The results of the Lawson, TestEquity and Gexpro Services reportable segments did not change. The segment realignment had no impact on our financial condition or results of operations. Prior period segment results have been recast to reflect our new reportable segments.

See appendix for GAAP to Non-GAAP reconciliations.



## Solid Operational Performance

- Total sales growth of 14.3%; organic sales grew 3.3% and 2.4% sequentially over Q1
- Consolidated Adjusted EBITDA margin of 9.7% of sales versus 9.0% in Q1
- All verticals realized improved margins as a percent of sales sequentially over Q1



## Strategic Initiatives

- Salesforce transformation at Lawson continues; early wins in CRM usage, % of reps ordering daily, increased rep count; many areas still in flight. Multi-year process
- Integration of Hisco/TE mostly behind us. Flat external environment
- Canadian Branch well underway on realizing gross margin and branch consolidation. External head-winds heavy in eastern Canada



## Macro & Demand Outlook

- Despite an uneven macro environment, momentum continues in key end markets, including aerospace & defense, technology, renewables, and building for industrial power
- Tariff exposure continues; however, working with customers to mitigate impact
- Electronic production supply and test & measurement continue to be soft



## Capital Allocation Priorities

- Generated \$33M of cash flow from operations in Q2
- Repurchased ~\$20M of shares YTD with ~\$9M occurring in Q2
- Pipeline for acquisitions remain strong
- Ended the quarter with no outstanding borrowings on revolving credit facility; total liquidity of ~\$314M



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 <sup>(2)</sup>**

**~12% of Revenue <sup>(2)</sup>**

**~25% of Revenue <sup>(2)</sup>**

**~40% of Revenue <sup>(2)</sup>**

**TTM Financial Highlights**

**\$1.96Bn**  
Adjusted Revenue

**~9.6%**  
Adjusted EBITDA %

**~\$172M+**  
Adj. Free Cash Flow (1)

**Fly-by Operating Stats**

**50+**  
Countries Served

**200k+**  
Customers

**740k+**  
Unique SKU's

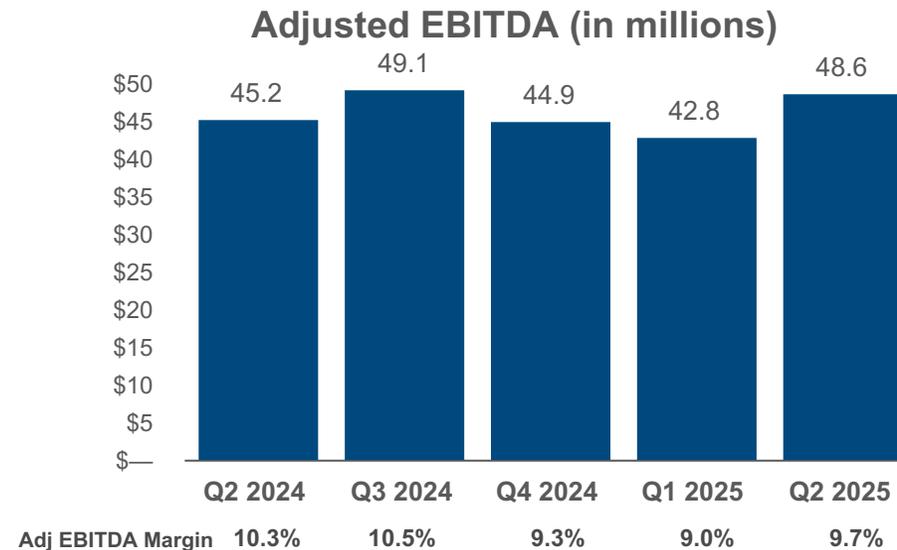
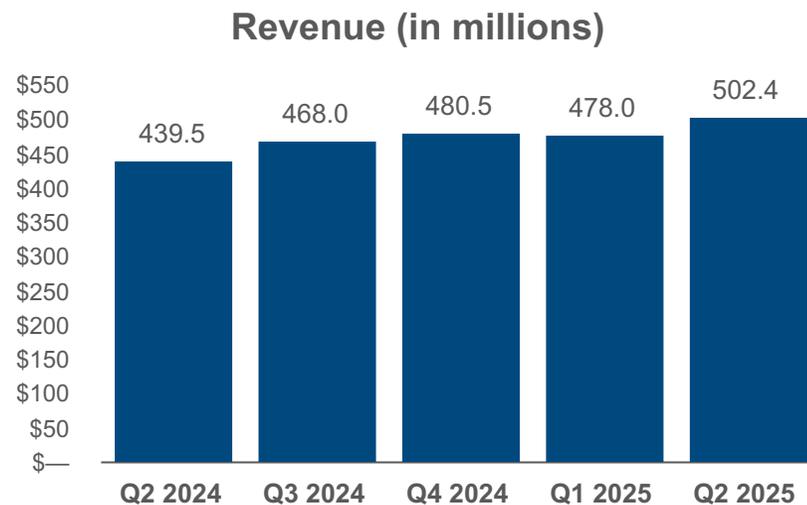
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations. Information inclusive of Other Acquisition results prior to the acquisition date.

(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.

# 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.



## Q2 2025 Highlights:

- Average daily sales (ADS) growth YoY (+2.6%) & sequentially (+1.6%):
  - YoY: Inorganic growth (S&S acquisition incremental revenue of \$4.4M) offset by ~1.0% organic decline entirely driven by lower military sales volume
  - Sequential: Broad-based growth across most end markets
- Q2 adjusted EBITDA of \$15.7M or 12.6% of revenue; up from 11.9% in Q1 driven by organic sales growth; down 100bps from a year ago as investment in sales transformation continues.
- Sales force expansion continues; ended June 30, 2025 with ~930 sales reps compared to ~840 a year ago and ~910 in Q1 2025. Expansion in roles to continue in the second half of 2025.
- Continued focus on building a world-class sales force, leveraging the CRM platform implemented in mid-2024 to connect our sales reps with customers more efficiently and leveraging the enhanced website launched in Q1 2025 to drive expansion of e-commerce channel.

Revenue (in millions)



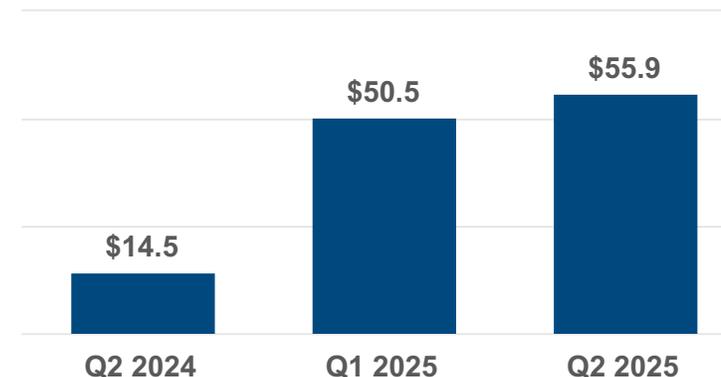
Adjusted EBITDA (in millions)



## Q2 2025 Highlights:

- Continued market softness for projects and manufacturing market amid tariff-related uncertainties, in particular in Eastern Canada.
- Q2 revenue up over year-ago quarter driven by the Source Atlantic acquisition which contributed \$41.3M of sales in Q2. Excluding Source Atlantic, revenue up \$0.1M or 0.7% (~2% on a constant currency basis) from year-ago quarter. Q2 revenue increased sequentially by \$5.4M or 10.5% (~5.8% on a constant currency basis) as sales benefited from typical seasonality.
- Driving key operating initiatives focused on acquisition integration, including the consolidation of four facilities by year-end 2025 and improvement of gross margins underway.
- Q2 adjusted EBITDA of \$3.6M or 6.5% of revenue. Excluding Source Atlantic, adjusted EBITDA at 15.9% of revenue (i.e. Bolt); up 200bps with year-ago quarter. Q2 adjusted EBITDA increased sequentially 130bps primarily driven by leveraging higher sales volume.

Revenue (in millions)



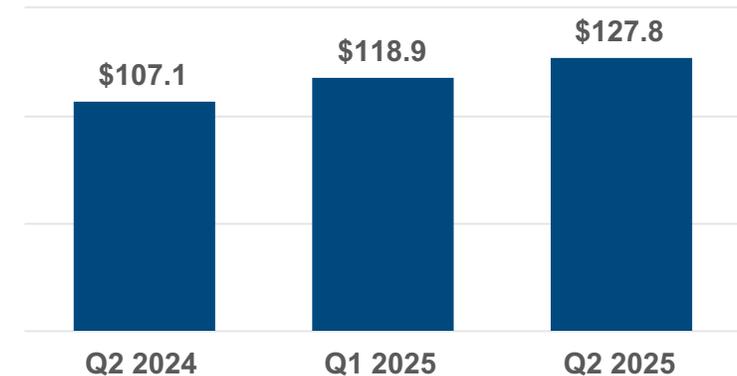
Adjusted EBITDA (in millions)



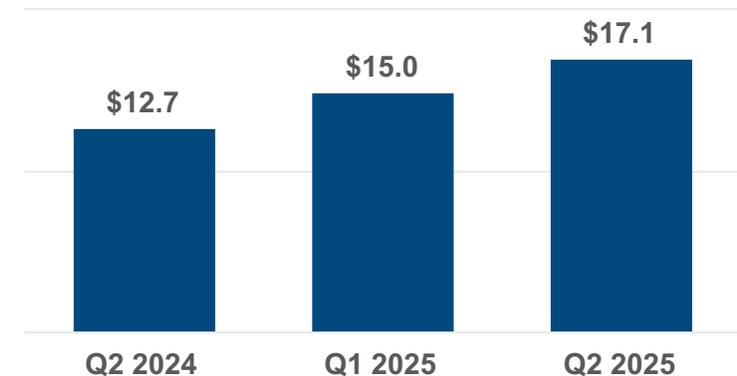
## Q2 2025 Highlights:

- Q2 organic revenue up \$19.5M or 18.2% from year-ago quarter on same number of days; organic average daily sales (ADS) up 2.4% sequentially. Improvements in the renewable energy, aerospace & defense and technology end markets continues.
- Continued expansion in net margins primarily through leveraging fixed cost structure over an increasing sales base.
- Value creation initiatives including DSG cross sell, acquisition synergies and expanded kitting offerings and E-commerce.
- Q2 adjusted EBITDA of \$17.1M or 13.4% of revenue, up from 11.9% in year-ago quarter and 12.6% sequentially on sales increase, gross margin management and operating leverage.

Revenue (in millions)



Adjusted EBITDA (in millions)

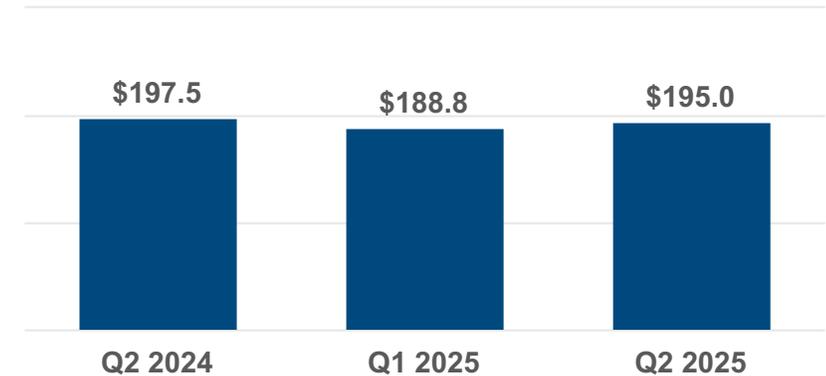


Adj EBITDA Margin      11.9%                      12.6%                      13.4%

## Q2 2025 Highlights:

- Q2 average daily sales (ADS) down 1.2% from year-ago quarter on softer electronic production supplies sales and lower T&M sales; up 1.7% sequentially. Q2 acquired revenue of \$1.9M from ConRes closed in Q4 2024.
- Key operating initiatives focused on continued acquisition integration, pricing disciplines, sales force optimization, digital channel expansion and cost containment
- Q2 adjusted EBITDA of \$13.5M or 6.9% of revenue, down from 7.8% in year-ago quarter on softer revenue. Sequentially up \$0.7M or 10bps.
- Announced CEO change effective July 14, 2025.

Revenue (in millions)



Adjusted EBITDA (in millions)



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"> <li>Market share growth</li> <li>Value-accretive initiatives</li> <li>Wallet-share expansion</li> <li>Cross-selling opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Adding scale, footprint, product adjacencies &amp; services</li> <li>Building structurally high margin businesses</li> <li>Disciplined acquisition criteria</li> </ul>	<p style="text-align: center;"><b>\$490.5M</b></p> <div style="display: flex; justify-content: center; align-items: center;"> <div style="border: 1px solid black; width: 80px; height: 80px; background-color: #003366; color: white; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;"> <p style="margin: 0;"><b>\$283.5M</b></p> </div> <div style="margin-left: 10px;">Accounts Receivable</div> </div> <div style="display: flex; justify-content: center; align-items: center;"> <div style="border: 1px solid black; width: 80px; height: 80px; background-color: #cccccc; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;"> <p style="margin: 0;"><b>\$350.3M</b></p> </div> <div style="margin-left: 10px;">Inventory</div> </div> <div style="display: flex; justify-content: center; align-items: center;"> <div style="border: 1px solid black; width: 80px; height: 80px; background-color: #cccccc; display: flex; align-items: center; justify-content: center; margin-bottom: 5px;"> <p style="margin: 0;"><b>\$(143.3M)</b></p> </div> <div style="margin-left: 10px;">Accounts Payable</div> </div> <p style="text-align: center;"><b>6/30/2025 Trade NWC</b></p> <p style="text-align: center;">High returns realized on working capital investments</p>	<p style="text-align: center;"><b>3.6x</b></p> <p style="text-align: center;">Leverage<sup>(1)</sup> at April 1, 2022 Merger Close</p> <div style="text-align: center; margin: 20px 0;"> </div> <p style="text-align: center;"><b>3.5x</b></p> <p style="text-align: center;">Leverage<sup>(1)</sup> 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"> <li>Authorized \$37.5M share repurchase program in place</li> <li>Repurchased shares of \$20.0M YTD 2025; \$6.3M still available under prior authorizations</li> </ul>

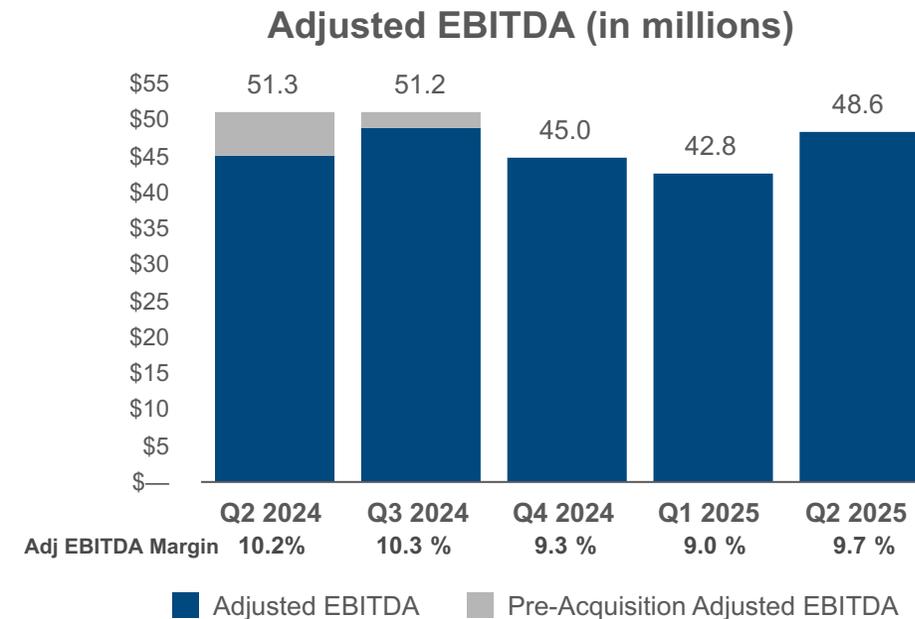
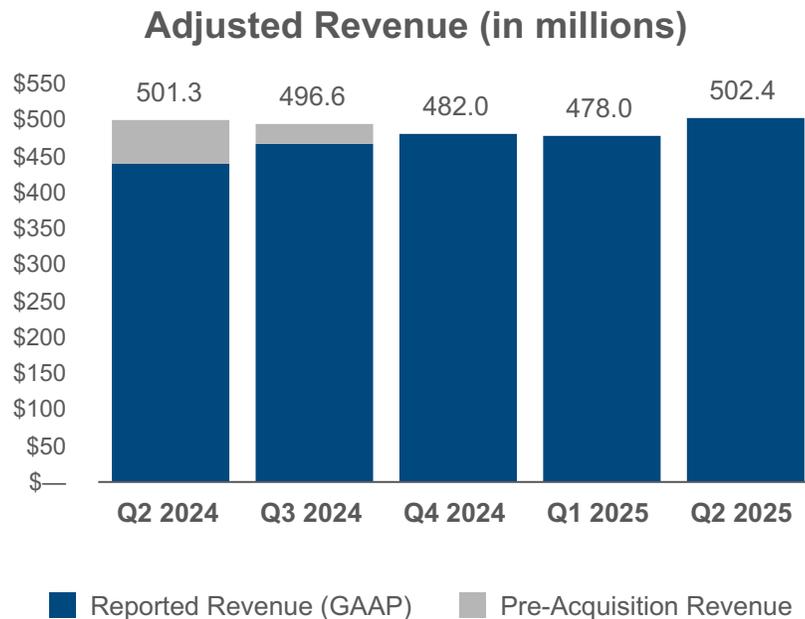
- **Total Liquidity at June 30, 2025 ~\$314M<sup>(2)</sup>**
- **TTM Free Cash Flow Conversion of ~93%<sup>(3)</sup>**
  - **TTM ROIC of ~11%<sup>(4)</sup>**

(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).

# *Appendix*

## 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.

<sup>N/M</sup> - 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 16

## 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 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 <sup>(2)</sup>	Amount	Diluted EPS <sup>(2)</sup>	Amount	Diluted EPS <sup>(2)</sup>
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.