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SOLUTIONS GROUP

Powerful Solutions. Proven Results.



NASDAQ: DSGR

Q1 2025 Financial Results

May 1, 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 Q1 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.

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

~24% of Revenue ⁽²⁾

~12% of Revenue ⁽²⁾

~24% of Revenue ⁽²⁾

~40% of Revenue ⁽²⁾

TTM Financial Highlights

\$1.96Bn
Adjusted Revenue

~9.7%
Adjusted EBITDA %

~\$160M+
Adj. Free Cash Flow (1)

Fly-by Operating Stats

50+
Countries Served

200k+
Customers

740k+
Unique SKU's

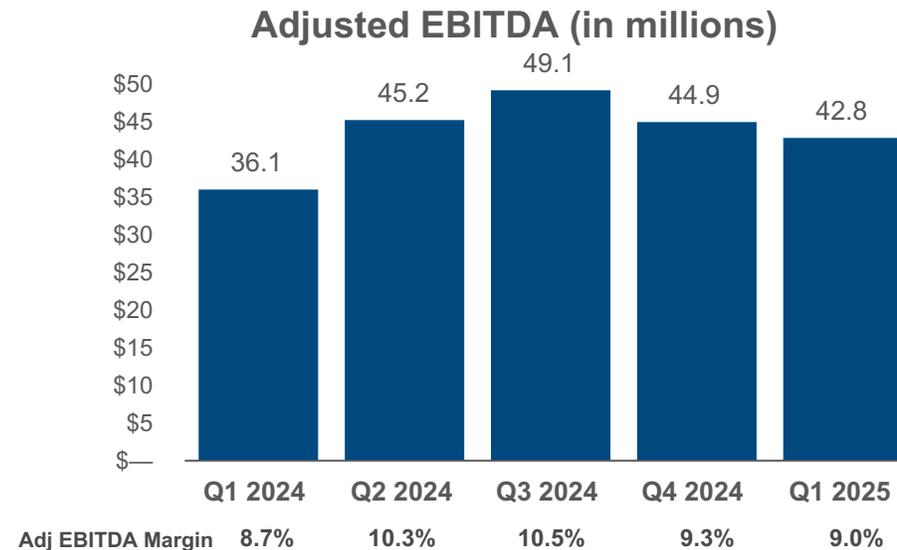
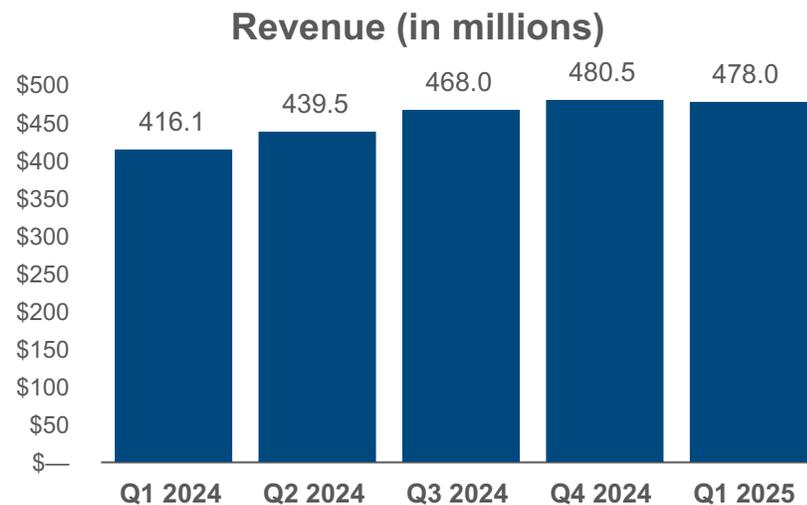
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations. Information inclusive of Other Acquisition results prior to the acquisition date.

(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

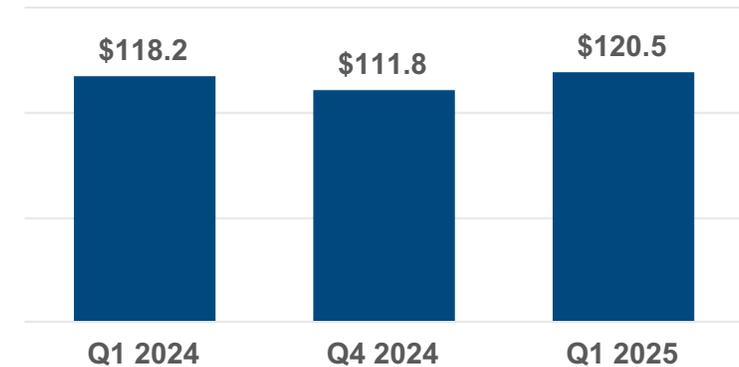
- Q1 revenue of \$478M; up \$62M or 14.9% over a year ago primarily from five acquisitions closed in 2024; down 0.5% sequentially over Q4. Organic average daily sales grew 4.3% (4.7% on a constant currency basis) over a year ago.
- Q1 adjusted EBITDA of \$42.8M or 9.0% of sales compared to \$36.1M or 8.7% in the prior year quarter. As expected, the acquisition of Source Atlantic compressed margins by ~60bps in Q1 over a year ago quarter.
- Diluted income per share was \$0.07 for the quarter compared to diluted loss per share of \$0.11 in the year-ago quarter. Non-GAAP adjusted diluted earnings per share was \$0.31 compared to \$0.25 for the same period a year ago.



Q1 2025 Highlights:

- Q1 average daily sales (ADS) up 1.9% over year-ago quarter and 4.3% sequentially over Q4 2024. S&S acquisition contributed \$10.4M of revenue in Q1. Organic ADS down ~6.8% over prior year due to decline in military sales and sales force rebuild efforts; sequential growth driven by most end markets showing improvement in Q1 2025 except flat military.
- Continued focus on building a world-class sales force, leveraging the Salesforce CRM platform implemented in mid-2024 to connect our sales reps with customers more efficiently. Enhanced website launched in March 2025.
- Ended March 31, 2025 with ~910 sales reps compared to ~860 a year ago and ~900 in Q4 2024.
- Q1 adjusted EBITDA of \$14.3M or 11.9% of revenue; improving 50bps over prior year and 210bps sequentially.

Revenue (in millions)



Adjusted EBITDA (in millions)

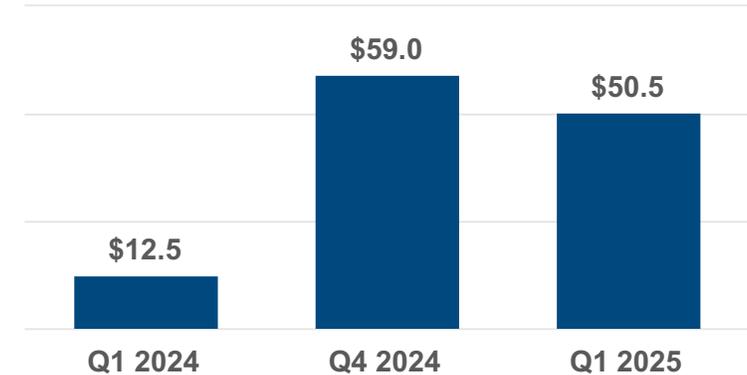


Adj EBITDA Margin	11.4%	9.8%	11.9%
	Q1 2024	Q4 2024	Q1 2025

Q1 2025 Highlights:

- Q1 revenue up over year-ago quarter driven by the Source Atlantic acquisition which contributed \$37.4M of sales in Q1. Excluding Source Atlantic, revenue up \$0.7M or 5.3% (~13% on a constant currency basis) from year-ago quarter. Q1 revenue declined sequentially, impacted by unfavorable exchange rates and general market softness amid tariff-related uncertainties.
- Strong leadership team now in place, driving key operating initiatives focused on acquisition integration, including the consolidation of four facilities by mid 2025 and improvement of gross margins.
- Q1 adjusted EBITDA of \$2.6M or 5.2% of revenue. Excluding Source Atlantic, adjusted EBITDA at 13.1% of revenue; up 210bps with year-ago quarter. Q1 adjusted EBITDA declined sequentially driven by lower sales volume due to market softness.

Revenue (in millions)



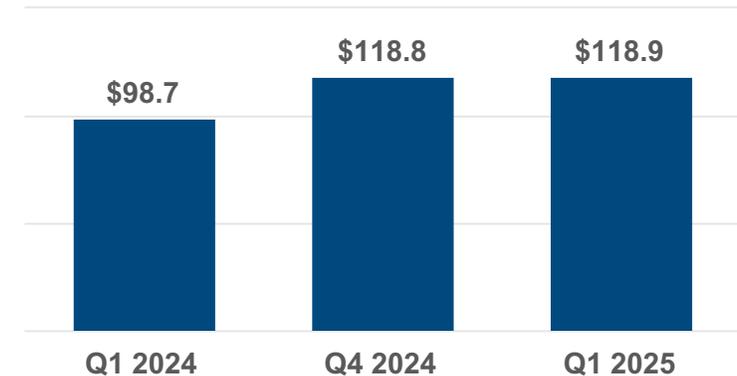
Adjusted EBITDA (in millions)



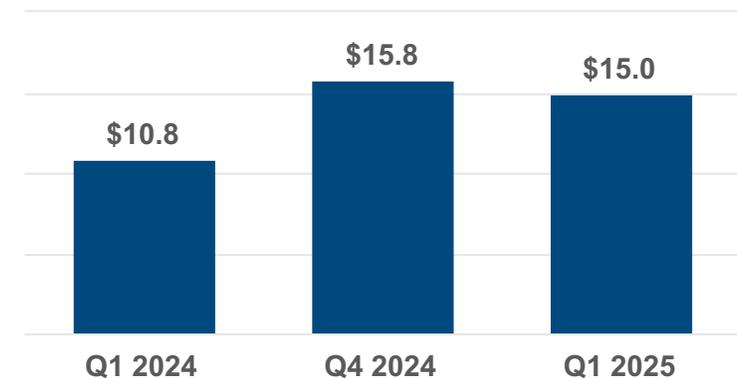
Q1 2025 Highlights:

- Q1 organic revenue up \$19.1M or 19.4% from year-ago quarter on 2 fewer days; organic average daily sales (ADS) up 23.3% from year-ago quarter and 4.6% sequentially. Q1 acquired revenue of \$1.1M from TCR closed in Q4 2024. Improvements in the renewable energy, aerospace & defense, technology and transportation 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.
- Q1 adjusted EBITDA of \$15.0M or 12.6% of revenue, up from 11.0% in year-ago quarter on sales increase, gross margin management and operating leverage.

Revenue (in millions)



Adjusted EBITDA (in millions)



Adj EBITDA Margin 11.0% 13.3% 12.6%

Q1 2025 Highlights:

- Q1 average daily sales (ADS) up 2.5% from year-ago quarter; down 4.5% sequentially on softer test & measurement sales. Q1 acquired revenue of \$1.9M from ConRes closed in Q4 2024.
- Key operating initiatives focused on acquisition integration, pricing disciplines, sales force optimization, digital channel expansion and cost containment
- Q1 adjusted EBITDA of \$12.8M or 6.8% of revenue, up from 6.2% in year-ago quarter on operating leverage. Sequentially net margin compression primarily driven by sales mix shifts to lower margin categories and non-recurring benefits realized in Q4 2024.

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"> 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;">\$495.6M</p> <div style="display: flex; justify-content: center; align-items: center;"> <div style="text-align: center; margin-right: 10px;"> <div style="background-color: #003366; color: white; padding: 5px; margin-bottom: 5px;">\$280.4M</div> <div style="background-color: #cccccc; padding: 5px; margin-bottom: 5px;">\$349.4M</div> <div style="background-color: #999999; padding: 5px;">\$(134.2)M</div> </div> <div style="margin-left: 10px;"> <p>Accounts Receivable</p> <p>Inventory</p> <p>Accounts Payable</p> </div> </div> <p style="text-align: center;">3/31/2025 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;">3.6x</p> <p style="text-align: center;">Leverage⁽¹⁾ as of March 31, 2025</p> <p style="text-align: center;">Inclusive of 9 acquisitions post-April 2022 merger with cash portion of purchase price of ~\$455M</p>	<ul style="list-style-type: none"> Authorized \$37.5M share repurchase program in place Previously repurchased \$11.1M and \$11.2M in Q1 2025; \$15.2M still available under prior authorizations

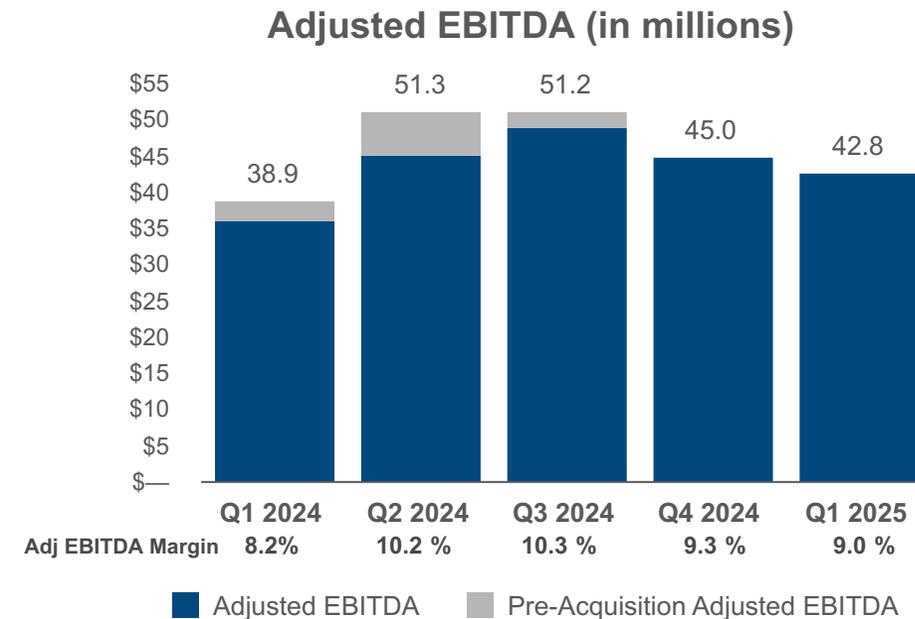
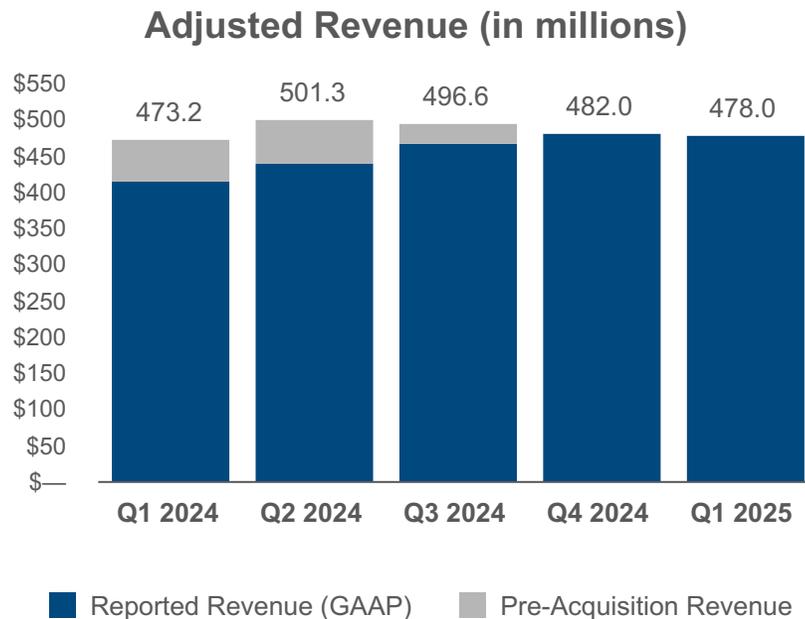
- **Total Liquidity at March 31, 2025 ~\$305M**
- **TTM Free Cash Flow Conversion of ~90%⁽³⁾**
 - **TTM ROIC of ~11%⁽⁴⁾**

(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).

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 Q1 2024-Q1 2025 period.



GAAP to Non-GAAP Reconciliations



Q1 Revenue and Adjusted EBITDA Reconciliation (\$000s)

(Unaudited)

Quarter Ended	Lawson Products		Gexpro Services		TestEquity		Canada Branch Division		All Other		Eliminations		Consolidated DSG	
	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024	Q1 2025	Q1 2024
Revenue from external customers	\$ 120,440	\$ 118,162	\$ 118,593	\$ 98,364	\$ 188,456	\$ 187,065	\$ 50,540	\$ 12,495	\$ —	\$ —	\$ —	\$ —	\$ 478,029	\$ 416,086
Intersegment revenue	22	24	312	287	317	84	3	—	—	—	(654)	(395)	—	—
Revenue	<u>\$ 120,462</u>	<u>\$ 118,186</u>	<u>\$ 118,905</u>	<u>\$ 98,651</u>	<u>\$ 188,773</u>	<u>\$ 187,149</u>	<u>\$ 50,543</u>	<u>\$ 12,495</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (654)</u>	<u>\$ (395)</u>	<u>\$ 478,029</u>	<u>\$ 416,086</u>
Operating income (loss)	\$ 6,316	\$ 4,107	\$ 11,241	\$ 5,462	\$ 4,130	\$ (6,094)	\$ 651	\$ 860	\$ (2,241)	\$ (1,552)			\$ 20,097	\$ 2,783
Depreciation and amortization	6,552	5,208	3,453	3,840	8,128	7,496	1,846	508	—	—			19,979	17,052
Adjustments:														
Acquisition related costs(1)	102	1,287	265	73	(293)	381	—	—	34	213			108	1,954
Stock-based compensation(2)	523	2,012	—	—	168	—	—	—	283	186			974	2,198
Severance and acquisition related retention expenses(3)	814	812	16	72	678	9,828	119	4	1	—			1,628	10,716
Inventory step-up(4)	—	—	—	—	—	—	—	—	—	—			—	—
Other non-recurring(5)	—	—	—	1,364	—	—	—	—	—	—			—	1,364
Non-GAAP adjusted EBITDA	<u>\$ 14,307</u>	<u>\$ 13,426</u>	<u>\$ 14,975</u>	<u>\$ 10,811</u>	<u>\$ 12,811</u>	<u>\$ 11,611</u>	<u>\$ 2,616</u>	<u>\$ 1,372</u>	<u>\$ (1,923)</u>	<u>\$ (1,153)</u>			<u>\$ 42,786</u>	<u>\$ 36,067</u>
Operating income (loss) as a percent of revenue	5.2%	3.5%	9.5%	5.5%	2.2%	(3.3)%	1.3%	6.9%	N/M	N/M			4.2%	0.7%
Adjusted EBITDA as a percent of revenue	11.9%	11.4%	12.6%	11.0%	6.8%	6.2%	5.2%	11.0%	N/M	N/M			9.0%	8.7%

(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				
		Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenue		\$ 416,086	\$ 439,536	\$ 468,019	\$ 480,463	\$ 478,029
Pre-acquisition revenue(1)		57,144	61,725	28,556	1,534	—
Adjusted revenue		<u>\$ 473,230</u>	<u>\$ 501,261</u>	<u>\$ 496,575</u>	<u>\$ 481,997</u>	<u>\$ 478,029</u>
Operating income (loss)		\$ 2,783	\$ 14,158	\$ 18,947	\$ 20,067	\$ 20,097
Pre-acquisition operating Income (loss) (1)		1,063	(337)	447	(870)	—
Adjusted Operating Income (loss)		<u>3,846</u>	<u>13,821</u>	<u>19,394</u>	<u>19,197</u>	<u>20,097</u>
Depreciation and amortization		17,052	18,535	18,624	20,165	19,979
Adjustments:						
Acquisition related costs(2)		1,954	3,598	2,901	1,689	108
Stock-based compensation(3)		2,198	(307)	2,432	910	974
Severance and acquisition related retention expenses(4)		10,716	8,313	3,568	639	1,628
Inventory step-up(5)		—	634	1,126	1,122	—
Other non-recurring(6)		1,364	250	1,512	307	—
Pre-Acquisition add-backs(7)		1,741	6,426	1,603	935	—
Adjusted EBITDA		<u>\$ 38,871</u>	<u>\$ 51,270</u>	<u>\$ 51,160</u>	<u>\$ 44,964</u>	<u>\$ 42,786</u>
Operating income (loss) as a percent of revenue		0.7%	3.2%	4.0%	4.2%	4.2%
Adjusted EBITDA as a percent of adjusted revenue		8.2%	10.2%	10.3%	9.3%	9.0%

References to table footnotes are on slide 15

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					
	Q1 2025		Q1 2024		Q4 2024	
	Amount	Diluted EPS ⁽²⁾	Amount	Diluted EPS ⁽²⁾	Amount	Diluted EPS ⁽²⁾
Net income (loss)	\$ 3,261	\$ 0.07	\$ (5,224)	\$ (0.11)	\$ (25,925)	\$ (0.55)
Pretax adjustments:						
Stock-based compensation	974	0.02	2,198	0.05	910	0.02
Acquisition related costs	108	—	1,954	0.04	1,689	0.04
Amortization of intangible assets	11,585	0.24	10,746	0.23	12,559	0.27
Severance and acquisition related retention expenses	1,628	0.03	10,716	0.23	639	0.01
Change in fair value of earnout liabilities	1,000	0.02	(5)	—	127	—
Inventory step-up	—	—	—	—	1,122	0.02
Other non-recurring	—	—	1,364	0.03	307	0.01
Total pretax adjustments	15,295	0.31	26,973	0.58	17,353	0.37
Tax effect on adjustments(1)/(3)	(4,044)	(0.07)	(7,334)	(0.16)	2,054	0.04
Deferred tax asset valuation allowance(3)/(4)	190	—	(2,696)	(0.06)	26,205	0.56
Non-GAAP adjusted net income	\$ 14,702	\$ 0.31	\$ 11,719	\$ 0.25	\$ 19,687	\$ 0.42

(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 47.400 million, 46.777 million and 46.849 million diluted shares for the first quarter of 2025 and 2024, and the fourth quarter of 2024, 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.