DSG
DISTRIBUTION SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

Q2 2026 Financial Results

August 6, 2026

Safe Harbor Statement, No Offer and Subsequent Events

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 risk that the proposed Merger may not be completed in a timely manner or at all, the failure to satisfy closing conditions, including receipt of the requisite stockholder approvals and expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act, the risk that borrowings under the Company's credit agreement may not be available to finance the Merger consideration, the possibility that competing offers or acquisition proposals will be made, the occurrence of events giving rise to termination of the Merger Agreement, including in circumstances requiring payment of the termination fee, the effect of the pendency of the proposed Merger on the Company’s business relationships, operating results and business generally, the effect of the announcement or pendency of the proposed Merger on the Company’s business relationships, operating results, employees, customers, suppliers, financing sources and other business counterparties, risks related to diverting management’s attention from the Company’s ongoing business operations, the risk of litigation relating to the proposed Merger, 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.

No Offer or Solicitation

This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote, consent or approval, in any jurisdiction pursuant to or in connection with the proposed transaction or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

Subsequent Events

Subsequent to the second quarter, on July 15, 2026, the Company entered into a definitive merger agreement under which newly formed entities controlled by LKCM Headwater Investments, LLC (collectively, “LKCM Headwater”) will acquire all of the outstanding shares of common stock of DSG not already owned by LKCM Headwater and its affiliates for $35.00 per share in cash. In connection with the execution of the merger agreement, the Company entered into an amendment to its existing credit agreement.

Key Takeaways for the Quarter

Operational Performance

- Total sales growth of $55.3 million or 11.0% with organic sales up 10.2%, $4.1 million of incremental revenue from the acquisition closed in Q1 2026 not in for 2025; sequentially, organic sales up 12.4% with organic average daily sales growing 8.1% over the first quarter of 2026
- Adjusted EBITDA of $53.9 million or 9.7% of sales compared to $48.6 million or 9.7% of sales in the prior year quarter and $37.8 million or 7.6% of sales in the first quarter of 2026. Margin pressures on sales mix shift, initiative investments and increased employee related costs

Strategic Initiatives

- New VMI installs and wallet share expansion continue to drive Lawson's organic growth; leveraging technology through increased rigor of sales rep activity
- Leadership team at TestEquity clarifying customer value proposition, go-to-market strategy and tactical reallocation of resources through centralization of certain functions to strengthen operations.
- Canadian Branch Division well underway on realizing gross margin and branch consolidation. External headwinds softening in Eastern Canada, pipeline improving

Macro & Demand Outlook

- Macro environment improving, momentum continues in key end markets, including technology, industrial power and consumer and industrial. Renewables, technology and aerospace & defense slow start in early 2026 but improving sequentially.
- Test & measurement, chambers, rentals and electronic production supply gaining momentum; industrial printing remains under pressure
- Tariff uncertainties persist, but managing through with suppliers and customers

Capital Allocation Priorities

- Generated $22.0M of cash flow from operations in Q2.
- Total liquidity of $420.2M. Balance sheet continues to strengthen; net working capital ended at $522.3 million
- Pipeline for acquisition opportunities remains active and building

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

Leading Specialty Industrial Distribution Platform

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DSG

LAWSON | Gexpro Services | TestEquity

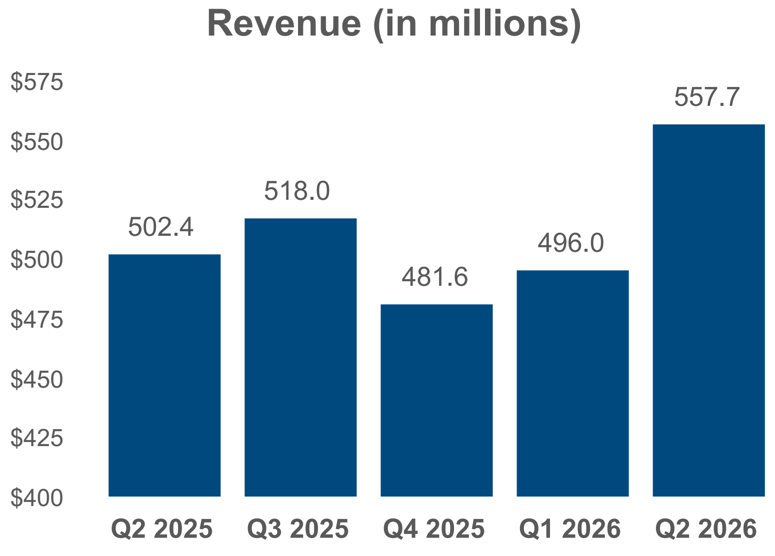
MRO Focus		OEM Focus	Industrial Technologies Focus
VMI Focus	**Canadian Branch Focus**		
Leading vendor managed inventory provider of C-parts to the MRO market	*Leading wholesale distributor of MRO supplies, safety products, fasteners, and services to the Canadian MRO market*	*Leading global supply chain 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 (2)	***~12% of Revenue (2)***	***~25% of Revenue (2)***	***~40% of Revenue (2)***

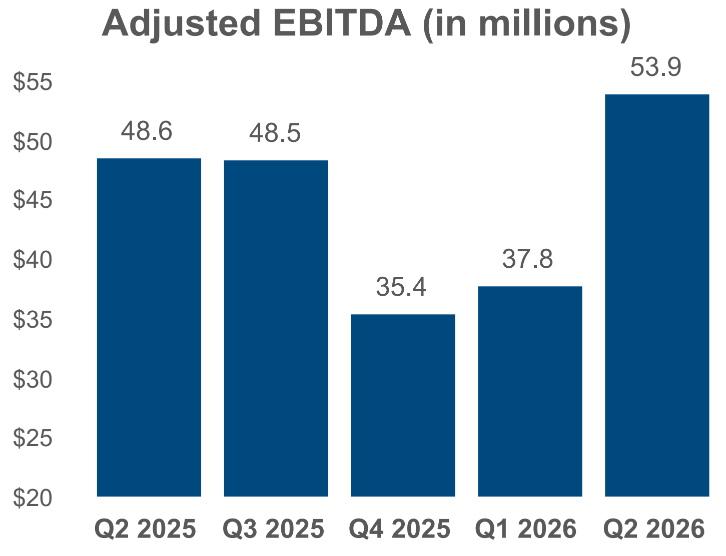
TTM Financial Highlights	**$2.06Bn** Adjusted Revenue	**~8.6%** Adjusted EBITDA %	**~$114M** Adj. Free Cash Flow (1)	**Fly-by Operating Stats**	**50+** Countries Served	**220k+** Customers	**760k+** Unique SKU's

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

2026 Consolidated Financial Highlights

- Q2 revenue of $557.7M; up $55.3M or 11.0% over a year ago primarily driven by organic sales growth of 10.2% and $4.1 million of incremental revenue from the acquisition closed in the first quarter of 2026. Sequentially, organic sales grew 12.4% with organic average daily sales growing 8.1% over the first quarter of 2026.
- Q2 Adjusted EBITDA of $53.9M or 9.7% of sales compared to $48.6M or 9.7% of sales in the prior year quarter and $37.8M or 7.6% sequentially. Sequential improvement primarily driven by sales growth across all verticals, partially offset by customer mix impact on gross margins.
- Diluted net earnings per share was $0.18 for the quarter compared to diluted net earnings per share of $0.11 in the year-ago quarter. Non-GAAP adjusted diluted earnings per share was $0.47 compared to $0.35 for the same period a year ago and $0.24 in the first quarter 2026.





Adj EBITDA Margin	9.7%	9.4%	7.4%	7.6%	9.7%

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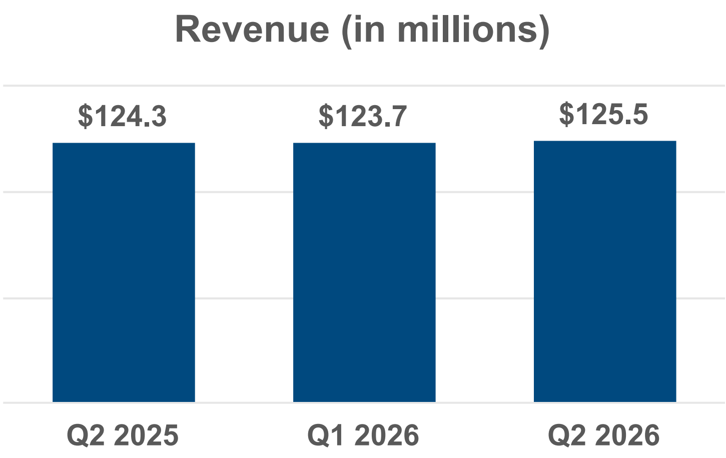
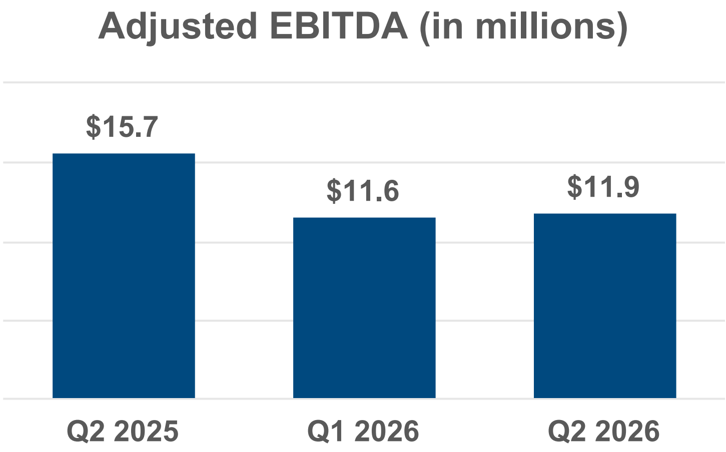
Lawson Products – MRO Focus LAWSON

Q2 2026 Highlights:

- Organic average daily sales (ADS) growth of 1.0%. Growth continues with strategic, Kent Automotive and government segments, partially offset by pressure in core business. ADS flat sequentially
- Q2 adjusted EBITDA of $11.9M or 9.5% of revenue; sales mix shift, continued investment in sales transformation and higher employee-related costs (primarily health insurance) pressured margins over prior year quarter. Adjusted EBITDA margin up sequentially from 9.3%
- Continued investment in tools, products and support resources to provide productivity opportunities for our sales force. Leveraging technology while driving daily operating rigor and expanding e-commerce channel while investing in sales leadership



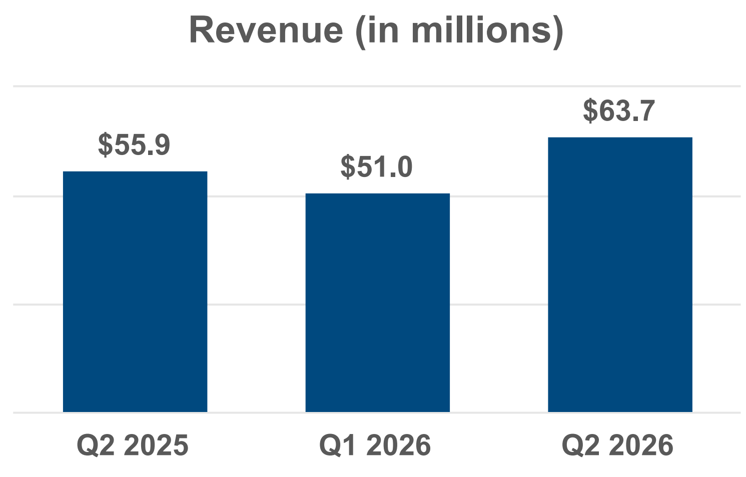


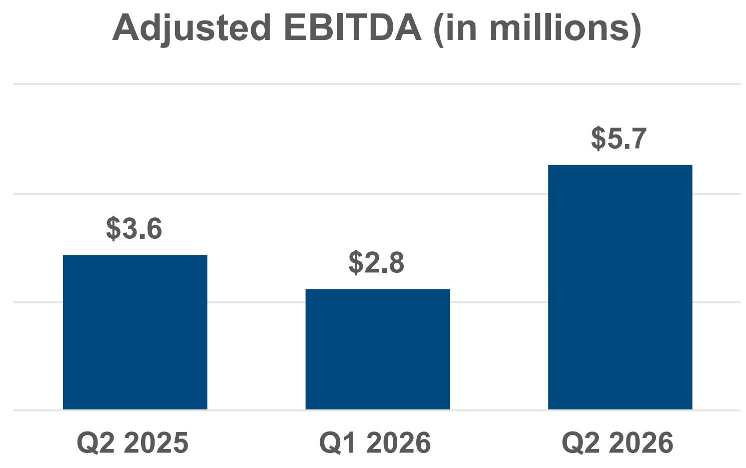
Adj EBITDA Margin	12.6%	9.3%	9.5%

Canada Branch Business – Canadian MRO Focus

Q2 2026 Highlights:

- Backlogs improving. Organic average daily sales (ADS) up 6.7% YoY and 16.8% sequentially. Eastern Valve contributed $4.1 million in sales for the quarter.
- Q2 adjusted EBITDA of $5.7M or 9.0% of revenue, +250bps YoY driven by leveraging operating expenses over a higher sales base. Adjusted EBITDA margin up sequentially from 5.5% on higher sales and inclusion of Eastern Valve for the full quarter
- Driving key operating initiatives focused on acquisition integration, growth initiative's and driving gross margin improvement



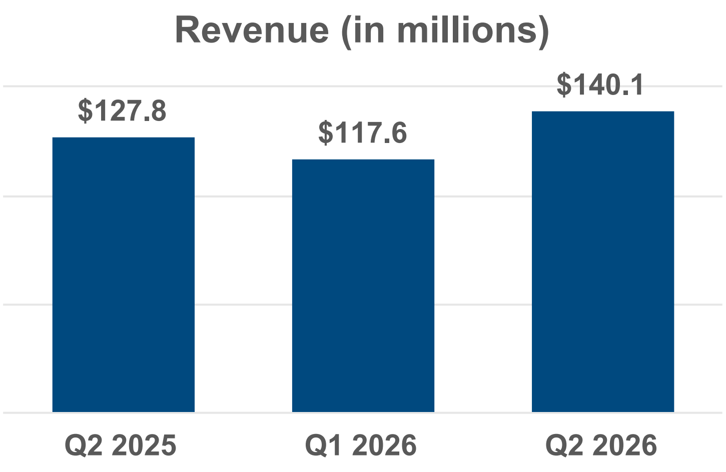


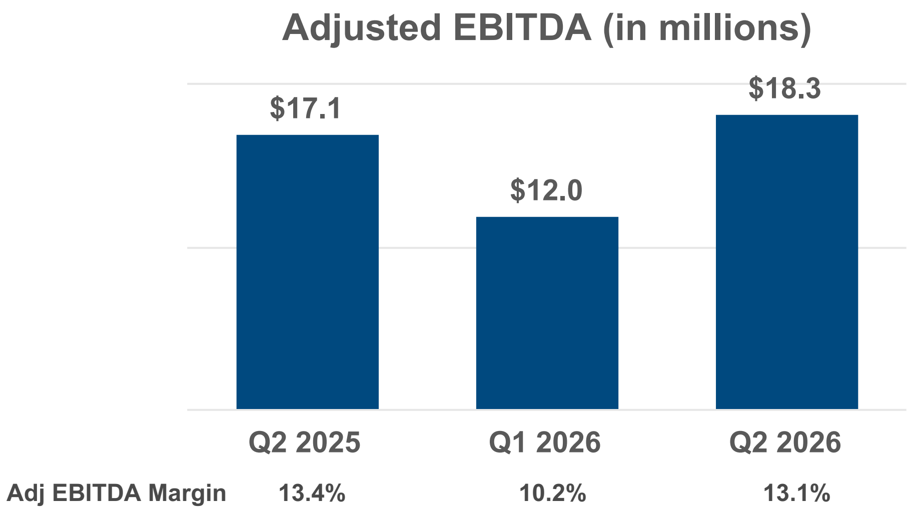
Adj EBITDA Margin	**6.5%**	**5.5%**	**9.0%**

Gexpro Services – OEM Focus

Q2 2026 Highlights:

- Organic average daily sales (ADS) growth of 9.7% over prior year quarter on improvements in the industrial power, technology, transportation and consumer & industrial vertical markets; up sequentially 11.7%
- Q2 adjusted EBITDA of $18.3M or 13.1% of revenue; margin percentage compressed YoY on lower gross profit margin from tariff pass through and higher employee related costs. Adjusted EBITDA margin up sequentially from 10.2% leveraging OPEX on higher sales
- Value creation initiatives including DSG cross sell, acquisition synergies and expanded VMI, kitting, manufacturing and E-commerce offerings. Customers very interested in Gexpro Services Frontier, Omni/Orion and SIS domestic manufacturing capabilities to mitigate tariff impacts





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

TestEquity – Industrial Technologies Focus

TestEquity

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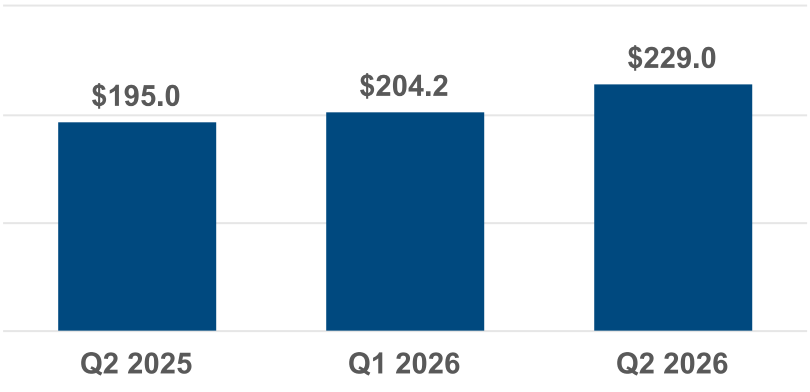
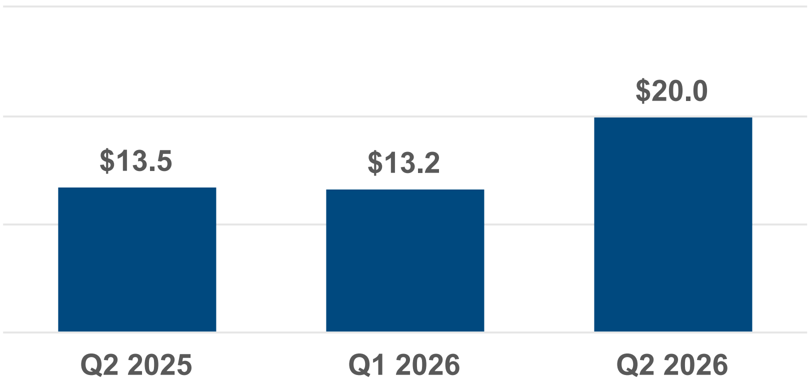
Q2 2026 Highlights:

- Organic average daily sales (ADS) growth of 17.4% from year-ago quarter on primarily from higher test and measurement and electronic production supplies; up 8.6% sequentially on continued end-market improvement.
- Q2 adjusted EBITDA of $20.0M or 8.7% of revenue, +180bps YoY driven by the increase in revenue, improved gross profit margin and leveraging operating expenses over a higher sales base. Adjusted EBITDA margin up sequentially from 6.5%
- Key operating initiatives focused on expansion of service related offerings, continued acquisition integration, pricing disciplines, sales force optimization, digital channel expansion and cost containment
- Leadership team focused on go to market strategy and daily execution and fundamental improvements

Revenue (in millions)



Adjusted EBITDA (in millions)



Adj EBITDA Margin	**6.9%**	**6.5%**	**8.7%**

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

Capital Allocation Strategy

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Organic Growth

- Market share growth
- Value-accretive initiatives
- Wallet-share expansion
- Cross-selling opportunities

M&A

- Pipeline building
- Disciplined acquisition criteria Adding scale, footprint, product adjacencies & services
- Building structurally high margin value added industrial distribution businesses
- Disciplined acquisition criteria

Robust Net Working Capital Investment

$522.3M

6/30/2026 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

3.4x

Leverage(1) as of June 30, 2026

- Cash provided by operations of ~$22M in Q2
- Inclusive of 10 acquisitions post-April 2022 merger with cash portion of purchase price of ~$466M

Return Capital to Shareholders

- Authorized $67.5M share repurchase program in place
- Repurchased shares of $34.6M in prior years; $32.9M still available under prior authorizations

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- **Total Liquidity at June 30, 2026 ~$420M(2)**
- **TTM Free Cash Flow Conversion of ~65%(3)**
- **TTM ROIC of ~10%(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

2026 Consolidated Financial Highlights

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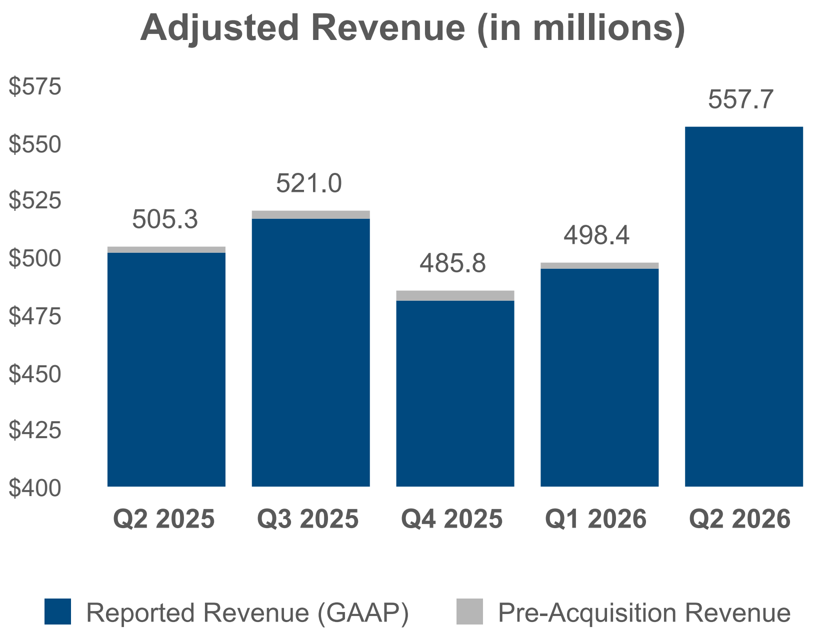
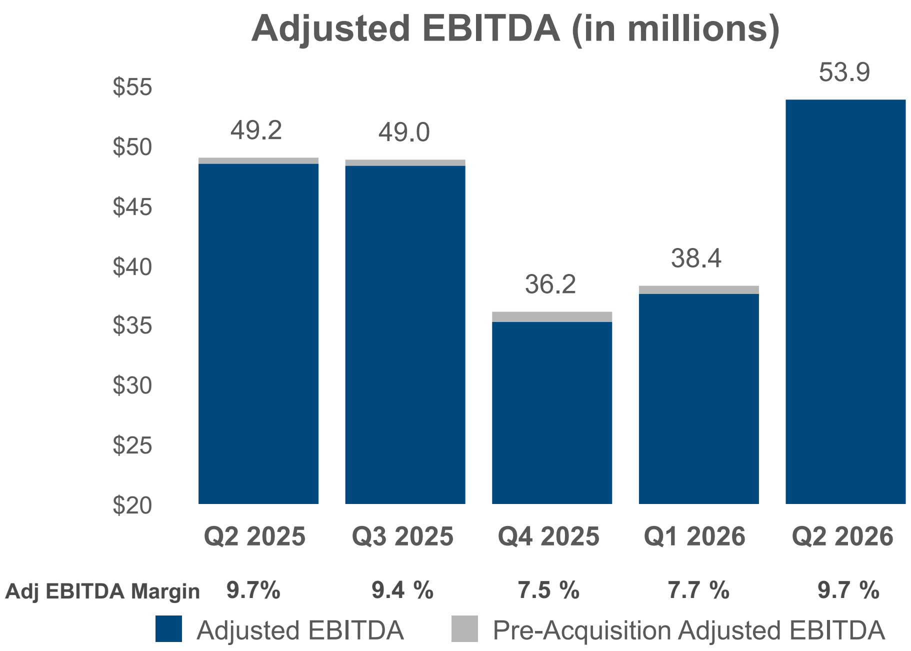
Results Inclusive of Pre-Acquisition Results

- 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 2025-Q2 2026 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

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Q2 Revenue and Adjusted EBITDA Reconciliation ($000s)

(Unaudited)

	Lawson Products		Gexpro Services		TestEquity		Canada Branch Division		All Other		Eliminations		Consolidated DSG	
Quarter Ended	Q2 2026	Q2 2025	Q2 2026	Q2 2025	Q2 2026	Q2 2025	Q2 2026	Q2 2025	Q2 2026	Q2 2025	Q2 2026	Q2 2025	Q2 2026	Q2 2025
Revenue from external customers	$ 125,403	$ 124,287	$ 139,727	$ 127,474	$ 228,921	$ 194,830	$ 63,683	$ 55,846	$ —	$ —	$ —	$ —	$ 557,734	$ 502,437
Intersegment revenue	95	26	419	333	73	216	34	6	—	—	(621)	(581)	—	—
Revenue	$ 125,498	$ 124,313	$ 140,146	$ 127,807	$ 228,994	$ 195,046	$ 63,717	$ 55,852	$ —	$ —	$ (621)	$ (581)	$ 557,734	$ 502,437
Operating income (loss)	$ 2,542	$ 7,975	$ 14,532	$ 13,902	$ 10,768	$ 4,813	$ 3,829	$ 1,751	$ (3,803)	$ (1,615)			$ 27,868	$ 26,826
Depreciation and amortization	6,744	6,808	3,041	3,532	8,246	8,280	1,834	1,718	—	—			19,865	20,338
Adjustments:														
Acquisition related costs(1)	357	12	4	(397)	61	29	(87)	148	—	—			335	(208)
Stock-based compensation(2)	777	775	404	18	507	168	—	—	470	289			2,158	1,250
Severance and acquisition related retention expenses(3)	1,399	139	319	27	382	187	20	3	84	(1)			2,204	355
Inventory step-up(4)	—	—	—	—	—	—	70	—	—	—			70	—
Other non-recurring(5)	91	—	—	—	27	—	40	—	1,275	—			1,433	—
Non-GAAP adjusted EBITDA	$ 11,910	$ 15,709	$ 18,300	$ 17,082	$ 19,991	$ 13,477	$ 5,706	$ 3,620	$ (1,974)	$ (1,327)			$ 53,933	$ 48,561
Operating income (loss) as a percent of revenue	2.0%	6.4%	10.4%	10.9%	4.7%	2.5%	6.0%	3.1%	N/M	N/M			5.0%	5.3%
Adjusted EBITDA as a percent of revenue	9.5%	12.6%	13.1%	13.4%	8.7%	6.9%	9.0%	6.5%	N/M	N/M			9.7%	9.7%

(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, costs related to the proposed Merger 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)

	Consolidated DSG				
Quarter Ended	**Q2 2025**	**Q3 2025**	**Q4 2025**	**Q1 2026**	**Q2 2026**
Revenue	$ 502,437	$ 517,958	$ 481,599	$ 495,995	$ 557,734
Pre-acquisition revenue(1)	2,837	3,068	4,212	2,449	—
Adjusted revenue	$ 505,274	$ 521,026	$ 485,811	$ 498,444	$ 557,734
Operating income (loss)	$ 26,826	$ 23,619	$ 7,721	$ 13,630	$ 27,868
Pre-acquisition operating Income (loss) (1)	565	565	771	556	—
Adjusted Operating Income (loss)	27,391	24,184	8,492	14,186	27,868
Depreciation and amortization	20,338	20,042	20,520	19,724	19,865
Adjustments:					
Acquisition related costs(2)	(208)	87	178	753	335
Stock-based compensation(3)	1,250	2,400	2,048	2,424	2,158
Severance and acquisition related retention expenses(4)	355	2,094	1,403	1,141	2,204
Inventory step-up(5)	—	—	—	24	70
Other non-recurring(6)	—	215	3,567	137	1,433
Pre-Acquisition add-backs(7)	29	27	29	23	—
Adjusted EBITDA	$ 49,155	$ 49,049	$ 36,237	$ 38,412	$ 53,933
Operating income (loss) as a percent of revenue	5.3%	4.6%	1.6%	2.7%	5.0%
Adjusted EBITDA as a percent of adjusted revenue	9.7%	9.4%	7.5%	7.7%	9.7%

References to table footnotes are on slide 15

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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, costs related to the proposed Merger and other non-recurring items.
(7) Represents additional EBITDA adjustments of other acquisitions prior to the respective acquisition dates.

GAAP to Non-GAAP Reconciliations

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

	Consolidated DSG					
	Q2 2026		Q2 2025		Q1 2026	
	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)	Amount	Diluted EPS(2)
Net income (loss)	$ 8,494	$ 0.18	$ 5,003	$ 0.11	$ 382	$ 0.01
Pretax adjustments:						
Stock-based compensation	2,158	0.05	1,250	0.03	2,424	0.05
Acquisition related costs	335	0.01	(208)	—	753	0.02
Amortization of intangible assets	11,148	0.24	11,650	0.25	11,004	0.23
Severance and acquisition related retention expenses	2,204	0.05	355	0.01	1,141	0.02
Inventory step-up	70	—	—	—	24	—
Other non-recurring	1,433	0.03	—	—	137	—
Total pretax adjustments	17,348	0.38	13,047	0.29	15,483	0.32
Tax effect on adjustments(1)/(3)	(4,543)	(0.11)	(3,135)	(0.08)	(4,423)	(0.09)
Deferred tax asset valuation allowance(3)/(4)	754	0.02	1,536	0.03	47	—
Non-GAAP adjusted net income	$ 22,053	$ 0.47	$ 16,451	$ 0.35	$ 11,489	$ 0.24

(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 46.433 million, 46.563 million and 47.030 million diluted shares for the second quarter of 2026 and 2025, and the first quarter of 2026, 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.