



DISTRIBUTION
SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

Baird Investor Presentation November 8, 2022

Bryan King, Chairman & CEO

Ron Knutson, CFO



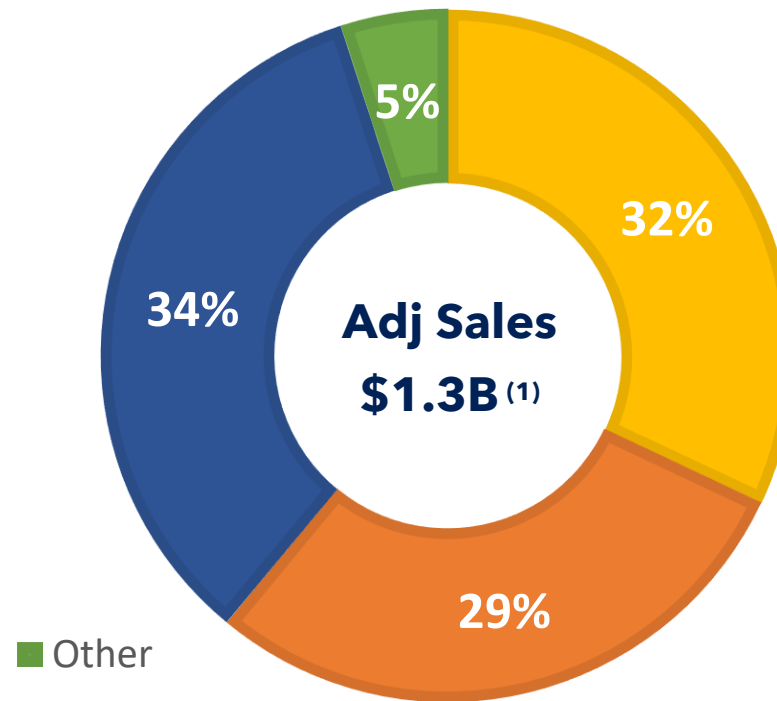
Forward Looking Statements

Cautionary Note Regarding Forward-Looking Statements

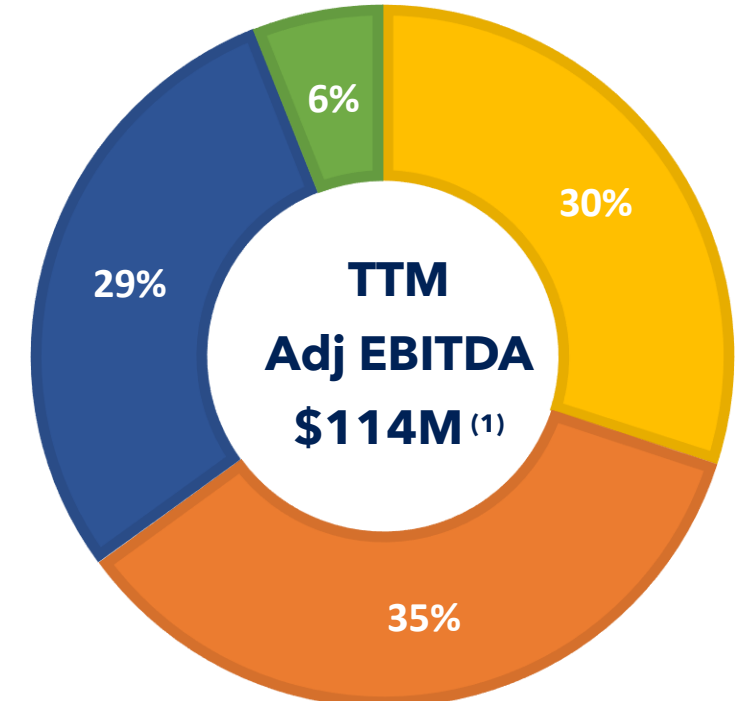
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. The terms “aim,” “anticipate,” “believe,” “contemplates,” “continues,” “could,” “ensure,” “estimate,” “expect,” “forecasts,” “if,” “intend,” “likely,” “may,” “might,” “objective,” “outlook,” “plan,” “positioned,” “potential,” “predict,” “probable,” “project,” “shall,” “should,” “strategy,” “will,” “would,” and other words and terms of similar meaning and expression 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. Lawson can give no assurance that any goal or plan set forth in forward-looking statements can be achieved and Lawson cautions readers not to place undue reliance on such statements, which speak only as of the date made. Lawson 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 Distribution Solutions Group’s (“DSG”) 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 for the fiscal year ended December 31, 2021, DSG’s Quarterly Reports on Form 10-Q and DSG’s Current Reports on Form 8-K. 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) whether or not the terms of the earnout provisions in either of the merger agreements (related to TestEquity and Gexpro Services mergers) will be satisfied such that DSG would be required to issue additional shares of DSG common stock in connection with the mergers; (ii) unanticipated difficulties or expenditures relating to the mergers; (iii) the risk that stockholder litigation in connection with the mergers results in significant costs of defense, indemnification and liability; and (iv) any problems arising in combining the businesses of Lawson, TestEquity and Gexpro Services, which may result in the combined company not operating as effectively and efficiently as expected.

About Distribution Solutions Group

Premier, multi-platform distribution company with high touch, value-added distribution and supply chain solutions in MRO, OEM, Electronic Production Supplies and Test & Measurement markets



Q3 '22 Sales \$347M



Q3 '22 Adj EBITDA \$34.7M

Why Own DSG: Investment Thesis

NASDAQ: DSGR

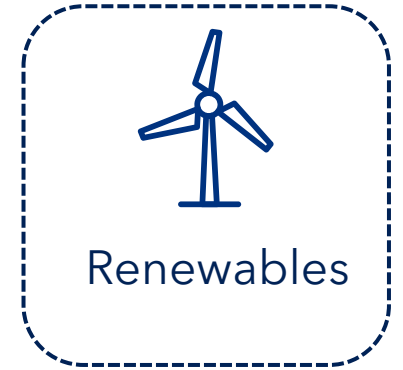


Embedded Growth Opportunities

LEVERAGE PLATFORM ACROSS CUSTOMER BASE

Unique total customer value proposition
+
Monetize distinct capabilities across the platform
+
Collaborative selling across customer bases
+
Expand digital capabilities across the platform

END MARKETS HAVE STRONG SECULAR TAIL WINDS

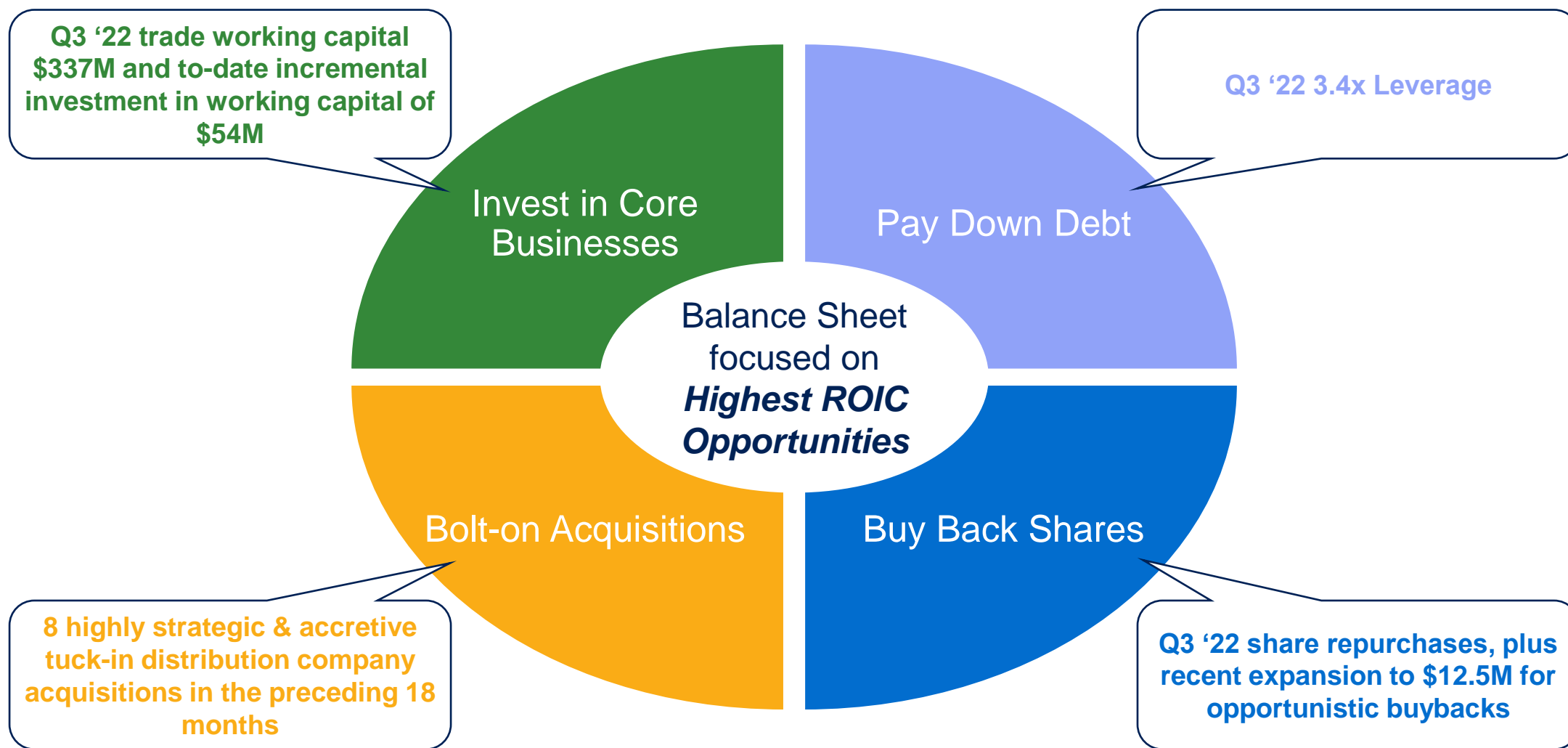


TRACK RECORD OF SUCCESSFUL ACQUISITION & INTEGRATION

Large, highly fragmented markets of small regional competitors across end markets
Scale benefits including more advanced global sourcing, customer relationships

Proven Corporate Development team
Revenue/cost synergies for most acquisitions
Track record of integrating acquisitions

Disciplined Capital Allocation Framework

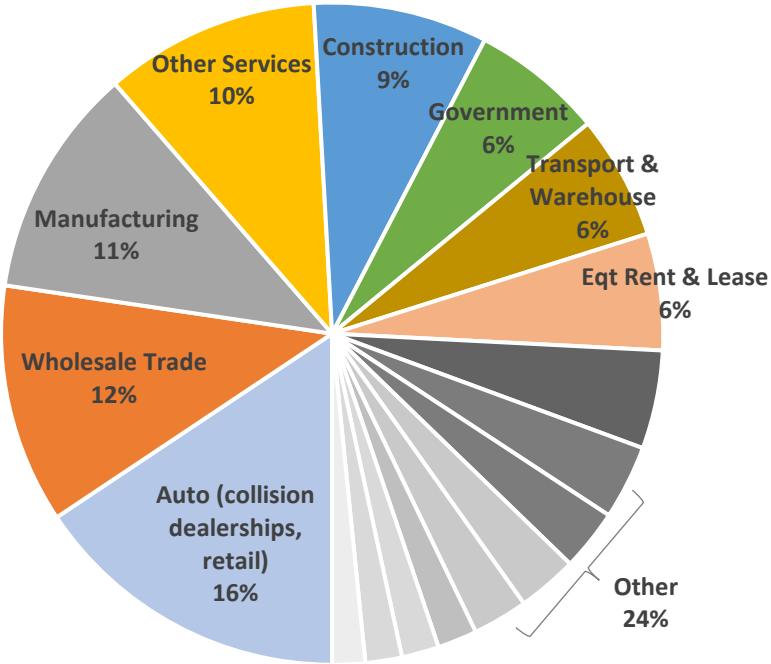


Leading service-focused industrial MRO distributor providing product through a vendor managed inventory approach

OPTIMIZED INVENTORY MANAGEMENT SYSTEM



DIVERSE END MARKETS⁽¹⁾



~\$470M	~\$41M	1,900+	3	~\$20B	90,000+
Adj. Net Sales ⁽¹⁾	Adj. EBITDA ⁽¹⁾	Employees	Countries Served	Addressable Market	Customers Served

(1) Estimated TTM September 2022 adjusted for all closed acquisitions as of 9/30/22.
 (2) See appendix for reconciliation of GAAP net income to Non-GAAP adjusted EBITDA.

Leading global supply chain Services and C-Parts provider of highly engineered specified products for manufacturing end users

BLUE CHIP CUSTOMERS IN DIVERSE MARKETS



Renewables



Semiconductor
& Telecom



Power
Generation



Consumer
& Industrial



Aerospace
& Defense



Transportation

~\$375M
Adj. Net Sales⁽¹⁾

~\$40M
Adj. EBITDA⁽¹⁾

660+
Employees

65+
Countries Served

~\$30B
Addressable Market

75,000+
Bins Serviced

GLOBAL LOCATIONS



- USA - Global HQ
- Canada – NEF HQ
- Mexico

- Denmark – Resolux HQ
- Hungary
- Germany

- Turkey
- China
- Brazil



Gexpro
Services



Resolux



Omni
Fasteners



National Engineered
Fasteners



Frontier
Technologies



State Industrial
Solutions

Leading authorized distributors of Electronics Production Supplies and Test & Measurement solutions, with over 180,000 products

PRODUCTS OVERVIEW

Electronic Production
Supplies ("EPS")

Test & Measurement
Instrumentation ("T&M")

*Broadest offering of T&M and EPS with
leading industry digital capabilities*

BLUE CHIP CUSTOMERS



~\$428M
Adj. Net Sales⁽²⁾

~\$33M
Adj. EBITDA⁽²⁾

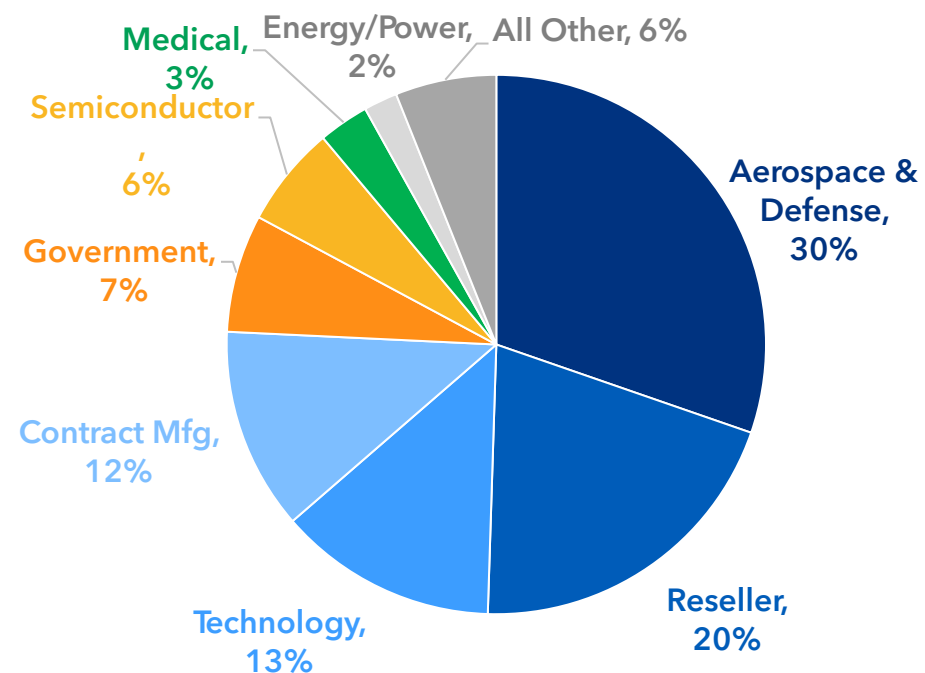
490+
Employees

30+
Countries Served

~\$7.5B
Addressable Market

1,000+
Manufacturer Brands

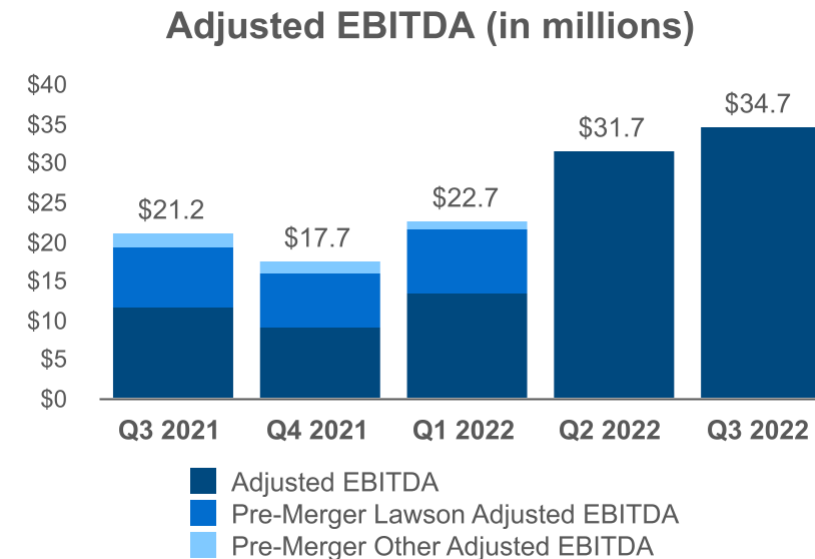
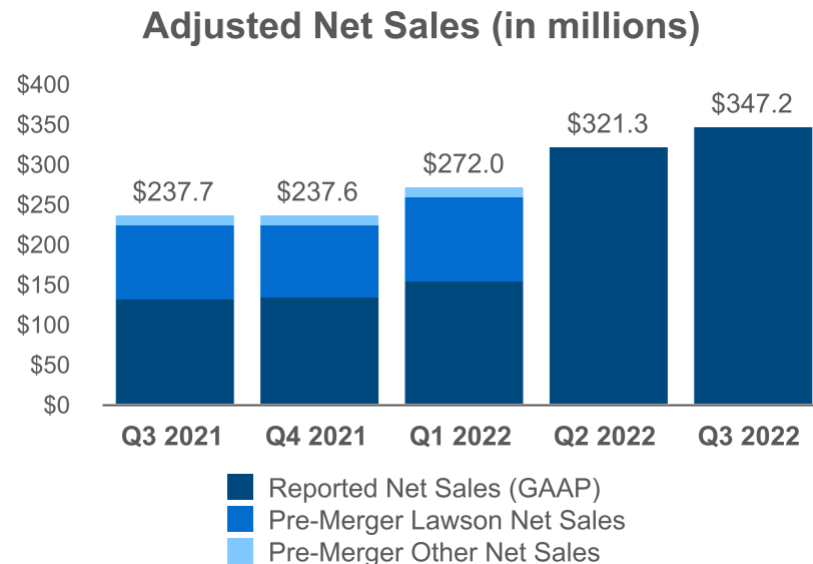
DIVERSE END MARKETS⁽¹⁾



Q3 2022 Consolidated Financial Highlights

Results Adjusted to Reflect Comparable Results Including Pre-Merger Lawson Products

- Adjusted Net Sales of \$347.2M, an increase of \$109.5M or +46.1% over year ago quarter
 - Organic growth of +15.4% (Approximately 9% from pricing actions)
- Adjusted EBITDA of \$34.7M with 10.0% margin; up 63.5% from \$21.2M with 8.9% margin
- Q4'22 has 4 fewer selling days than Q3'22

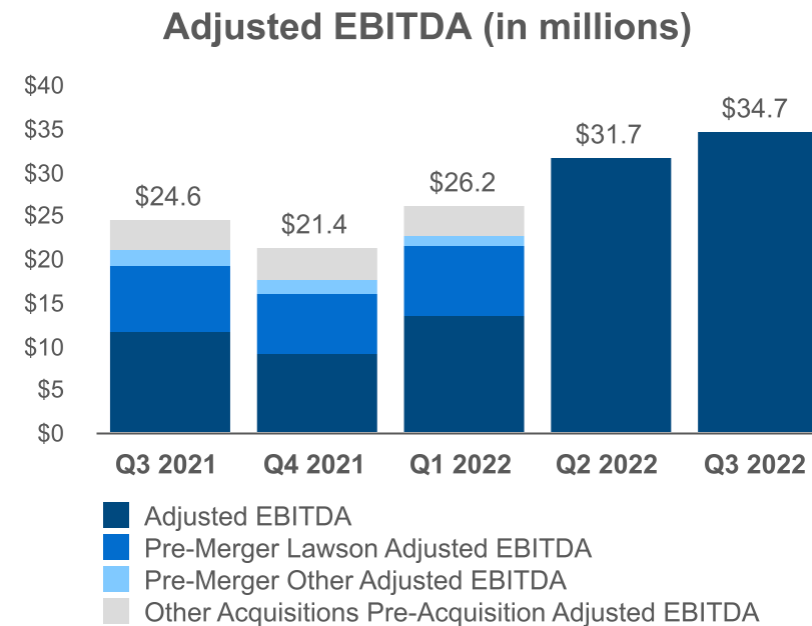
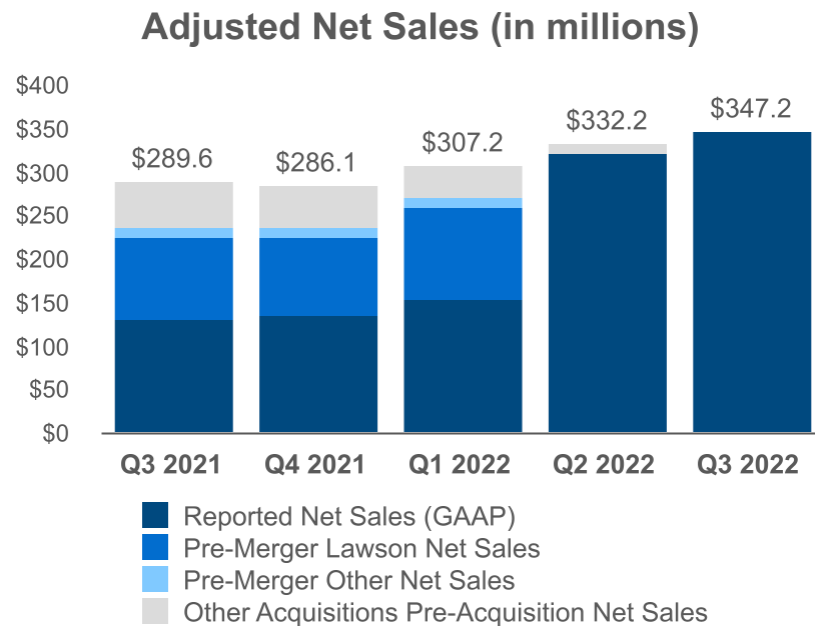


Sequentially strong revenue and Adjusted EBITDA growth

Q3 2022 Consolidated Financial Highlights

Results Inclusive of Lawson Products and Other Acquisitions Pre-Merger Results

- Adjusted Net Sales and Adjusted EBITDA below include the reported GAAP results and (1) pre-Merger results of the Lawson and Other segment and (2) the pre-acquisition results of other businesses that were acquired at any time during the Q3 2021-Q3 2022 period.
- Positive quarterly trends in Adjusted Net Sales and Adjusted EBITDA as acquisitions become integrated



Progress Since April 2022 Merger

At September 30th , performing at or above all underwriting objectives established prior to consolidation

Enhanced Go-to-
Market Strategy

Expanded Channels-
to-Market

Superior Leadership
Incentives for Cross-
Selling

Fully Executed Cost
Synergies for IT,
Insurance

Developed
Meaningful Business
Pipeline

Sensitive to Economic
Environment with
Adjusted Hurdles,
Leverage Targets

Fully Built-out
Experienced M&A
Team

Operationalized
LKCM Support for
OpCo Businesses

Questions?

Visit our websites for more information

www.lawsonproducts.com

www.testequity.com

www.gexproservices.com

www.lkcmheadwater.com

www.distributionsolutionsgroup.com



Investor Contacts



Three Part Advisors, LLC
(214) 872-2710

Steven Hooser
shooser@threepa.com

Sandy Martin
smartin@threepa.com

Appendix



GAAP to Non-GAAP Reconciliations

Adjusted Net Sales and EBITDA Reconciliation (\$000s)

Results Inclusive of Lawson Products Pre-Merger Results

	Lawson Products		Gexpro Services		TestEquity		Other		Consolidated DSG	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021
GAAP Net Sales	\$ 109,418	\$ —	\$ 103,749	\$ 64,264	\$ 116,709	\$ 67,826	\$ 17,275	\$ —	\$ 347,151	\$ 132,090
Pre-Merger Sales(1)	—	93,686	—	—	—	—	—	11,884	—	105,570
Adjusted Net Sales	\$ 109,418	\$ 93,686	\$ 103,749	\$ 64,264	\$ 116,709	\$ 67,826	\$ 17,275	\$ 11,884	\$ 347,151	\$ 237,660
GAAP Operating Income	\$ 5,352	\$ —	\$ 7,992	\$ 4,437	\$ 7,576	\$ 1,054	\$ 1,107	\$ —	\$ 22,027	\$ 5,491
Pre-Merger Operating Income(1)	—	3,488	—	—	—	—	—	1,132	—	4,620
Adjusted Operating Income	5,352	3,488	7,992	4,437	7,576	1,054	1,107	1,132	22,027	10,111
Depreciation and amortization	2,009	1,354	4,065	1,271	1,896	3,458	1,009	697	8,979	6,780
Adjustments:										
Merger/integration costs(2)	1,556	3,223	664	385	144	245	—	—	2,364	3,853
Stock-based compensation(3)	(3,568)	(1,171)	—	—	—	—	—	—	(3,568)	(1,171)
Severance costs(4)	763	241	—	7	178	8	3	—	944	256
Acquisition related costs(5)	—	425	(290)	3	328	759	—	—	38	1,187
Inventory net realizable value adjustment(6)	1,737	—	—	—	—	—	—	—	1,737	—
Inventory step-up(7)	778	—	—	118	—	—	304	—	1,082	118
Other non-recurring(8)	1,043	—	54	87	—	—	—	—	1,097	87
Adjusted EBITDA	\$ 9,670	\$ 7,560	\$ 12,485	\$ 6,308	\$ 10,122	\$ 5,524	\$ 2,423	\$ 1,829	\$ 34,700	\$ 21,221
Operating income as a percent of GAAP Net Sales	4.9 %	— %	7.7 %	6.9 %	6.5 %	1.6 %	6.4 %	— %	6.3 %	4.2 %
Adjusted EBITDA as a percent of Adjusted Net Sales	8.8 %	8.1 %	12.0 %	9.8 %	8.7 %	8.1 %	14.0 %	15.4 %	10.0 %	8.9 %

1. Represents Lawson Products pre-merger sales and operating income
2. Merger transaction costs related to the negotiation, review and execution of the merger agreements relating to the business combination of Lawson Products, TestEquity and Gexpro Services and subsequent integration costs
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 2022 and 2021
5. Expense for acquisition related costs, unrelated to the business combination of Lawson Products, TestEquity and Gexpro Services
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 the Company's records
7. 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
8. Other non-recurring costs consists of sales force optimization and other non-recurring items

GAAP to Non-GAAP Reconciliations

Adjusted Net Sales and Adjusted EBITDA Reconciliation (\$000s)

Results Inclusive of Lawson Products Pre-Merger Results and Other Acquisitions – Pre-Acquisition Date

	Consolidated DSG				
	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
GAAP Net Sales	\$ 132,090	\$ 135,561	\$ 154,085	\$ 321,336	\$ 347,151
Pre-Merger Lawson Sales(1)	93,686	89,791	104,902	—	—
Pre-Merger Other Sales(1)	11,884	12,276	12,975	—	—
Pre-Acquisition Sales(1)	51,952	48,437	35,217	10,907	—
Adjusted Net Sales	<u>\$ 289,612</u>	<u>\$ 286,065</u>	<u>\$ 307,179</u>	<u>\$ 332,243</u>	<u>\$ 347,151</u>
GAAP Operating Income	\$ 5,491	\$ (1,790)	\$ 2,988	\$ 4,113	\$ 22,027
Pre-Merger Lawson Operating Income(1)	3,488	(1,995)	11,096	—	—
Pre-Merger Other Operating Income(1)	1,132	1,170	980	—	—
Pre-Acquisition Operating Income(1)	3,397	3,675	3,434	2	—
Adjusted Operating Income	13,508	1,060	18,498	4,115	22,027
Depreciation and amortization	6,780	7,385	9,678	14,746	8,979
Adjustments:					
Merger/integration costs(2)	3,853	5,018	4,416	5,790	2,364
Stock-based compensation(3)	(1,171)	3,435	(8,595)	4,013	(3,568)
Severance costs(4)	256	121	1,082	953	944
Acquisition related costs(5)	1,187	4,194	840	334	38
Inventory net realizable value adjustment(6)	—	—	—	—	1,737
Inventory step-up(7)	118	94	163	1,622	1,082
Other non-recurring(8)	87	26	24	82	1,097
Pre-Acquisition add-backs(9)	14	101	60	58	—
Adjusted EBITDA	<u>\$ 24,632</u>	<u>\$ 21,434</u>	<u>\$ 26,166</u>	<u>\$ 31,713</u>	<u>\$ 34,700</u>
Operating income as a percent of GAAP Net Sales	4.2 %	(1.3) %	1.9 %	1.3 %	6.3 %
Adjusted EBITDA as a percent of Adjusted Net Sales	8.5 %	7.5 %	8.5 %	9.5 %	10.0 %

References to table footnotes on slide 18

GAAP to Non-GAAP Reconciliations

Adjusted Net Sales and EBITDA Reconciliation – Table Footnotes

1. Represents additional sales and operating income of Lawson pre-Merger results and Other Acquisitions results prior to their acquisition dates not in reported GAAP results
2. Merger transaction costs related to the negotiation, review and execution of the Merger agreements relating to the business combination of Lawson Products, TestEquity and Gexpro Services and subsequent integration costs
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 2022 and 2021
5. Expense for acquisition related costs, unrelated to the business combination of Lawson Products, TestEquity and Gexpro Services
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 the Company's records
7. 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
8. Other non-recurring costs consists of sales force optimization and other non-recurring items
9. Represents additional EBITDA adjustments of Other Acquisitions prior to their acquisition dates

Aligned and Tenured Leadership

BOARD

Governance & Strategy



J. Bryan King



Andrew Albert



Steven Edelson



Lee Hillman



Mark Moon



Bianca Rhodes

DSG LEADERSHIP

Capital Allocation & Operational Accountability



J. Bryan King
Chairman & CEO
DSG



Brad Wallace
Partner
LKCM Headwater



Kim Carter
Partner
LKCM Headwater



Jacob Smith
Partner
LKCM Headwater



Ron Knutson
CFO
DSG

With daily strategy and business execution led by best-in-class management teams across each business

LAWSON PRODUCTS



Cesar Lanuza
CEO

- Joined Lawson Products in 2022 after serving as CEO of Jon Don for Incline Equity
- Previously President for NA and Asia Pacific at Optimas OE Solutions and VP at Grainger



Ron Knutson
CFO

- Joined Lawson Products in 2009 as CFO after serving as CFO of Frozen Food Express Industries
- Previously spent 12 years at Ace Hardware as Controller and VP Finance

GEXPRO SERVICES



Bob Connors
CEO

- Joined Gexpro Services in 2004 as General Manager & named corporate officer in 2015
- Previously at General Electric as General Manager of GE Supply Logistics



Craig Schilling
CFO

- Re-joined Gexpro Services in 2020 as CFO
- Previously CFO for Electrical Source Holdings and Finance Manager for Gexpro Services when it was owned by Rexel

TESTEQUITY



Russ Frazee
CEO

- Joined TestEquity in 2018 as COO before being named CEO in 2022
- Previously COO/CIO at FCX Performance, VP of Distribution Operations at CompuServe



Nick Hawtrey
CFO

- Joined TestEquity in 2020 as CFO
- Previously CFO for Allied Electronics & Automation, Global VP of Finance for Allied sister company (RS Components)

CORPORATE DEVELOPMENT



Matt Boyce

- Leads DSG M&A team, bringing over 15 years of corporate development experience
- Previously led corporate development activity for Carlisle and IDG, where he collectively led over \$4B of transaction value



Melanie Nix

- Over 8 years of M&A experience most recently leading corporate development for Gexpro Services
- Previously served as a Sr. Associate for LKCM Headwater and an Investment Banking Associate at JPM



Brent Pearlstein

- Brings over 7 years of M&A experience to the DSG team
- Previously was a Director at KPMG where he led deal advisory and strategy

Additional Dedicated LKCM Headwater Team:

Andy Zacharias - Partner (TestEquity) | Joel Stewart - Principal (Gexpro Services and Lawson) | Rick Settle - Principal (TestEquity) | Jonathon Miller - Principal (Leads Headwater Operations team across the DSG platform) | Garrett Spriggs - VP (Gexpro Services and Lawson) | Davis Miller - VP (TestEquity) | Brett Scarbrough - Portfolio Manager (Lawson)

Historical Acquisitions

	COMPANY	FOCUS	STRATEGIC RATIONALE	CLOSING DATE	REVENUE ⁽¹⁾	PURCHASE PRICE
2017		Industrial Technologies	<ul style="list-style-type: none"> Expanded geographic coverage and expanded customer base with an additional ~22,000 customer locations Complementary value-added products / services (kitting, VMI) 	January 2017	\$45.1	\$25.0
		Industrial Technologies	<ul style="list-style-type: none"> Adds scale to highly complementary Lab & Production supplies offering Bolsters stocked inventory and value-add capabilities (VMI, vending, etc.) 	July 2017	\$77.8	\$35.0
		MRO	<ul style="list-style-type: none"> Complementary products in fasteners, power tools and MRO supplies Provides sales/regional fulfillment expansion opportunity in W Canada 	October 2017	\$34.4	\$32.0
2020		MRO	<ul style="list-style-type: none"> Sizeable "DNA match" acquisition for MRO segment Highly accretive with significant cost synergies 	August 2020	\$64.2	\$35.3
2021		OEM	<ul style="list-style-type: none"> Complementary value-added fabrication capabilities Highly accretive with significant synergies 	June 2021	\$5.3	\$6.5
		Industrial Technologies	<ul style="list-style-type: none"> European beachhead for Industrial Technologies segment Supplier expansion and further penetration into Telecom/5G market 	July 2021	\$9.7	\$14.4
		OEM	<ul style="list-style-type: none"> Strategic expansion into Canada & Mexico for OEM segment Loyal customer base with high service levels in new and existing markets 	November 2021	\$28.3	\$18.9
		OEM	<ul style="list-style-type: none"> Highly accretive "DNA match" with diversified end markets Natural tuck-in with value-add product offering and strong management 	December 2021	\$9.6	\$11.8
2022		OEM	<ul style="list-style-type: none"> Leading global renewables supplier within the OEM segment Opened new strategic markets in Europe, the Middle East, and Asia 	January 2022	\$31.9	\$38.0
		OEM	<ul style="list-style-type: none"> Enhances B & C-class product and service offering to Renewables market Significant commercial synergies and delivers manufacturing capabilities 	March 2022	\$21.9	\$30.0
		Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines (handhelds), brands and customers Digital go-to-market supplements Industrial Technology's sales model 	April 2022	\$113.0	\$55.0
		Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines with reconditioned equipment Strong focus on rental and leasing purchase options 	June 2022	\$9.0	\$7.8
HIGHLIGHTED TOTAL					\$450.2	\$309.7

LKCM Headwater Introduction



- Private, employee-owned SEC-registered investment advisor
- Founded in 1979 with over 64 investment and other professionals
- \$22.1 billion of assets under management (9/30/22)
- C-corp with 43 years of retained earnings
- Primarily long-term, long-equity strategies for individuals and families
- LKCM, investment team & affiliates are collectively the firm's largest client



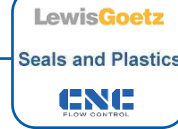
- Private investment arm of LKCM
- Over 100 years of collective experience & more than 100 businesses in the distribution space
- LKCM, investment team and affiliates are collectively the largest investor (~1/3 of capital)
- Engaged group of over 100 retired and active operating executives that are investors in the partnerships and willingness to lean into engagements to improve value within the portfolio
- More than \$2.1 billion of committed private capital



SIGNIFICANT PRIVATE COMPANY DISTRIBUTION EXPERIENCE

CURRENT

ERIKS



- LG - Leading distributor of fabricated hose, gaskets and belting for specialized and mission-critical applications
- ESP - Value-added provider of mission-critical sealing solutions to diverse end markets
- CNC - Leading provider of flow control solutions to the energy industry



- Value-added distributor specializing in designing and implementing supply chain solutions / VMI for OEM customers



- Leading provider of building automation, controls and gas detection solutions for the commercial buildings market



- Value-added instrumentation, controls, automation and rotating equipment distributor with engineering and service capabilities

TESTEQUITY

- Largest North American specialty distributor of electronic production supplies and T&M equipment



- North America's leading value-added distributor and service provider of mission-critical communication solutions



- High growth value-added distributor, packager and re-packager of generic pharmaceuticals



- Provider of supply chain solutions and distributor of indirect materials primarily to manufacturers



- Leading value-added instrumentation and valve distributor based in the Gulf Coast

FORMER