DISTRIBUTION SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

Q2 2023 Financial Results

August 3, 2023

Safe Harbor Statement

Cautionary Note Regarding Forward-Looking Statements

This investor deck 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. 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. 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 or expenditures relating to the mergers; (ii) the risk that stockholder litigation in connection with the mergers results in significant costs of defense, indemnification and liability; (iii) any problems arising in combining the businesses of Lawson Products, TestEquity and Gexpro Services, which may result in the combined company not operating as effectively and efficiently as expected; and (iv) the risks that DSG may encounter difficulties integrating the business of DSG and Hisco, that DSG may not achieve the anticipated synergies contemplated with respect to the transaction and that certain assumptions with respect to Hisco's business or the transaction 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

- Q2 2023 Consolidated Highlights & Financial Results
- Segment Highlights & Financial Results
- Q&A

GAAP results reported under Reverse Merger Accounting. Combined Gexpro Services/TestEquity is the 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 Reconciliations.

Q2 Highlights

- Q2 Revenue of $378M, Operating Income of $14M and Adjusted EBITDA exceeded $40M
- Q2 Revenue growth of 17.6% including organic revenue growth of 4.8%
- Generated Adjusted EBITDA margin of 10.6%, an increase of $8.4M over our initial quarter as a combined company a year ago
- GAAP EPS of $0.14 per diluted share. Adjusted EPS of $0.52 compared to $0.36 a year ago
- Teams continue to work closely - experiencing wins on cross-selling among operating companies and cost take-outs
- Q2 results in line with expectations despite tougher comps over Q1
- Completed the acquisition of HIS Company, Inc., a Texas corporation ("Hisco")

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

Hisco Acquisition - Creating a More Unified Platform

More closely aligns TestEquity to DSG and strengthens the overall organization's value proposition

- Extended cross-sell opportunities
- Expanded value-added capabilities across platform
- Geographic pull-through deeper into Mexico and South America
- Expected to accelerate timeline to higher structural margin profile

Operating Companies Update and Value Drivers

LAWSON Products

Gexpro® Services

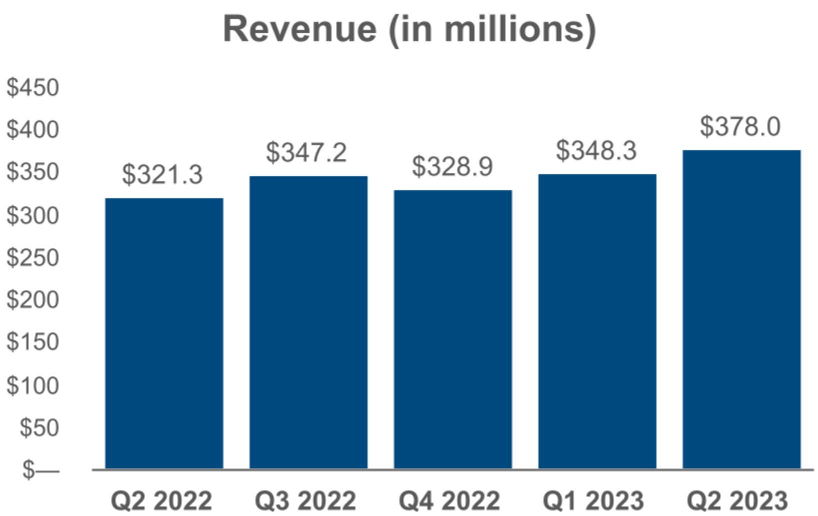
TestEquity

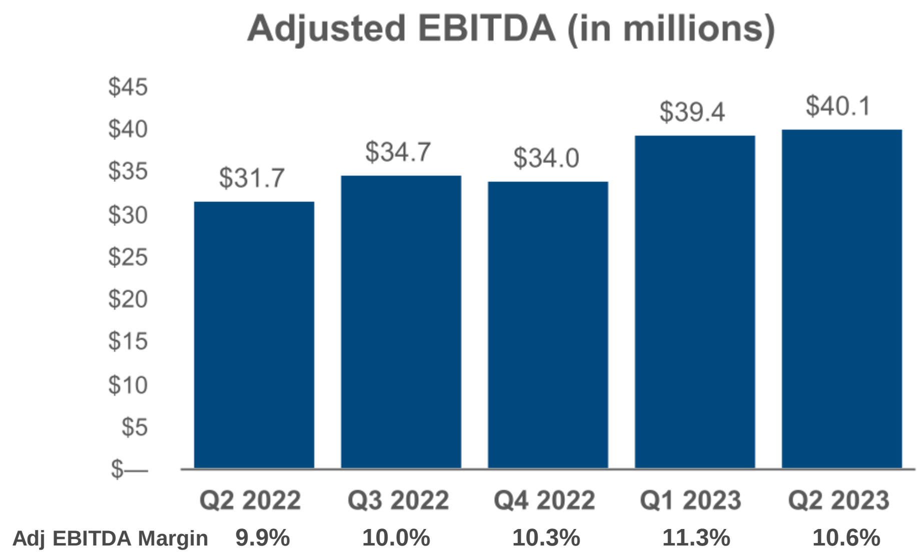
Q2 2023 Consolidated Financial Highlights

DSG DISTRIBUTION SOLUTIONS GROUP

Reported Revenue and Adjusted EBITDA

- Revenue of $378.0M, an increase of $56.6M or +17.6% over year ago quarter; organic growth of +4.8%
- Adjusted EBITDA of $40.1M with 10.6% margin; up 26.7% from Adjusted EBITDA of $31.7M with 9.9% margin a year ago quarter.
- Sequential daily sales growth and profit expansion; Q2 impacted by Hisco results and Lawson investments
- Q4 reflects fewer selling days





Sequentially strong revenue and Adjusted EBITDA growth

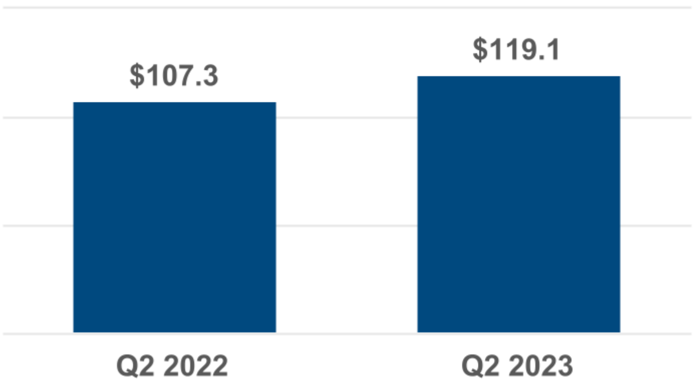
Revenue and Adjusted EBITDA results are presented on an Adjusted (Non-GAAP) and continuing operations basis.

Lawson Products – MRO Focus

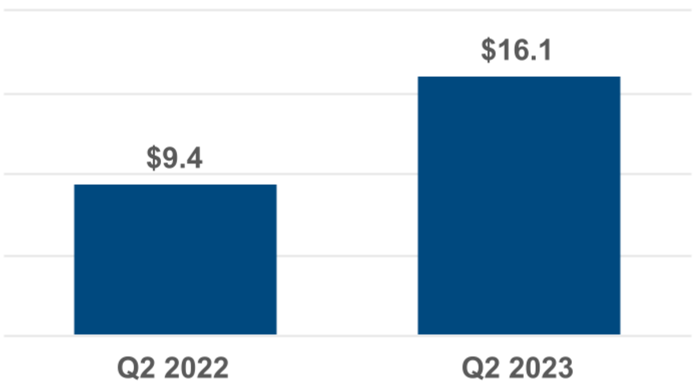
Q2 2023 Highlights:

- Revenue +11.0%; all organic growth-driven by expanding and new customer relationships
- Price increases throughout 2022 and 2023 being realized; volume up 2% in quarter
- Ended June 30, 2023 with ~926 sales reps. Sales per rep per day productivity improved 19.0% vs. Q2 2022
- Adjusted EBITDA of $16.1M or 13.5% of Revenue up from 8.8% of Revenue over year ago quarter
- Up against very strong Q1'23; investments in business during Q2 to build infrastructure for long-term channel growth

Revenue (in millions)



Adjusted EBITDA (in millions)



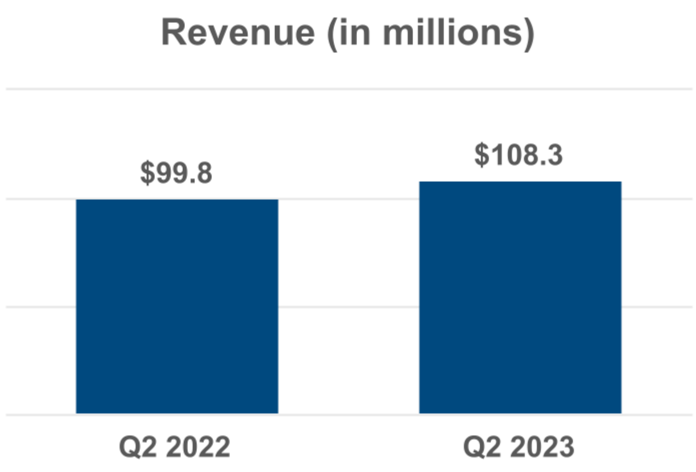
Adj EBITDA Margin	**8.8%**	**13.5%**

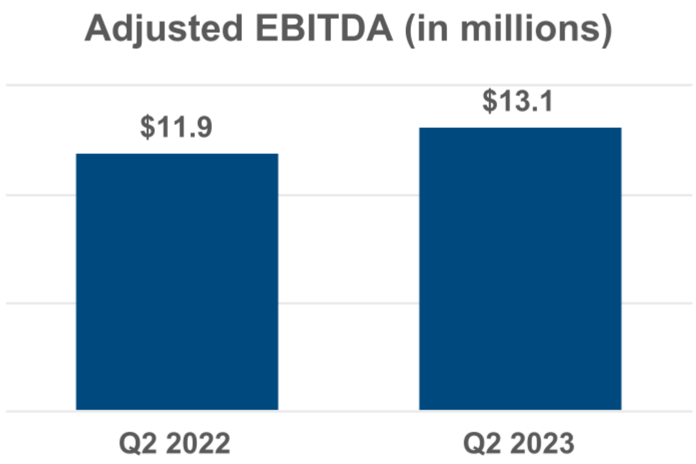
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.
Bolt Supply no longer included in Lawson Products reporting segment.

Gexpro Services – OEM Focus

Q2 2023 Highlights:

- Revenue of $108.3M; up $8.5M or 8.5%; all organic growth
- Integrations of prior acquisitions continuing strong
- Value creation initiatives including DSG cross sell, acquisition synergies and expanded kitting offerings and E-commerce
- Solid demand continues across most end markets partially offset by technology headwinds; wallet share and new business development remains strong
- Continued expansion in gross margin through strategic sourcing initiatives and supply chain improvements
- Adjusted EBITDA of $13.1M or 12.1% of Revenue up from 11.9% over year ago quarter





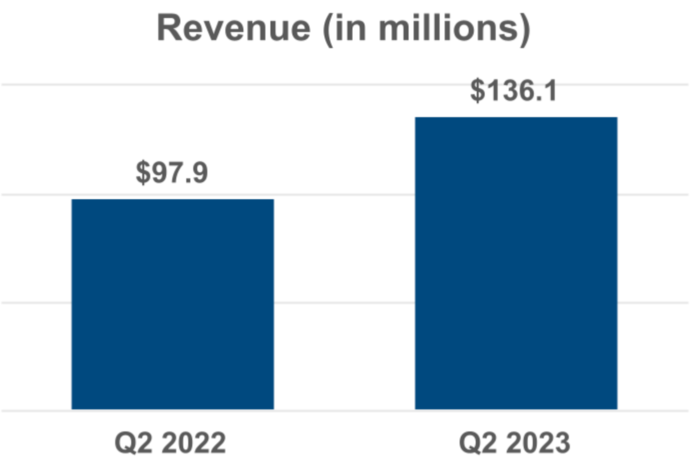
	Q2 2022	Q2 2023
Adj EBITDA Margin	11.9%	12.1%

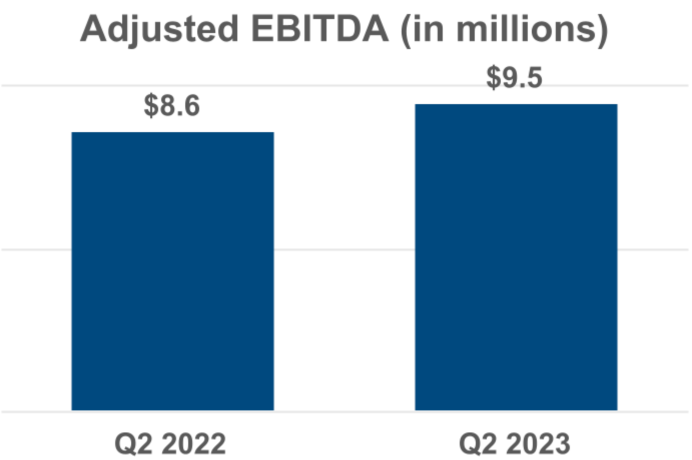
Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.

TestEquity – Industrial Technologies Focus

Q2 2023 Highlights:

- Revenue of $136.1M; up $38.2M or 39.0%; driven from acquisitions
- Q2 2023 revenue includes $43.4M of revenue from 2022 and 2023 acquisitions (TEquipment, National Test Equipment, Instrumex and Hisco). Integrations well underway
- Softness in sales in core legacy business as "capital" type projects delayed
- Key operating initiatives focused on acquisition integration, pricing disciplines, sales force optimization and digital channel expansion
- Adjusted EBITDA of $9.5M or 7.0% of Revenue, up from $8.6M a year ago; incremental EBITDA of $3.0M from acquisitions





Adj EBITDA Margin	**8.8%**	**7.0%**

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

Financial Position and Capitalization Table

Strong Balance Sheet and Capital Allocation Framework

- Disciplined approach to capital allocation, focused on balance sheet strength and investment in highest ROIC opportunities
- Cash of $44.2M and $189.6M of availability under existing credit facility; ability to access additional $200M accordion for M&A
- Total debt of $598.4M; maturities of debt over the next 12 months of $30.3M
- Trailing net debt to 2023 adjusted EBITDA leverage ratio of 3.1x. - decrease from 3.6x at April 2022 combination date despite funding acquisitions
- Prudent leverage target of 3 - 4x Net Debt to Adjusted EBITDA

Capitalization Table as of June 30, 2023

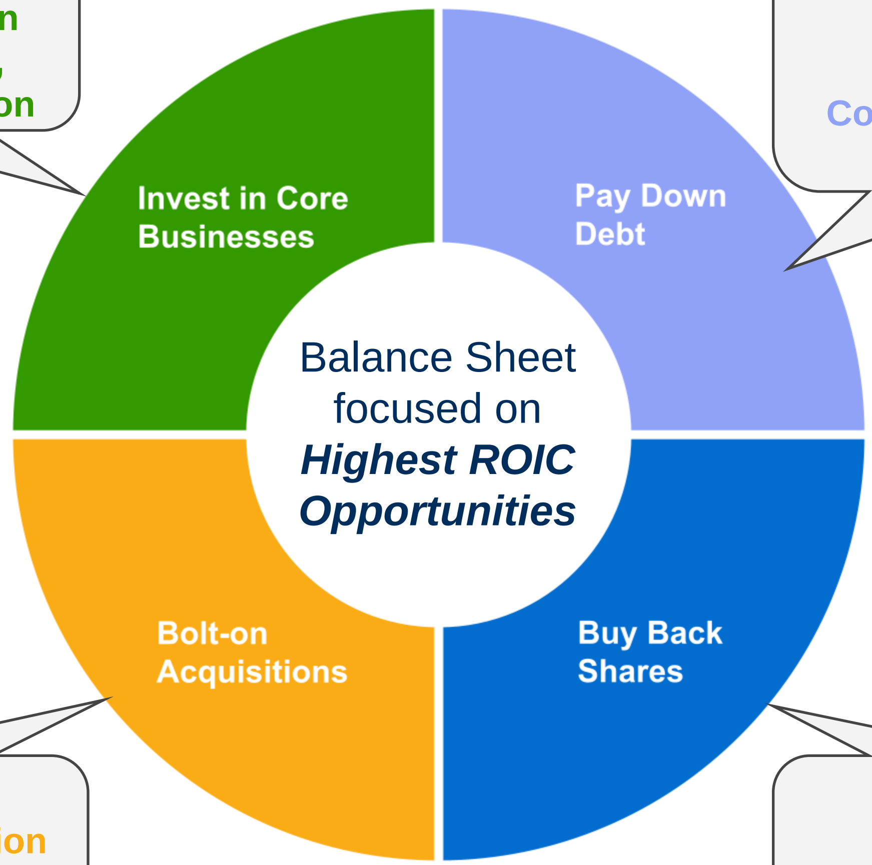
$000s (Unaudited)	**Q2 2023**
Cash	$ 44,244
Current Assets	618,547
Long-term Assets	907,288
Total Assets	$ 1,570,079
Current Liabilities	$ 227,198
Long-term Debt	558,845
Other Long-term Liabilities	108,043
Total Liabilities	894,086
Total Stockholders' Equity	675,993
Total Liabilities & Stockholders' Equity	$ 1,570,079

Disciplined Capital Allocation Framework

Q2 '23 trade working capital $476M and to-date incremental investment in working capital of $37M, excluding Hisco acquisition

Q2 '23 3.1x Net Debt to Adjusted EBITDA Leverage

Free Cash Flow (1) Conversion of 93% realized in Q2



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

$7.6M available for opportunistic buybacks

(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

Summary

- ***Solid Q2 results in line with expectations*** *despite tougher comps over Q1; some moderation of end markets experienced*
- *Q2 results driven by both organic growth and acquired revenue – aligns with growth strategy;* ***combined 17.6% revenue growth***
- *Improvement in Adjusted EBITDA by $8.4 million and margin to* ***10.6%*** *from* ***9.9%*** *in Q2 2022*
- *Companies* ***collaborating well together*** *to identify growth and cost saving opportunities*
- ***Conservative financial management*** *and prudent capital allocation to continue*
- ***Disciplined M&A strategy*** *to capture accretive, bolt-on acquisitions;* ***pipeline*** *for add-on acquisitions* ***remains encouraging***
- ***Investor day planned*** *in DFW area on September 28th*

Appendix

GAAP to Non-GAAP Reconciliations

DSG DISTRIBUTION SOLUTIONS GROUP

Q2 Revenue and Adjusted EBITDA Reconciliation ($000s)

(Unaudited)

	Lawson Products		Gexpro Services		TestEquity		All Other		Consolidated DSG	
Quarter Ended	**Q2 2023**	**Q2 2022**	**Q2 2023**	**Q2 2022**	**Q2 2023**	**Q2 2022**	**Q2 2023**	**Q2 2022**	**Q2 2023**	**Q2 2022**
GAAP Revenue	$ 119,147	$ 107,334	$ 108,274	$ 99,792	$ 136,067	$ 97,874	$ 14,496	$ 16,336	$ 377,984	$ 321,336
GAAP Operating Income	$ 8,470	$ (2,562)	$ 8,778	$ 5,390	$ (3,182)	$ 471	$ (290)	$ 814	$ 13,776	$ 4,113
Depreciation and amortization	4,498	4,522	4,026	4,093	5,560	5,761	500	370	14,584	14,746
Adjustments:										
Merger/integration costs(1)	—	1,818	150	2,160	—	1,812	—	—	150	5,790
Stock-based compensation(2)	2,188	4,013	—	—	—	—	—	—	2,188	4,013
Severance and acquisition related retention expenses(3)	119	449	23	45	2,295	458	—	1	2,437	953
Acquisition related costs(4)	651	—	153	189	4,104	145	—	—	4,908	334
Inventory step-up(5)	—	1,165	—	—	716	—	—	457	716	1,622
Other non-recurring(6)	144	—	12	38	—	—	1,185	44	1,341	82
Adjusted EBITDA	$ 16,070	$ 9,405	$ 13,142	$ 11,915	$ 9,493	$ 8,647	$ 1,395	$ 1,686	$ 40,100	$ 31,653
GAAP Operating income as a percent of GAAP Revenue	7.1%	(2.4)%	8.1%	5.4%	(2.3)%	0.5%	(2.0)%	5.0%	3.6%	1.3%
Adjusted EBITDA as a percent of GAAP Revenue	13.5%	8.8%	12.1%	11.9%	7.0%	8.8%	9.6%	10.3%	10.6%	9.9%

1. 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
2. Expense 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. Expense for acquisition related costs, unrelated to the business combination of Lawson Products, TestEquity and Gexpro Services
5. Inventory fair value step-up adjustment for Lawson resulting from the reverse merger acquisition accounting
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

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			
Quarter Ended	**Q2 2023**		**Q2 2022**	
	Amount	**Diluted EPS[(2)]**	**Amount**	**Diluted EPS[(2)]**
Net income (loss) as reported per GAAP	$ 3,024	$ 0.14	$ (4,715)	$ (0.23)
Pretax adjustments:				
Acquisition related costs	4,908	0.22	334	0.02
Stock-based compensation	2,188	0.10	4,013	0.20
Merger/integration costs	150	0.01	5,790	0.28
Severance and acquisition related retention expenses	2,437	0.11	953	0.05
Change in fair value of earnout liabilities	(36)	—	5,693	0.28
Loss on extinguishment of debt	—	—	2,814	0.14
Inventory net realizable value adjustment	—	—	—	—
Inventory step-up	716	0.03	1,622	0.08
Other non-recurring	1,341	0.06	82	—
Total pretax adjustments	11,704	0.53	21,301	1.05
Tax effect on adjustments(1)	(3,394)	(0.15)	(9,245)	(0.46)
Total adjustments, net of tax	8,310	0.38	12,056	0.59
Non-GAAP adjusted net income	$ 11,334	$ 0.52	$ 7,341	$ 0.36

1. Tax effected at quarterly tax rate of 29.0% and 43.4% for the three months ended June 30, 2023 and 2022, respectively, excluding discrete items.
2. Pretax adjustments to diluted EPS calculated on 21.998 million and 20.343 million diluted shares for the second quarter of 2023 and 2022, respectively.