

DSG

DISTRIBUTION
SOLUTIONS GROUP

Powerful Solutions. Proven Results.

NASDAQ: DSGR

Midwest IDEAS Investor Conference Presentation August 23, 2023



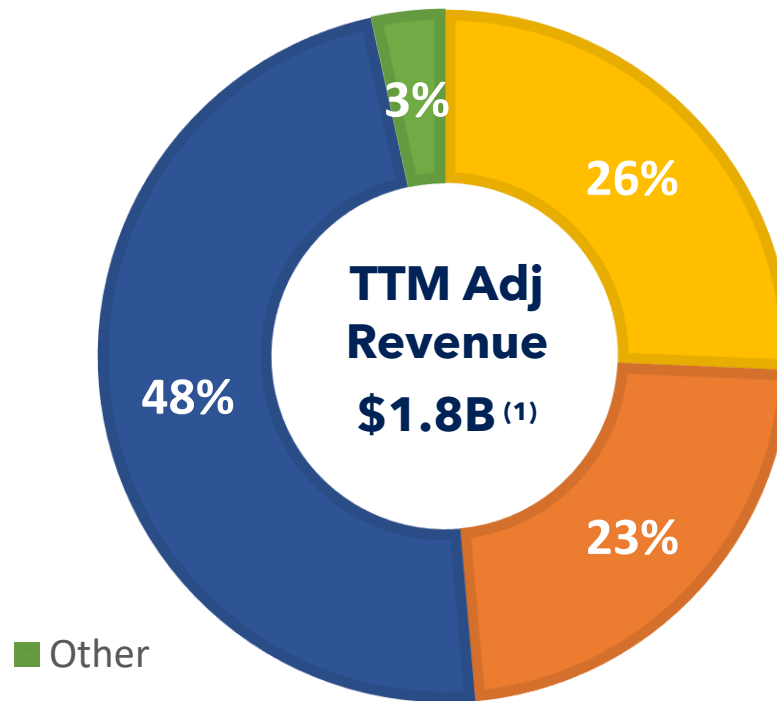
Forward Looking Statements

Cautionary Note Regarding Forward-Looking Statements

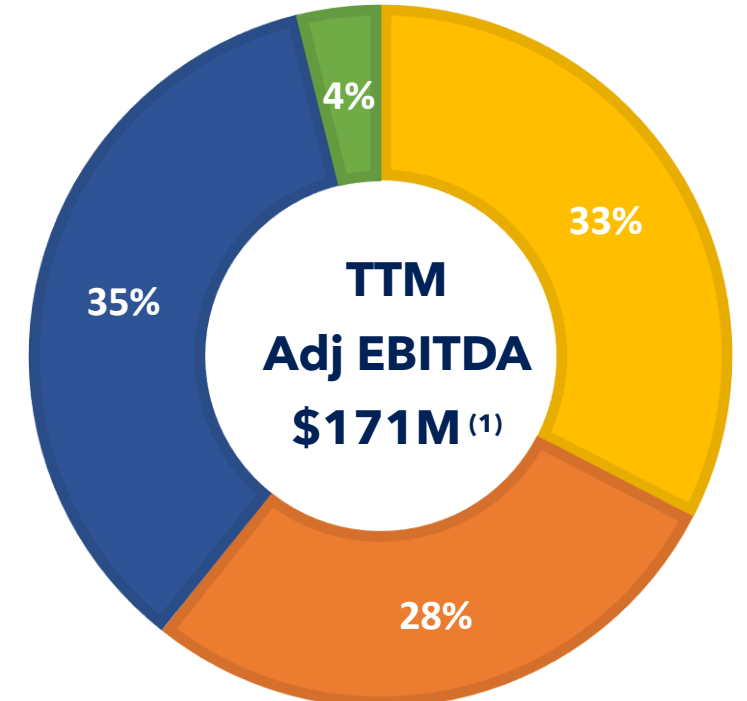
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. The terms "aim," "anticipate," "believe," "contemplates," "continues," "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. 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.

About Distribution Solutions Group

Multi-platform specialty distribution company providing high touch, value-added distribution solutions to the MRO, the OEM and the Industrial Technologies markets



Q2 '23 Revenue \$378M



Q2 '23 Adj EBITDA \$40.1M

Why Own DSG: Investment Thesis

NASDAQ: DSGR

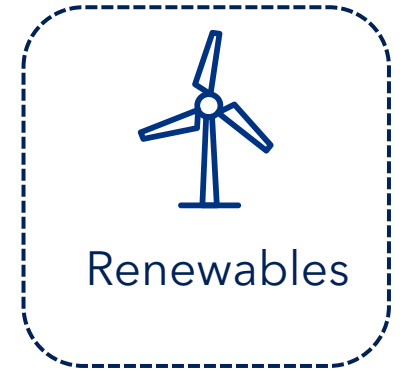


Embedded Growth Opportunities

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

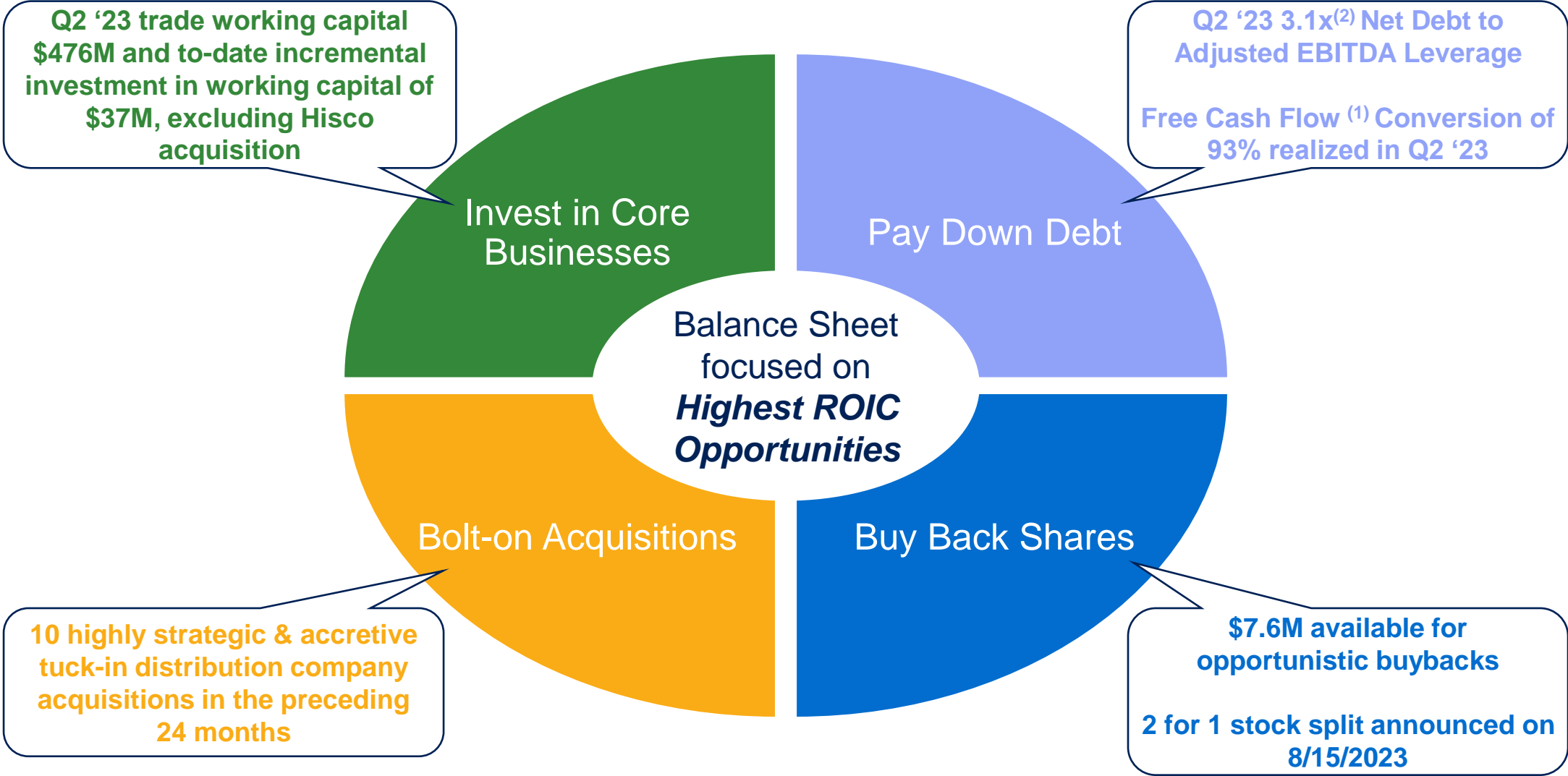


TRACK RECORD OF SUCCESSFUL ACQUISITION & INTEGRATION

- 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



(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) Calculated based on the Company's credit agreement.



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

OPTIMIZED INVENTORY MANAGEMENT SYSTEM

DIVERSE END MARKETS⁽³⁾

Before

Disorganized Parts Room

Increased Downtime & Lower Labor Utilization



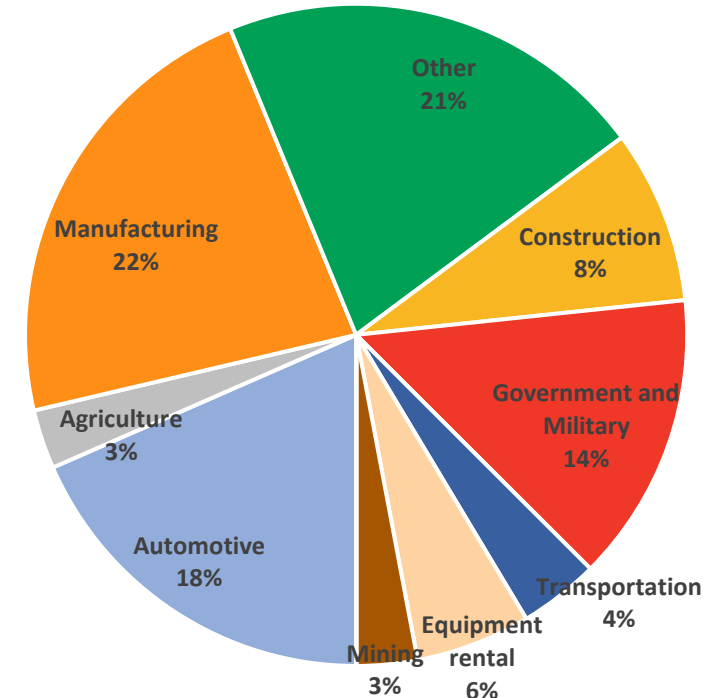
After

Vendor Managed Inventory

Lawson ensures customers have the right product in the right place at the right time



Lower Total Cost of Ownership & Better Serve Customers



~\$524M
Adj. Revenue⁽¹⁾

~\$62M
Adj. EBITDA^{(1)/(2)}

1,900+
Employees

3
Countries Served

~\$20B
Addressable Market

65,000+
Customers Served

(1) Estimated TTM as of June 2023 adjusted for all closed acquisitions as of 6/30/2023.

(2) See appendix for reconciliation of GAAP operating income to Non-GAAP adjusted EBITDA

(3) Estimated TTM as of December 2022 adjusted for all closed acquisitions as of 12/31/2022.

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

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

~\$413M
Adj. Revenue⁽¹⁾

~\$48M
Adj. EBITDA^{(1)/(2)}

700+
Employees

38+
Countries Served

~\$30B
Addressable Market

100,000+
Bins Served

Leading authorized distributors of electronics production supplies and Test & Measurement solutions, with over 250,000 products

PRODUCTS OVERVIEW

Electronic Production Supplies ("EPS") with advanced digital capabilities

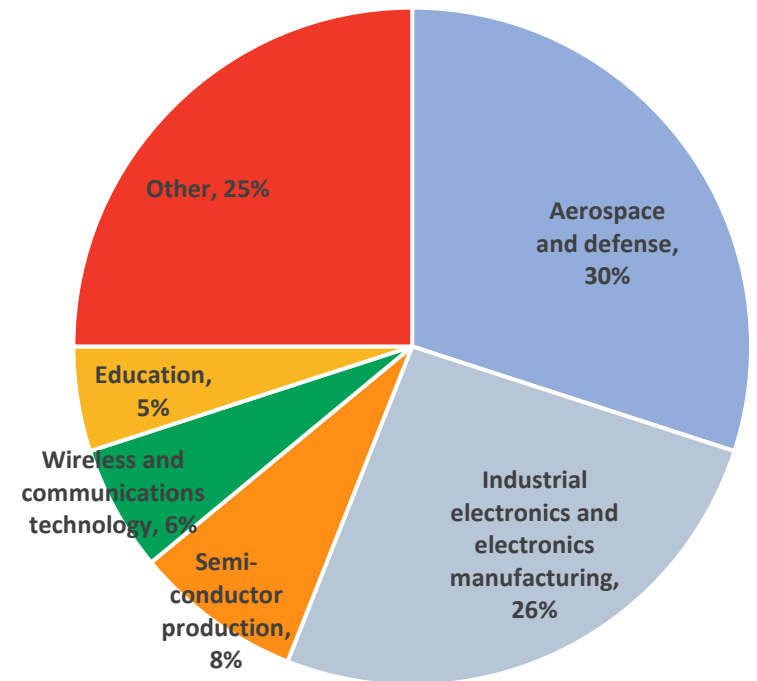
Test & Measurement Instrumentation ("T&M")

Broadest offering of T&M and EPS supplies in the industry

BLUE CHIP CUSTOMERS



DIVERSE END MARKETS⁽³⁾



~\$863M
Adj. Revenue⁽¹⁾

~\$61M
Adj. EBITDA^{(1)/(2)}

1200+
Employees

30+
Countries Served

~\$7.5B
Addressable Market

1,000+
Manufacturer Brands

(1) Estimated TTM as of June 2023 adjusted for all closed acquisitions as of 6/30/2023.

(2) See appendix for reconciliation of GAAP operating income to Non-GAAP adjusted EBITDA

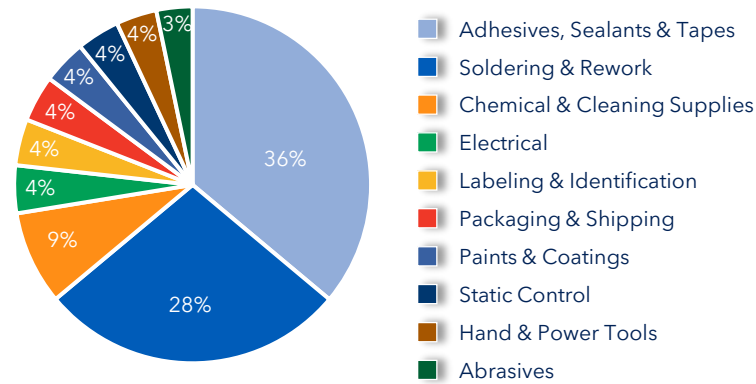
(3) Estimated TTM as of December 2022 adjusted for all closed acquisitions as of 12/31/2022. Excludes Hisco.

Hisco® At a Glance

Business Overview

- Leading broadline industrial supplies distribution business with integrated footprint across the United States, Canada, and Mexico
- Headquartered in Houston, TX with 38 branches and ~600 employees
- High-margin, value-added services including precision converting and packaging for adhesives, sealants, and specialty chemicals
- Deeply embedded with customers, providing requirement-driven solutions

Select Product Offering Mix⁽¹⁾



Largest Suppliers



Value-Added Services



Custom Fabrication



Precision Slitting



Packaging / Labeling



Die Cutting



Cold / Clean Room Storage



Labeling / Printing

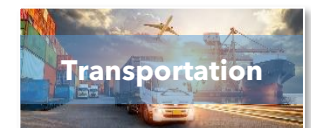
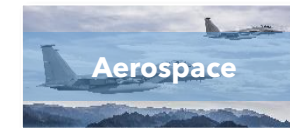


Vendor-Managed Inventory



Prototyping

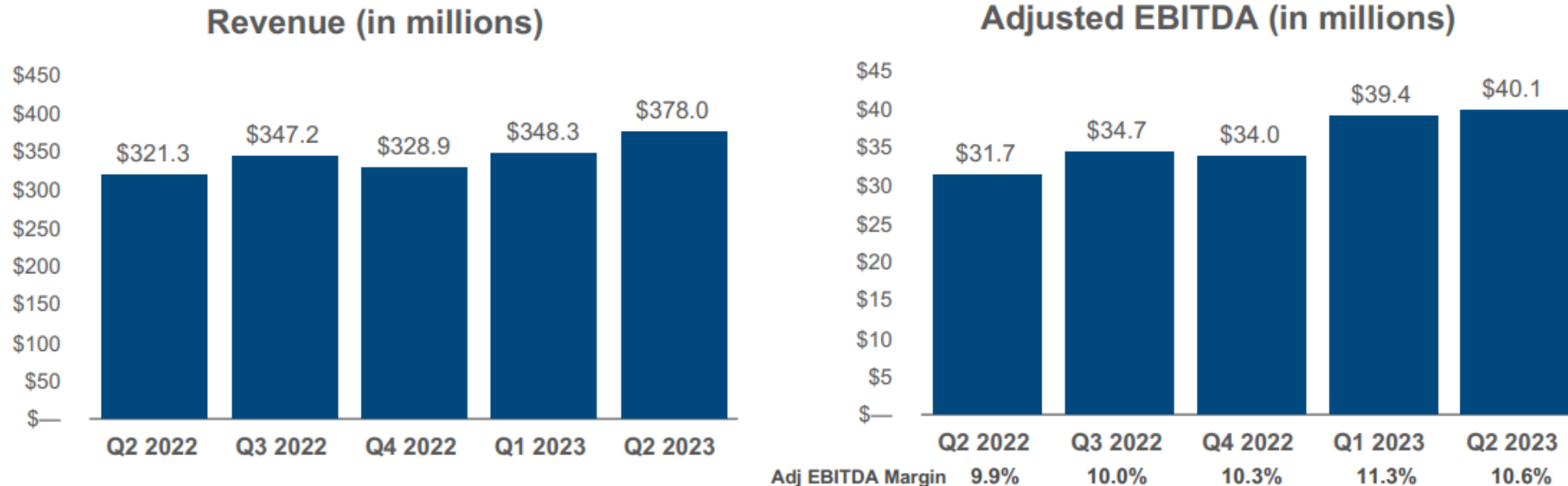
End Markets



Q2 2023 Consolidated Financial Highlights

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

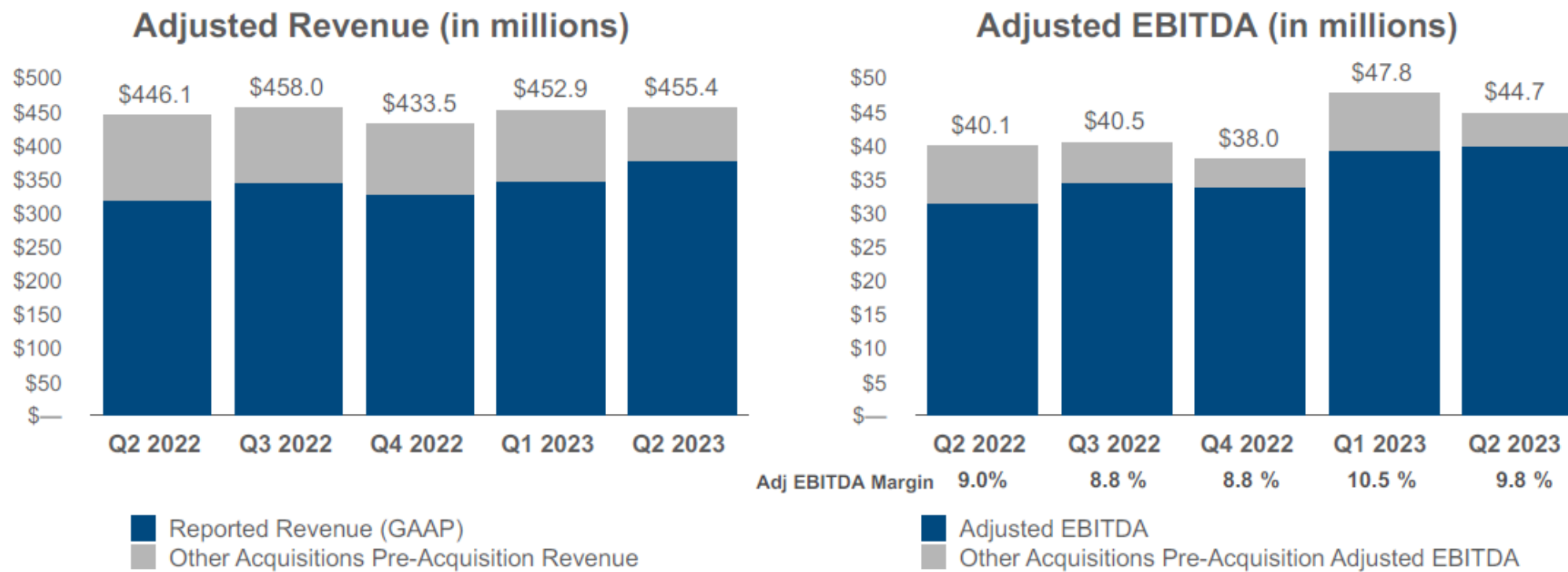


Sequentially strong revenue and Adjusted EBITDA growth

Q2 2023 Consolidated Financial Highlights

Results Inclusive of Other Acquisitions 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 2022-Q2 2023 period.
- Positive quarterly trends in Adjusted Revenue and Adjusted EBITDA as acquisitions become integrated. Q2 had tougher comps over Q1
- Q4 reflects fewer selling days



Progress Since April 2022 Merger

Performing at or above all underwriting objectives established prior to combination

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



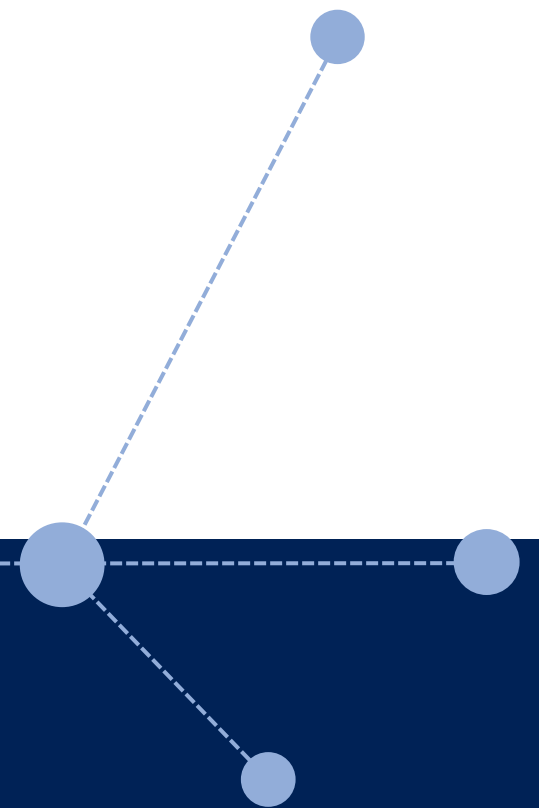
Investor Contacts



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Sandy Martin
smartin@threepa.com



Appendix



GAAP to Non-GAAP Reconciliations

Q2 Revenue and Adjusted EBITDA Reconciliation (\$000s) (Unaudited)

Quarter Ended	Lawson Products		Gexpro Services		TestEquity		All Other		Consolidated DSG	
	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

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

Results Inclusive of Other Acquisitions – Pre-Acquisition Date

(Unaudited)

	Consolidated DSG					
	Quarter Ended	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
GAAP Revenue	\$	321,336	\$ 347,151	\$ 328,850	\$ 348,270	\$ 377,984
Pre-Acquisition Revenue(1)		124,790	110,807	104,677	104,616	77,447
Adjusted Revenue	\$	446,126	\$ 457,958	\$ 433,527	\$ 452,886	\$ 455,431
GAAP Operating Income	\$	4,113	\$ 22,027	\$ 12,658	\$ 16,721	\$ 13,776
Pre-Acquisition Operating Income(1)		3,723	2,193	(577)	3,345	6,014
Adjusted Operating Income		7,836	24,220	12,081	20,066	19,790
Depreciation and amortization		14,746	8,979	13,872	15,722	14,584
Adjustments:						
Merger/integration costs(2)		5,790	2,364	3,063	1,223	150
Stock-based compensation(3)		4,013	(3,568)	2,003	2,204	2,188
Severance and acquisition related retention expenses(4)		953	944	443	351	2,437
Acquisition related costs(5)		334	38	1,570	2,876	4,908
Inventory net realizable value adjustment(6)		—	1,737	—	—	—
Inventory step-up(7)		1,622	1,082	—	—	716
Other non-recurring(8)		82	1,097	394	256	1,341
Pre-Acquisition add-backs(9)		4,701	3,568	4,571	5,056	(1,375)
Adjusted EBITDA	\$	40,077	\$ 40,461	\$ 37,997	\$ 47,754	\$ 44,739
GAAP Operating income as a percent of GAAP Revenue		1.3%	6.3%	3.8%	4.8%	3.6%
Adjusted EBITDA as a percent of GAAP Revenue		12.5%	11.7%	11.6%	13.7%	11.8%
Adjusted EBITDA as a percent of Adjusted Revenue		9.0%	8.8%	8.8%	10.5%	9.8%

References to table footnotes on slide 19

GAAP to Non-GAAP Reconciliations

Adjusted Revenue and EBITDA Reconciliation – Table Footnotes

1. Represents additional revenue and operating income of Other Acquisitions 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 2023 and 2022, not related to a formal restructuring plan and acquisition related retention expenses for the Hisco acquisition
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 consist of non-capitalized deferred financing costs incurred in conjunction with the 2023 Credit Agreement, certain non-recurring strategic projects and other non-recurring items
9. Represents additional EBITDA adjustments of Other Acquisitions prior to the respective acquisition dates

Aligned and Tenured Leadership

BOARD

Governance & Strategy



J. Bryan King



Andrew Albert



Steven Edelson



Lee Hillman



Mark Moon



Bianca Rhodes



Brad Wallace



Robert Zamarripa

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



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



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)

TESTEQUITY

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) | 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
		Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines with reconditioned equipment Natural tuck-in with expanded markets in Europe 	December 2022	\$7.0	\$3.9
2023		Industrial Technologies	<ul style="list-style-type: none"> Adds complementary product lines, including adhesives, chemicals and tapes as well as specialty materials such as electrostatic discharge, thermal management materials and static shielding bags. Expected to achieve cost synergies and significant customer and offering expansion benefits 	June 2023	\$422.6	\$269.1
HIGHLIGHTED TOTAL					\$879.8	\$582.7

LKCM Headwater Introduction



- Private, employee-owned SEC-registered investment advisor
- Founded in 1979 with over 63 investment and other professionals
- \$25.3 billion of assets under management (6/30/2023)
- C-corp with 44 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

FORMER

		<ul style="list-style-type: none"> • LG - Leading distributor of fabricated hose, gaskets and belting for specialized and mission-critical applications
		<ul style="list-style-type: none"> • ESP - Value-added provider of mission-critical sealing solutions to diverse end markets
		<ul style="list-style-type: none"> • CNC - Leading provider of flow control solutions to the energy industry
		<ul style="list-style-type: none"> • Value-added distributor specializing in designing and implementing supply chain solutions / VMI for OEM customers
		<ul style="list-style-type: none"> • Leading provider of building automation, controls and gas detection solutions for the commercial buildings market
		<ul style="list-style-type: none"> • Value-added instrumentation, controls, automation and rotating equipment distributor with engineering and service capabilities
		<ul style="list-style-type: none"> • Largest North American specialty distributor of electronic production supplies and T&M equipment
		<ul style="list-style-type: none"> • North America's leading value-added distributor and service provider of mission-critical communication solutions
		<ul style="list-style-type: none"> • High growth value-added distributor, packager and re-packager of generic pharmaceuticals
		<ul style="list-style-type: none"> • Provider of supply chain solutions and distributor of indirect materials primarily to manufacturers
		<ul style="list-style-type: none"> • Leading value-added instrumentation and valve distributor based in the Gulf Coast