

REFINITIV

## DELTA REPORT

### 10-Q

FAST - FASTENAL CO

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 579

█ CHANGES 129

█ DELETIONS 178

█ ADDITIONS 272

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 10-Q**

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **March 31, 2024** **June 30, 2024**, or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-16125

**FASTENAL COMPANY**

(Exact name of registrant as specified in its charter)

Minnesota

41-0948415

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

2001 Theurer Boulevard, Winona, Minnesota

55987-1500

(Address of principal executive offices)

(Zip Code)

(507) 454-5374

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$.01 per share	FAST	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files.) Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of **April 10, 2024** **July 11, 2024**, there were approximately **572,547,449** **572,646,104** shares of the registrant's common stock outstanding.

FASTENAL COMPANY

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## PART I – FINANCIAL INFORMATION

## ITEM 1 – FINANCIAL STATEMENTS

FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Balance Sheets  
(Amounts in millions except share information)

(Unaudited)

Assets	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Assets		31, 2023	30, 2024	31, 2023
Assets				
Current assets:				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Trade accounts receivable, net of allowance for credit losses of \$4.8 and \$6.4, respectively				
Trade accounts receivable, net of allowance for credit losses of \$4.2 and \$6.4, respectively				
Inventories				
Prepaid income taxes				
Other current assets				
<b>Total current assets</b>				

Property and equipment, net	
Property and equipment, net	
Property and equipment, net	
Operating lease right-of-use assets	
Other assets	
Total assets	Liabilities and Stockholders' Equity
Total assets	Liabilities and Stockholders' Equity
Total assets	Liabilities and Stockholders' Equity
Current liabilities:	
Current liabilities:	
Current liabilities:	
Current portion of debt	
Current portion of debt	
Current portion of debt	
Accounts payable	
Accrued expenses	
Current portion of operating lease liabilities	
Income taxes payable	
Total current liabilities	
Long-term debt	
Long-term debt	
Long-term debt	
Operating lease liabilities	
Deferred income taxes	
Other long-term liabilities	
Stockholders' equity:	
Stockholders' equity:	
Stockholders' equity:	
Preferred stock: \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding	
Preferred stock: \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding	
Preferred stock: \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding	
Common stock: \$0.01 par value, 800,000,000 shares authorized, 572,525,495 and 571,982,367 shares issued and outstanding, respectively	
Common stock: \$0.01 par value, 800,000,000 shares authorized, 572,620,247 and 571,982,367 shares issued and outstanding, respectively	
Additional paid-in capital	
Retained earnings	
Accumulated other comprehensive loss	
Total stockholders' equity	
Total liabilities and stockholders' equity	

See accompanying Notes to Condensed Consolidated Financial Statements.

#### FASTENAL COMPANY AND SUBSIDIARIES

Condensed Consolidated Statements of Income  
(Amounts in millions except income per share)

	(Unaudited)			(Unaudited)
	(Unaudited)			(Unaudited)
	(Unaudited)			(Unaudited)
		Three Months Ended		
		March 31,		
			Six Months Ended	Three Months Ended
			June 30,	June 30,
		2024	2023	2024
Net sales				2023
Cost of sales				2024
Gross profit				2023
Selling, general, and administrative expenses				2024
Selling, general, and administrative expenses				2023
Selling, general, and administrative expenses				2024
Operating income				2023
Interest income				2024
Interest income				2023
Interest income				2024
Interest expense				2023
Income before income taxes				2024
Income tax expense				2023
Income tax expense				2024
Income tax expense				2023
Net income				2024
Basic net income per share				2023
Basic net income per share				2024
Basic net income per share				2023
Diluted net income per share				2024
Basic weighted average shares outstanding				2023
Basic weighted average shares outstanding				2024
Basic weighted average shares outstanding				2023
Diluted weighted average shares outstanding				2024

See accompanying Notes to Condensed Consolidated Financial Statements.

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	FASTENAL COMPANY AND SUBSIDIARIES		
	Condensed Consolidated Statements of Comprehensive Income (Amounts in millions)		
	(Unaudited)	(Unaudited)	(Unaudited)
	(Unaudited)	(Unaudited)	(Unaudited)
	Three Months Ended	Six Months Ended	Three Months Ended
	March 31,	June 30,	June 30,
	2024	2023	2024
Net income			2023
Other comprehensive (loss) income, net of tax:			2024
Foreign currency translation adjustments (net of tax of \$0.0 in 2024 and 2023)			2023
Foreign currency translation adjustments (net of tax of \$0.0 in 2024 and 2023)			2024

Foreign currency translation adjustments (net of tax of \$0.0 in 2024 and 2023)

Comprehensive income

See accompanying Notes to Condensed Consolidated Financial Statements.

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**FASTENAL COMPANY AND SUBSIDIARIES**

Condensed Consolidated Statements of Stockholders' Equity  
(Amounts in millions except per share information)

	(Unaudited)	(Unaudited)	(Unaudited)	Three Months Ended March 31,	Six Months Ended June 30,	Three Months Ended June 30,	2024	2023	2024	2023	2024	2023
<b>Common stock</b>												
Balance at beginning of period												
Balance at beginning of period												
Balance at beginning of period												
Balance at end of period												
<b>Additional paid-in capital</b>												
Balance at beginning of period												
Balance at beginning of period												
Balance at beginning of period												
Stock options exercised												
Stock-based compensation												
Balance at end of period												
<b>Retained earnings</b>												
Balance at beginning of period												
Balance at beginning of period												
Balance at beginning of period												
Net income												
Cash dividends paid												
Balance at end of period												
<b>Accumulated other comprehensive (loss) income</b>												
Balance at beginning of period												
Balance at beginning of period												
Balance at beginning of period												
Other comprehensive (loss) income												
Balance at end of period												
Total stockholders' equity												
Cash dividends paid per share of common stock												
Cash dividends paid per share of common stock												
Cash dividends paid per share of common stock												

See accompanying Notes to Condensed Consolidated Financial Statements.

<b>FASTENAL COMPANY AND SUBSIDIARIES</b>						
Condensed Consolidated Statements of Cash Flows						
(Amounts in millions)						
		(Unaudited)		(Unaudited)		(Unaudited)
		(Unaudited)		(Unaudited)		(Unaudited)
		Three Months Ended		Six Months Ended		Three Months Ended
		March 31,		June 30,		June 30,
		2024	2023	2024	2023	2024
<b>Cash flows from operating activities:</b>						
Net income						
Net income						
Net income						
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>						
Depreciation of property and equipment						
Depreciation of property and equipment						
Depreciation of property and equipment						
Gain on sale of property and equipment						
Bad debt recoveries						
Bad debt (recoveries) expense						
Deferred income taxes						
Stock-based compensation						
Amortization of intangible assets						
<b>Changes in operating assets and liabilities:</b>						
Trade accounts receivable						
Trade accounts receivable						
Trade accounts receivable						
Inventories						
Other current assets						
Accounts payable						
Accrued expenses						
Income taxes						
Other						
Net cash provided by operating activities						
<b>Cash flows from investing activities:</b>						
<b>Cash flows from investing activities:</b>						
<b>Cash flows from investing activities:</b>						
Purchases of property and equipment						
Purchases of property and equipment						
Purchases of property and equipment						
Proceeds from sale of property and equipment						
Other						
Net cash used in investing activities						
<b>Cash flows from financing activities:</b>						
<b>Cash flows from financing activities:</b>						
<b>Cash flows from financing activities:</b>						
Proceeds from debt obligations						

Proceeds from debt obligations
Proceeds from debt obligations
Payments against debt obligations
Proceeds from exercise of stock options
Cash dividends paid
Net cash used in financing activities
Effect of exchange rate changes on cash and cash equivalents
Effect of exchange rate changes on cash and cash equivalents
Effect of exchange rate changes on cash and cash equivalents
Net increase in cash and cash equivalents
Net increase in cash and cash equivalents
Net increase in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at beginning of period
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period
Supplemental information:
Supplemental information:
Supplemental information:
Cash paid for interest
Cash paid for interest
Cash paid for interest
Net cash paid for income taxes
Leased assets obtained in exchange for new operating lease liabilities

See accompanying Notes to Condensed Consolidated Financial Statements.

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#### FASTENAL COMPANY AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Amounts in millions except share and per share information and where otherwise noted)

March 31, June 30, 2024 and 2023

(Unaudited)

#### (1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Fastenal Company and subsidiaries (collectively referred to as 'the company', 'Fastenal', or by terms such as 'we', 'our', or 'us') have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. They do not include all information and footnotes required by U.S. GAAP for complete financial statements. However, except as described herein, there has been no material change in the information disclosed in the Notes to Consolidated Financial Statements included in our consolidated financial statements as of and for the year ended December 31, 2023. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

Beginning in the first quarter of 2024, references to 'net earnings', 'operating and administrative expenses', and 'earnings before income taxes' have been revised in our condensed consolidated financial statements and financial reports, including this quarterly report on Form 10-Q, to 'net income', 'selling, general, and administrative (SG&A) expenses', and 'income before income taxes', respectively.

#### Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which enhances reporting requirements under Topic 280. The enhanced disclosure requirements include: title and position of the Chief Operating Decision Maker (CODM), significant segment expenses provided to the CODM, extending certain annual disclosures to interim periods, clarifying single reportable segment entities must apply ASC 280 in its entirety, and permitting more than one measure of segment profit or loss to be reported under certain circumstances. This change is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. This change will apply retrospectively to all periods presented. We are currently evaluating the impact that the adoption of ASU 2023-07 will have on our consolidated financial statements and disclosures and we anticipate adoption in our 2024 annual report on Form 10-K.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*, which establishes new income tax disclosure requirements in addition to modifying and eliminating certain existing requirements. The new guidance requires consistent categorization and greater disaggregation of information in the rate reconciliation, as well as further disaggregation of income taxes paid. This change is effective for annual periods beginning after December 15, 2024. This change will apply on a prospective basis to

annual financial statements for periods beginning after the effective date. However, retrospective application in all prior periods presented is permitted. We are currently evaluating the impact that the adoption of ASU 2023-09 will have on our consolidated financial statements and disclosures and we anticipate adoption in our 2025 annual report on Form 10-K.

## (2) Revenue

### Revenue Recognition

Net sales include products and shipping and handling charges, net of estimates for product returns and any related sales incentives. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products. All revenue is recognized when or as we satisfy our performance obligations under the contract. We recognize revenue by transferring control of the promised products to the customer, with the majority of revenue recognized at the point in time the customer obtains control of the products. We recognize revenue for shipping and handling charges at the time the products are delivered to or picked up by the customer. We estimate product returns based on historical return rates. Using probability assessments, we estimate sales incentives expected to be paid over the term of the contract. The majority of our contracts have a single performance obligation and are short-term in nature. Sales taxes and value added taxes in foreign jurisdictions that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net sales.

### FASTENAL COMPANY AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Amounts in millions except share and per share information and where otherwise noted)

March 31, June 30, 2024 and 2023

(Unaudited)

### Disaggregation of Revenue

Revenues are attributable to countries based on the selling location from which the sale occurred. Our revenues related to the following geographic areas were as follows for the periods ended March 31, June 30:

	Three-month Period			Six-month Period			Three-month Period			Six-month Period		
	2024			2024			2023			2024		
	Three-month Period			Six-month Period			Three-month Period			Six-month Period		
United States												
% of revenues	% of revenues	83.3 %		83.8 %	% of revenues	83.3 %	83.6 %		83.2 %	% of revenues	83.5 %	
Canada and Mexico												
% of revenues	% of revenues	13.5 %		13.1 %	% of revenues	13.6 %	13.3 %		13.8 %	% of revenues	13.5 %	
North America												
% of revenues	% of revenues	96.8 %		96.9 %	% of revenues	96.9 %	96.9 %		97.0 %	% of revenues	97.0 %	
All other foreign countries												
% of revenues	% of revenues	3.2 %		3.1 %	% of revenues	3.1 %	3.1 %		3.0 %	% of revenues	3.0 %	
Total revenues												

The percentages of our sales by end market were as follows for the periods ended March 31, June 30:

	Three-month Period			Six-month Period			Three-month Period			Six-month Period		
	2024			2024			2023			2024		
	Three-month Period			Six-month Period			Three-month Period			Six-month Period		
Manufacturing	Manufacturing	75.0 %	74.6 %	Manufacturing	75.3 %	74.7 %	75.5 %		74.8 %			
Non-residential construction	Non-residential construction	8.5 %	9.3 %	Non-residential construction	8.5 %	9.2 %	8.5 %		9.2 %			
Other	Other	16.5 %	16.1 %	Other	16.2 %	16.1 %	16.0 %		16.0 %			
	100.0			100.0 %	100.0 %	100.0 %	100.0 %		100.0 %	100.0 %	100.0 %	100.0 %

The percentages of our sales by product line were as follows for the periods ended **March 31**, **June 30**:

		Three-month Period				Three-month Period						
Type	Type	Introduced	2024	2023	Type	Introduced	2024	2023	2024	2023		
Fasteners <sup>(1)</sup>	Fasteners <sup>(1)</sup>	1967	31.5 %	33.6 %	Fasteners <sup>(1)</sup>	1967	31.3 %	33.1 %	31.0 %	32.6 %		
Tools	Tools	1993	8.6 %	8.5 %	Tools	1993	8.5 %	8.5 %	8.4 %	8.5 %		
Cutting tools	Cutting tools	1996	5.3 %	5.4 %	Cutting tools	1996	5.3 %	5.4 %	5.3 %	5.5 %		
Hydraulics & pneumatics	Hydraulics & pneumatics	1996	6.7 %	6.6 %	Hydraulics & pneumatics	1996	6.8 %	6.7 %	6.8 %	6.8 %		
Material handling	Material handling	1996	5.5 %	5.6 %	Material handling	1996	5.6 %	5.6 %	5.6 %	5.6 %		
Janitorial supplies	Janitorial supplies	1996	8.5 %	8.1 %	Janitorial supplies	1996	8.6 %	8.2 %	8.8 %	8.3 %		
Electrical supplies	Electrical supplies	1997	4.6 %	4.6 %	Electrical supplies	1997	4.5 %	4.6 %	4.5 %	4.7 %		
Welding supplies	Welding supplies	1997	4.2 %	4.0 %	Welding supplies	1997	4.2 %	4.1 %	4.3 %	4.1 %		
Safety supplies	Safety supplies	1999	21.6 %	20.4 %	Safety supplies	1999	21.7 %	20.5 %	21.8 %	20.7 %		
Other	Other					3.5 %	3.2 %	Other	3.5 %	3.3 %	3.5 %	3.2 %
		100.0				100.0 %	100.0 %		100.0 %	100.0 %	100.0 %	

<sup>(1)</sup> The fastener product line represents fasteners and miscellaneous supplies.

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### FASTENAL COMPANY AND SUBSIDIARIES

#### Notes to Condensed Consolidated Financial Statements

(Amounts in millions except share and per share information and where otherwise noted)

**March 31, June 30, 2024 and 2023**

(Unaudited)

### (3) Stockholders' Equity

#### Dividends

On **April 10, 2024** **July 11, 2024**, our board of directors declared a quarterly dividend of \$0.39 per share of common stock to be paid in cash on **May 23, 2024** **August 23, 2024** to shareholders of record at the close of business on **April 25, 2024** **July 26, 2024**.

The following table presents the cash dividends either paid previously or declared by our board of directors for future payment on a per share basis:

	2024	2024	2023	2024	2023
First quarter					
Second quarter					
Third quarter					
Fourth quarter					
Fourth quarter (special)					
Total					

#### Stock Options

The following tables summarize the details of options granted under our stock option plans that were outstanding as of **March 31, 2024** **June 30, 2024**, and the assumptions used to value those grants. All such grants were effective at the close of business on the date of grant.

Options Granted	Option Exercise Date	Closing Stock Price on March 31, 2024	Options Granted	Option Exercise Price	Closing Stock Price on Date of Grant June 30, 2024
-----------------	----------------------	---------------------------------------	-----------------	-----------------------	--

Date of Grant	Date of Grant	Price	of Grant	Options Outstanding	Options Exercisable	Date of Grant	Options Granted	Options Exercisable
January 2, 2024								
January 3, 2023								
January 3, 2022								
January 4, 2021								
January 2, 2020								
January 2, 2019								
January 2, 2018								
January 3, 2017								
April 19, 2016								
April 21, 2015								
Total								

#### FASTENAL COMPANY AND SUBSIDIARIES

##### Notes to Condensed Consolidated Financial Statements

(Amounts in millions except share and per share information and where otherwise noted)

March 31, June 30, 2024 and 2023

(Unaudited)

Date of Grant	Date of Grant	Risk-free Interest Rate	Expected Life of Option in Years	Expected Dividend Yield	Expected Stock Volatility	Estimated Fair Value of Stock Option	Date of Grant	Risk-free Interest Rate	Expected Life of Option in Years	Expected Dividend Yield	Expected Stock Volatility	Estimated Fair Value of Stock Option
January 2, 2024												
January 3, 2023												
January 3, 2022												
January 4, 2021												
January 2, 2020												
January 2, 2019												
January 2, 2018												
January 3, 2017												
April 19, 2016												
April 21, 2015												

All of the options in the tables above vest and become exercisable over a period of up to eight years. Generally, each option will terminate approximately 10 years after the grant date.

The fair value of each share-based option is estimated on the date of grant using a Black-Scholes valuation method that uses the assumptions listed above. The risk-free interest rate is based on the U.S. Treasury rate over the expected life of the option at the time of grant. The expected life is the average length of time over which we expect the employee groups will exercise their options, net of forfeitures, which is based on historical experience with similar grants. The dividend yield is estimated over the expected life of the option based on our current dividend payout, historical dividends paid, and expected future cash dividends. Expected stock volatilities are based on the movement of our stock price over the most recent historical period equivalent to the expected life of the option.

Compensation expense equal to the grant date fair value is recognized for all of these awards over the vesting period. The stock-based compensation expense for the three-month six-month periods ended March 31, 2024 June 30, 2024 and 2023 was \$4.0 and \$3.8, respectively, while the second quarter of 2024 and 2023 was \$2.0 and \$1.9, respectively. Unrecognized stock-based compensation expense related to outstanding unvested stock options as of March 31, 2024 June 30, 2024 was \$24.8 \$22.9 and is expected to be recognized over a weighted average period of 4.624.43 years. Any future changes in estimated forfeitures will impact this amount.

#### Income Per Share

The following tables present a reconciliation of the denominators used in the computation of basic and diluted income per share and a summary of the options to purchase shares of common stock which were excluded from the diluted income per share calculation because they were anti-dilutive:

	Three-month Period		Six-month Period		Three-month Period	
	Reconciliation	2024	Reconciliation	2024	2023	2024
Reconciliation						
Basic weighted average shares outstanding						
Weighted shares assumed upon exercise of stock options						
Diluted weighted average shares outstanding						
Summary of Anti-dilutive Options Excluded	Three-month Period		Six-month Period		Three-month Period	
	Summary of Anti-dilutive Options Excluded	2024	Summary of Anti-dilutive Options Excluded	2024	2023	2024
Options to purchase shares of common stock						
Weighted average exercise prices of options						

Any dilutive impact summarized above related to periods when the average market price of our stock exceeded the exercise price of the potentially dilutive stock options then outstanding.

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#### FASTENAL COMPANY AND SUBSIDIARIES

##### Notes to Condensed Consolidated Financial Statements

(Amounts in millions except share and per share information and where otherwise noted)

March 31, June 30, 2024 and 2023

(Unaudited)

#### (4) Income Taxes

We file income tax returns in the United States federal jurisdiction, all states, and various local and foreign jurisdictions. We are no longer subject to income tax examinations by taxing authorities for taxable years before 2020 in the case of United States federal examinations, and with limited exception, before 2018 in the case of foreign, state, and local examinations. During the first quarter six months of 2024, there were no material changes in unrecognized tax benefits.

#### (5) Operating Leases

Certain operating leases for pick-up trucks contain residual value guarantee provisions which would generally become due at the expiration of the operating lease agreement if the fair value of the leased vehicles is less than the guaranteed residual value. The aggregate residual value guarantee related to these leases was approximately \$125.8, \$125.2. We believe the likelihood of funding the guarantee obligation under any provision of the operating lease agreements is remote.

#### (6) Debt Commitments

##### Credit Facility, Notes Payable, and Commitments

Debt obligations and letters of credit outstanding at the end of each period consisted of the following:

	Average Interest Rate at March 31, 2024		Debt Outstanding			
	Maturity Date	Average Interest Rate at June 30, 2024	Debt Outstanding		Maturity Date	Maturity Date
			March 31, 2024	December 31, 2023		
Unsecured revolving credit facility						
Senior unsecured promissory notes payable, Series C						
Senior unsecured promissory notes payable, Series D						
Senior unsecured promissory notes payable, Series E						
Senior unsecured promissory notes payable, Series G						
Senior unsecured promissory notes payable, Series H						
Total						
Less: Current portion of debt						
Long-term debt						

Outstanding letters of credit under unsecured revolving credit facility -  
contingent obligation

Outstanding letters of credit under unsecured revolving credit facility -  
contingent obligation

Outstanding letters of credit under unsecured revolving credit facility -  
contingent obligation

#### **Unsecured Revolving Credit Facility**

We have an \$835.0 committed unsecured revolving credit facility (Credit Facility) with an uncommitted accordion option to increase the aggregate revolving commitment by an additional \$365.0 for a total amount of \$1,200.0. The Credit Facility includes a committed letter of credit subfacility of \$55.0. Any borrowings outstanding under the Credit Facility for which we have the ability and intent to pay using cash within the next 12 months will be classified as a current liability. The Credit Facility contains certain financial and other covenants, and our right to borrow under the Credit Facility is conditioned upon, among other things, our compliance with these covenants. We are currently in compliance with these covenants.

Borrowings under the Credit Facility generally bear interest at a rate per annum equal to Daily Simple SOFR plus a 0.10% spread adjustment plus 0.95%. We pay a commitment fee for the unused portion of the Credit Facility. This fee is either 0.10% or 0.125% per annum based on our usage of the Credit Facility.

#### **FASTENAL COMPANY AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements

(Amounts in millions except share and per share information and where otherwise noted)

March 31, June 30, 2024 and 2023

(Unaudited)

#### **Senior Unsecured Promissory Notes Payable**

We have issued senior unsecured promissory notes under our master note agreement (the Master Note Agreement) in the aggregate principal amount of \$200.0 as of **March 31, 2024** **June 30, 2024**. Our aggregate borrowing capacity under the Master Note Agreement is \$900.0; however, none of the institutional investors party to that agreement are committed to purchase notes thereunder. There is no amortization of these notes prior to their maturity date and interest is payable quarterly. The notes currently issued under our Master Note Agreement, including the maturity date and fixed interest rate per annum of each series of note, are contained in the table above. The Master Note Agreement contains certain financial and other covenants and we are currently in compliance with these covenants.

#### **(7) Legal Contingencies**

The nature of our potential exposure to legal contingencies is described in our 2023 annual report on Form 10-K in Note 10 of the Notes to Consolidated Financial Statements. As of **March 31, 2024** **June 30, 2024**, there were no litigation matters that we consider to be probable or reasonably possible to have a material adverse outcome.

#### **(8) Subsequent Events**

We evaluated all subsequent event activity and concluded that no subsequent events have occurred that would require recognition in the condensed consolidated financial statements or disclosure in the Notes to Condensed Consolidated Financial Statements, with the exception of the dividend declaration disclosed in Note 3 'Stockholders' Equity'.

#### **ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following is management's discussion and analysis of certain significant factors which have affected our financial position and operating results during the periods included in the accompanying condensed consolidated financial statements and should be read in conjunction with the condensed consolidated financial statements. Dollar amounts are stated in millions except for share and per share amounts and where otherwise noted. Throughout this document, percentage and dollar change calculations, which are based on non-rounded dollar values, may not be able to be recalculated using the dollar values in this document due to the rounding of those dollar values. References to daily sales rate (DSR) change may reflect either growth (positive) or contraction (negative) for the applicable period.

##### **Business**

Fastenal is a North American leader in the wholesale distribution of industrial and construction supplies. We distribute these supplies through a network of more than **3,400** **3,500** in-market locations. Our largest end market is manufacturing. Sales to these customers includes products for both original equipment manufacturing (OEM), where our products are consumed in the final products of our customers, and manufacturing, repair, and operations (MRO), where our products are consumed to support the facilities and ongoing operations of our customers. We also service general and commercial contractors in non-residential end markets as well as farmers, truckers, railroads, oil exploration companies, oil production and refinement companies, mining companies, federal, state, and local governmental entities, schools, and certain retail trades. Geographically, our branches, Onsite locations, and customers are primarily located in North America, though we continue to grow our non-North American presence as well.

Our motto is **Growth Through Customer Service**® and our tagline is **Where Industry Meets Innovation**™. We are a customer- and growth-centric organization focused on identifying unique technologies, capabilities, and supply chain solutions that get us closer to our customers and reduce the total cost of their global supply chain. We believe this close-to-the-customer, 'high-touch, high-tech' partnership approach is differentiated in the marketplace and allows us to gain market share in what remains a fragmented industrial distribution market.

##### **Executive Overview**

The following table presents a performance summary of our results of operations for the six- and three-month periods ended **March 31**, **June 30**, 2024 and 2023.

	Three-month Period			Six-month Period						Three-month Period		
	2024	2023	Change	2024			2023	Change	2024	2023	Change	2024
Net sales	\$ 1,895.1	1,859.1	1,859.1	1.9	1.9 %	Net sales	\$ 3,811.3	3,742.2	3,742.2	1.8	1.8 %	\$ 1,916.2
Business days												1,883.1
Daily sales												
Daily sales	\$ 29.6	29.0	29.0	1.9	1.9 %	\$ 29.8	29.2	29.2	1.8	1.8 %	\$ 29.9	29.4
Gross profit	\$ 861.6	850.0	850.0	1.4	1.4 %	Gross profit	\$ 1,725.1	1,707.5	1,707.5	1.0	1.0 %	\$ 863.5
% of net sales												
Selling, general, and administrative expenses												
Selling, general, and administrative expenses												
Selling, general, and administrative expenses	\$ 471.4	456.8	456.8	3.2	3.2 %	\$ 948.0	919.4	919.4	3.1	3.1 %	\$ 476.6	462.6
% of net sales												
Operating income												
Operating income												
Operating income	\$ 390.2	393.2	393.2	-0.8	-0.8 %	\$ 777.1	788.1	788.1	-1.4	-1.4 %	\$ 386.9	394.9
% of net sales												
Income before income taxes												
Income before income taxes												
Income before income taxes	\$ 389.8	389.7	389.7	0.0	0.0 %	\$ 776.2	782.3	782.3	-0.8	-0.8 %	\$ 386.4	392.6
% of net sales												
Net income												
Net income												
Net income	\$ 297.7	295.1	295.1	0.9	0.9 %	\$ 590.4	593.1	593.1	-0.5	-0.5 %	\$ 292.7	298.0
Diluted net income per share	\$ 0.52	0.52	0.52	0.6	0.6 %	Diluted net income per share	\$ 1.03	1.04	1.04	-0.7	-0.7 %	\$ 0.51
Diluted net income per share												

Note – Daily sales are defined as the total net sales for the period divided by the number of business days (in the United States) in the period.

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The table below summarizes our absolute and full time equivalent (FTE; based on 40 hours per week) employee headcount, our investments related to in-market locations (defined as the sum of the total number of branch locations and the total number of active Onsite locations), and weighted Fastenal Managed Inventory (FMI) devices at the end of the periods presented and the percentage change compared to the end of the prior periods.

		Change Since:				Change Since:				Change Since:						
		Change Since:				Change Since:				Change Since:						
		Change Since:				Change Since:				Change Since:						
Q1 2024		Q4 2023		Q4 2023		Q1 2023		Q1 2023								
Q2 2024		Q1 2024		Q1 2024		Q2 2023		Q2 2023								
Selling personnel - absolute employee headcount	Selling personnel - absolute employee headcount	16,764	16,512	16,512	1.5	1.5	%	16,178	3.6	3.6 %	16,774	16,764	16,764	0.1	0.1 %	1
Selling personnel - FTE employee headcount	Selling personnel - FTE employee headcount	15,102	15,070	15,070	0.2	0.2	%	14,704	2.7	2.7 %	15,386	15,102	15,102	1.9	1.9 %	1
Total personnel - absolute employee headcount	Total personnel - absolute employee headcount	23,695	23,201	23,201	2.1	2.1	%	22,820	3.8	3.8 %	23,629	23,695	23,695	-0.3	-0.3 %	2
Total personnel - FTE employee headcount	Total personnel - FTE employee headcount	20,935	20,721	20,721	1.0	1.0	%	20,262	3.3	3.3 %	21,249	20,935	20,935	1.5	1.5 %	2
Number of branch locations																
Number of branch locations																
Number of branch locations	1,592	1,597	1,597	-0.3	-0.3	%	1,660	-4.1	-4.1 %	1,599	1,592	1,592	0.4	0.4	%	1,597
Number of active Onsite locations	Number of active Onsite locations	1,872	1,822	1,822	2.7	2.7	%	1,674	11.8	11.8 %	1,934	1,872	1,872	3.3	3.3 %	
Number of in-market locations	Number of in-market locations	3,464	3,419	3,419	1.3	1.3	%	3,334	3.9	3.9 %	3,533	3,464	3,464	2.0	2.0 %	
Weighted FMI devices (MEU installed count)	Weighted FMI devices (MEU installed count)	115,653	113,138	113,138	2.2	2.2	%	104,673	10.5	10.5 %	119,306	115,653	115,653	3.2	3.2 %	11

During the last twelve months, we increased our total FTE employee headcount by 673, 618. This reflects an increase in our total FTE selling and sales support personnel of 398 to support growth in the marketplace and sales initiatives targeting customer acquisition. 393, which is oriented heavily toward supporting expansion of our Onsite locations. We had an

increase in our distribution and transportation FTE personnel of 158 to support increased product throughput at our facilities and to expand our local inventory fulfillment terminals (LIFTs), distribution facilities. We had an increase in our remaining FTE personnel of 117 that relates primarily to personnel investments in information technology manufacturing, and operational support, such as purchasing and product development, business analytics.

The table below summarizes the number of branches opened and closed, net of conversions, as well as the number of Onsites activated and closed, net of conversions during the periods presented.

	Three-month Period			Six-month Period			Three-month Period					
	Three-month Period			Six-month Period			Three-month Period					
	Three-month Period			Six-month Period			Three-month Period					
	2024	2024	2024	2024	2024	2024	2023	2023	2023	2024	2023	2023
Branch openings												
Branch closures, net of conversions												
Onsite activations												
Onsite activations												
Onsite activations												
Onsite closures, net of conversions												

Our in-market network forms the foundation of our business strategy. In recent years, we have seen a gradual increase in our in-market locations. This has reflected significant growth in Onsites and, to a lesser degree, international branches, which has more than overcome a meaningful decline in our traditional branch network from a strategic rationalization that aligned our physical footprint with changes in our business strategies. Branch closures may occur in the future to reflect normal churn in our business, but the strategic rationalization has concluded. As a result, we expect to see an increase in the rate of in-market location growth as we continue to increase open Onsites while our traditional branch network remains stable or grows moderately to sustain and improve our North American network, to continue our global expansion beyond North America, and to support our growth drivers.

## FIRST QUARTER OF 2024 VERSUS FIRST QUARTER OF 2023

### Results of Operations

The following table sets forth condensed consolidated statements of income information (as a percentage of net sales) for the periods ended March 31, June 30:

		Three-month Period				Three-month Period				Three-month Period	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net sales	Net sales	100.0 %	100.0 %	Net sales		100.0 %	100.0 %	Net sales		100.0 %	100.0 %
Gross profit	Gross profit	45.5 %	45.7 %	Gross profit		45.1 %	45.5 %	Gross profit		45.1 %	45.5 %
Selling, general, and administrative expenses	Selling, general, and administrative expenses	24.9 %	24.6 %	Selling, general, and administrative expenses		24.9 %	24.6 %	Selling, general, and administrative expenses		24.9 %	24.6 %
Operating income	Operating income	20.6 %	21.2 %	Operating income		20.2 %	21.0 %	Operating income		20.2 %	21.0 %
Net interest expense	Net interest expense	0.0 %	-0.2 %	Net interest expense		0.0 %	-0.1 %	Net interest expense		0.0 %	-0.1 %
Income before income taxes	Income before income taxes	20.6 %	21.0 %	Income before income taxes		20.2 %	20.9 %	Income before income taxes		20.2 %	20.9 %

Note – Amounts may not foot due to rounding difference.

Note – Amounts may not foot due to rounding difference.

Note – Amounts may not foot due to rounding difference.

### Sales

The table below sets forth net sales and daily sales for the periods ended March 31, June 30, and changes in such sales from the prior period to the more recent period:

		Three-month Period				Three-month Period				Three-month Period	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net sales											
Percentage change	Percentage change	1.9 %	9.1 %	Percentage change		1.8 %	5.9 %	Percentage change		1.8 %	5.9 %
Business days											
Daily sales											
Percentage change	Percentage change	1.9 %	9.1 %	Percentage change		1.8 %	5.9 %	Percentage change		1.8 %	5.9 %
Daily sales impact of currency fluctuations	Daily sales impact of currency fluctuations	0.0 %	-0.7 %	Daily sales impact of currency fluctuations		-0.2 %	-0.4 %	Daily sales impact of currency fluctuations		-0.2 %	-0.4 %

Net sales increased \$36.1, \$33.1, or 1.9% 1.8%, in the first second quarter of 2024 when compared to the first second quarter of 2023. The effect Both periods had the same number of adverse weather selling days. Changes in foreign exchange rates negatively affected sales in the first second quarter of 2024 was a reduction in sales by 35 to 55 basis points as

compared to a reduction in sales in the first quarter of 2023 by approximately 20 to 40 basis points, resulting in a net negative impact from adverse weather in the first quarter of 2024 of 10 to 30 basis points. The effect of foreign exchange on sales was not material in the first quarter of 2024 as compared to negatively affecting sales in the first quarter of 2023 by approximately 70 basis points, respectively.

We experienced higher unit sales in the first second quarter of 2024 primarily due to growth with larger customers and Onsite locations opened in the last two years. The impact of product pricing was not material to net sales in the first quarter of 2024, as compared to the impact of product pricing on net sales in the first second quarter of 2024 was a decline of 30 to 60 basis points, in contrast to the second quarter of 2023, which experienced an increase of 290 190 to 320 220 basis points. Incremental The decline reflects lower fastener pricing, actions over the past twelve months have been modest which is a by-product of lower transportation costs, as well as lower pricing in scope, resulting in mostly stable price levels through the first quarter of 2024. certain safety and other products categories.

From a product standpoint, we have three categories: fasteners (including [including fasteners used in original equipment manufacturing (OEM) and maintenance, repair, and operations (MRO)], safety supplies, and other product lines, the latter of which includes eight smaller product categories, such as tools, janitorial supplies, and cutting tools. We continued to experience a divergence in the performance of our fastener versus our non-fastener product lines in the first second quarter of 2024, which we believe relates to three factors. First, fasteners are more heavily oriented toward production of final goods than maintenance, which results in greater susceptibility to periods of weaker industrial production. Second, pricing for fasteners has decelerated at a faster pace than non-fastener products. Third, while the rate of outgrowth has slowed relative to what we experienced during the final two months of 2023, we continued to experience relatively faster growth with our retailer-oriented warehousing customers due to market share gains, product mix, and easier comparisons. This factor primarily benefited our safety product line. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change		DSR Change		% of Sales		DSR Change		% of Sales	
	Three-month Period	2024	Three-month Period	2024	2023	Three-month Period	2024	2023	Three-month Period	2024
OEM fasteners	OEM fasteners	-4.0 %	12.6 %	19.6 %	20.8 %	OEM fasteners	-2.3 %	4.1 %	19.5 %	20.4 %
MRO fasteners	MRO fasteners	-5.1 %	-1.1 %	11.9 %	12.8 %	MRO fasteners	-4.3 %	-6.2 %	11.5 %	12.2 %
Total fasteners	Total fasteners	-4.4 %	7.0 %	31.5 %	33.6 %	Total fasteners	-3.0 %	0.0 %	31.0 %	32.6 %
Safety supplies	Safety supplies	8.3 %	5.7 %	21.6 %	20.4 %	Safety supplies	7.1 %	7.9 %	21.8 %	20.7 %
Other product lines	Other product lines	3.9 %	12.4 %	46.9 %	46.0 %	Other product lines	3.0 %	9.8 %	47.2 %	46.7 %
<b>Total non-fasteners</b>		<b>4.2 %</b>	<b>9.2 %</b>		<b>69.0 %</b>	<b>67.4 %</b>				

From an end market standpoint, we have five categories: heavy manufacturing, other manufacturing, non-residential construction, reseller, and other, the latter of which includes government/education and transportation/warehousing. We continued to experience a modest divergence in the performance of our manufacturing end market versus our non-manufacturing end markets in the first second quarter of 2024, although 2024. This primarily reflects the scale of that divergence has continued to narrow. These trends reflect a number of factors. First, relative strength we are growing relatively faster experiencing with key account customers with significant managed spend where our service model and technology is particularly impactful, which impactful. This disproportionately benefits manufacturing customers. At the same time, this benefit has been increasingly offset by weakening end markets. Second, while our non-residential and reseller end markets remain relatively weak, they are beginning to come across easier comparisons in the preceding periods. Third, while the rate of outgrowth has slowed relative to what we experienced during the final two months of 2023, we continued to experience relatively faster growth with our retailer-oriented customers due to market share gains, product mix, and easier comparisons. This factor primarily benefited our other product lines. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change		DSR Change		% of Sales		DSR Change		% of Sales	
	Three-month Period	2024	Period	2024	2023	Three-month	2024	2023	Three-month	2024
Heavy manufacturing	Heavy manufacturing	2.7 %	17.6 %	43.4 %	43.1 %	Heavy manufacturing	1.8 %	13.0 %	43.3 %	43.4 %
Other manufacturing	Other manufacturing	2.5 %	10.2 %	31.6 %	31.5 %	Other manufacturing	4.0 %	7.0 %	32.2 %	31.4 %
Total manufacturing	Total manufacturing	2.6 %	14.4 %	75.0 %	74.6 %	Total manufacturing	2.7 %	10.4 %	75.5 %	74.8 %
Non-residential construction	Non-residential construction	-6.6 %	-2.4 %	8.5 %	9.3 %	Non-residential construction	-5.5 %	-8.8 %	8.5 %	9.2 %
Reseller	Reseller	-2.5 %	-5.7 %	5.7 %	6.0 %	Reseller	-6.4 %	-8.7 %	5.3 %	5.7 %
Other end markets	Other end markets	7.7 %	-3.6 %	10.8 %	10.1 %	Other end markets	6.0 %	0.2 %	10.7 %	10.3 %
<b>Total non-manufacturing</b>		<b>-1.0 %</b>	<b>-5.3 %</b>		<b>24.5 %</b>	<b>25.2 %</b>				

We report our customers in two categories: national accounts, which are customers with significant revenue potential and a national, multi-site contract, and non-national accounts, which include large regional customers, small local customers, and government customers. We continued to experience a significant divergence in the performance of our national account customers versus our non-national account customers, which relates to the relative growth of our sales sales through Onsite locations and larger, key accounts. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change		DSR Change		% of Sales		DSR Change		% of Sales	
	Three-month Period	2024	Three-month Period	2024	2023	Three-month Period	2024	2023	Three-month Period	2024

National accounts	National accounts	6.3 %	13.6 %	62.0 %	59.2 %	National accounts	5.8 %	10.3 %	62.4 %	59.3 %
Non-national accounts	Non-national accounts	-4.5 %	3.4 %	38.0 %	40.8 %	Non-national accounts	-4.3 %	0.2 %	37.6 %	40.7 %

#### Growth Drivers

- We signed 102 new Onsite locations (defined as dedicated sales and service provided from within, or in proximity to, the customer's facility) in the first quarter of 2024, resulting in 209 year-to-date signings of new Onsite locations. We had 1,872 active sites on March 31, 2024, which represented an increase of 11.8% from March 31, 2023. Daily sales through our Onsite locations, excluding sales transferred from branches to new Onsites, grew at a low single-digit rate in the first quarter of 2024 over the first quarter of 2023. This growth is due to contributions from Onsites activated and implemented in 2024 and 2023, as well as an increase which more than offset the impact of closures and a decline in revenues per location among our more mature locations. These factors were only partly offset by Onsite closures from Onsites activated prior to 2023. Our goal for Onsite signings in 2024 remains between 375 to 400.
- FMI Technology is comprised of our FASTStock® (scanned stocking locations), FASTBin® (infrared, RFID, and scaled bins), and FASTVend® (vending devices) offering. FASTStock's fulfillment processing technology is not embedded, is relatively less expensive and highly flexible in application, and delivered using our proprietary mobility technology. FASTBin and FASTVend incorporate highly efficient and powerful embedded data tracking and fulfillment processing technologies. The first statistic is a **weighted FMI® measure**, which combines the signings and installations of FASTBin and FASTVend in a standardized machine equivalent unit (MEU) based on the expected output of each type of device. We do not include FASTStock in this measurement because scanned stocking locations can take many forms, such as bins, shelves, cabinets, pallets, etc., that cannot be converted into a standardized MEU. The second statistic is **sales through FMI Technology**, which combines the sales through FASTStock, FASTBin, and FASTVend. A portion of the growth in sales experienced by FMI, particularly FASTStock and FASTBin, reflects the migration of products from less efficient non-digital stocking locations to more efficient, digital stocking locations.

The table below summarizes the signings and installations of, and sales through, our FMI devices.

	Three-month Period		
	2024	2023	Change
Weighted FASTBin/FASTVend signings (MEUs)	6,726	5,902	14.0 %
Signings per day	105	92	
Weighted FASTBin/FASTVend installations (MEUs; end of period)	115,653	104,673	10.5 %
FASTStock sales	\$ 239.8	236.7	1.3 %
% of sales	<b>12.5 %</b>	<b>12.6 %</b>	
FASTBin/FASTVend sales	\$ 556.9	503.7	10.6 %
% of sales	29.0 %	26.8 %	
FMI sales	\$ 796.7	740.4	7.6 %
FMI daily sales	\$ 12.4	11.6	7.6 %
% of sales	<b>41.5 %</b>	<b>39.4 %</b>	

Our goal for weighted FASTBin and FASTVend device signings in 2024 remains between 26,000 to 28,000 MEUs.

The table below summarizes the signings and installations of, and sales through, our FMI devices.

	Three-month Period		
	2024	2023	Change
Weighted FASTBin/FASTVend signings (MEUs)	7,188	6,794	5.8 %
Signings per day	112	106	
Weighted FASTBin/FASTVend installations (MEUs; end of period)	119,306	107,115	11.4 %
FASTStock sales	\$ 244.4	237.7	2.8 %
% of sales	<b>12.6 %</b>	<b>12.5 %</b>	
FASTBin/FASTVend sales	\$ 567.0	520.6	8.9 %
% of sales	29.2 %	27.3 %	
FMI sales	\$ 811.4	758.3	7.0 %
FMI daily sales	\$ 12.7	11.8	7.0 %
% of sales	<b>41.8 %</b>	<b>39.8 %</b>	

- Our eBusiness includes eProcurement activities [e.g., integrated transactions, including electronic data interchange (EDI)] and eCommerce business includes (transactional website sales). Growth of our eBusiness reflects both new sales made through EDI, or other types of technical integrations, that enhance our growth rate and through our web verticals. a shift in existing sales from non-digital to digital processes that improves efficiency. Daily sales through eCommerce eBusiness grew 33.6% 25.5% in the first second

quarter of 2024 and represented 28.6% 28.7% of our total sales in the period. In the second quarter of 2024, daily sales through eProcurement and eCommerce grew 30.9% and 11.6%, respectively.

Our digital products and services are comprised of sales through FMI (FASTStock, FASTBin, and FASTVend) plus that proportion of our eCommerce eBusiness sales that do not represent billings of FMI services (collectively, our Digital Footprint). We believe the data that is created through our digital capabilities enhances product visibility, traceability, and control that reduces risk in operations and creates ordering and fulfillment efficiencies for both ourselves and our customers. As a result, we believe our opportunity to grow our business will be enhanced through the continued development and expansion of our digital capabilities.

Our Digital Footprint in the first second quarter of 2024 represented 59.2% 59.4% of our sales, an increase from 54.1% 55.3% of sales in the first second quarter of 2023.

#### Gross Profit

Our gross profit, as a percentage of net sales, decreased to 45.5% 45.1% in the first second quarter of 2024 from 45.7% 45.5% in the first second quarter of 2023. Our gross profit percentage was negatively affected primarily impacted by two factors. First, we experienced unfavorable customer and product mix. This reflects relatively stronger growth from large customers, including Onsite customers, and non-fastener products, each of which tend to have a lower gross profit percentage than our business as a whole. The negative impact whole. Second, as we disclosed in our April 2024 earnings call, we incurred short-term inefficiencies in our supply chain to support certain warehousing customers, which we believe will contribute to our future growth in this end market. We expect these inefficiencies will ease as we move through the third quarter of 2024 and normalize as we approach the fourth quarter of 2024. These factors were partly offset by a couple of trends. First, we continue to experience modestly positive price-cost, reflecting easing product cost, the absence of meaningful pricing actions by us in the period, and an easy comparison versus the price-cost deficit experienced in the first quarter of 2023. Second, we had favorable leverage of organizational/overhead costs, primarily due to greater utilization of domestic transportation resources as we move more product to support current stocking levels. Price-cost did not meaningfully impact our gross profit percentage during the second quarter of 2024.

#### SG&A Expenses

Our SG&A expenses, as a percentage of net sales, increased to were 24.9% in the first second quarter of 2024 from versus 24.6% in the first second quarter of 2023. We continue efforts to focus on limiting control growth in our headcount and improving operating expenses in the balance second quarter of full-time and part-time employees 2024 produced a modest 3.0% expansion of total SG&A in the period. Notwithstanding this, growth in net sales was below growth in SG&A, resulting in our workforce. We still deleveraged our employee-related expenses as a result deleveraging of slower growth in sales costs in the first second quarter of 2024.

The percentage change in employee-related, occupancy-related, and all other SG&A expenses compared to the same periods in the preceding year, is outlined in the table below.

	Approximate Percentage of Total SG&A Expenses	Three-month Period	
		2024	2023
Employee-related expenses	70% to 75%	3.9	2.4 %
Occupancy-related expenses	15% to 20%	0.0	0.1 %
All other SG&A expenses	10% to 15%	3.5	10.1 %

Employee-related expenses include: (1) payroll (which includes cash compensation, stock option expense, and profit sharing), (2) health care, (3) personnel development, and (4) social taxes.

In the first second quarter of 2024, our employee-related expenses increased when compared to the first second quarter of 2023. We experienced an increase in employee base pay due to higher average FTE and higher average wages during the period, as well as an increase in employee health care costs. This was only partly offset by lower bonus and commission payments reflecting slower sales and profit growth versus the first second quarter of 2023.

The table below summarizes our FTE headcount at the end of the periods presented and the percentage change compared to the end of the prior periods:

		Change Since:				Change Since:				Change Since:						
		Q1		Q4		Q1		Q1		Q1		Q1				
		2024	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023			
		Q2		Q1		Q2		Q2		Q2		Q2				
		2024	2024	2024	2024	2023	2023	2023	2023	2023	2023	2023	2023			
Selling personnel <sup>(1)</sup>	Selling personnel <sup>(1)</sup>	15,102	15,070	15,070	0.2	0.2 %	14,704	2.7	2.7 %	Selling personnel <sup>(1)</sup>	15,386	15,102	15,102	1.9	1.9 %	14,993
Distribution/Transportation personnel	Distribution/Transportation personnel	3,187	3,095	3,095	3.0	3.0 %	3,029	5.2	5.2 %	Distribution/Transportation personnel	3,172	3,187	3,187	-0.5	-0.5 %	3,053
Manufacturing personnel	Manufacturing personnel	715	697	697	2.6	2.6 %	714	0.1	0.1 %	Manufacturing personnel	721	715	715	0.8	0.8 %	723
Organizational support personnel <sup>(2)</sup>	Organizational support personnel <sup>(2)</sup>	1,931	1,859	1,859	3.9	3.9 %	1,815	6.4	6.4 %	Organizational support personnel <sup>(2)</sup>	1,970	1,931	1,931	2.0	2.0 %	1,862
Total personnel	Total personnel	20,935	20,721	20,721	1.0	1.0 %	20,262	3.3	3.3 %	Total personnel	21,249	20,935	20,935	1.5	1.5 %	20,631

<sup>(1)</sup> Of our Selling Personnel, 80%-85% are attached to a specific in-market location.

<sup>(2)</sup> Organizational support personnel consists of: (1) Sales & Growth Driver Support personnel (35% to 40% of category), which includes sourcing, purchasing, supply chain, product development, etc.; (2) Information Technology personnel (35% to 40% of category); and (3) Administrative Support personnel (20% to 25% of category), which includes human resources, Fastenal School of Business, accounting and finance, senior management, etc.

Occupancy-related expenses include: (1) building rent and depreciation, (2) building utility costs, (3) equipment related to our branches and distribution locations, and (4) industrial vending equipment and bins utilized as part of FMI services (we consider this hardware to be a logical extension of our in-market operations and classify the depreciation and repair costs as occupancy expenses).

In the **first** **second** quarter of 2024, our occupancy-related expenses **were flat increased** when compared to the **first** **second** quarter of 2023. We had **moderate increases in branch costs related to general inflation, as well as non-branch expenses from incremental depreciation and other costs associated with hub investments and upgrades. This was mostly offset by lower FMI expense where the roll-off of depreciation expense as we have had on a large number of vending machines and certain of our hub automation equipment reach devices that had reached the end of their depreciable lives relative to in the **first** **second** quarter of 2023. This was 2023 more than offset by slightly higher facility expense.**

depreciation resulting from growth in bins.

All other SG&A expenses include: (1) selling-related transportation, (2) information technology (IT) expenses, (3) general corporate expenses, which consists of legal expenses, general insurance expenses, travel and marketing expenses, etc., and (4) sales of property and equipment.

Combined, all other SG&A expenses increased in the **first** **second** quarter of 2024 when compared to the **first** **second** quarter of 2023. **The increase in other SG&A expenses is This reflects primarily a result of modest increases in spending on information technology and three items. First, we had higher lease costs in our selling-related vehicle fleet due to an increase in the mix of larger truck types and higher prices on newer vehicles. Second, as we had disclosed in our April 2024 earnings call, we incurred significant expenses related to our Customer Expo as a result of the event being larger than we had originally expected. Third, we experienced an increase in general insurance expenses. These items were partly offset by a reduction in spending related to travel, meals, and supplies.**

#### **Operating Income**

Our operating income, as a percentage of net sales, decreased to **20.6%** **20.2%** in the **first** **second** quarter of 2024 from **21.2%** **21.0%** in the **first** **second** quarter of 2023.

#### **Net Interest**

We had net interest expense of **\$0.4** **\$0.5** in the **first** **second** quarter of 2024, compared to net interest expense of **\$3.5** **\$2.3** in the **first** **second** quarter of 2023. We had higher interest income reflecting higher average cash balances through the period, particularly in January and February, and higher rates earned on those our cash balances. We had lower interest expense, reflecting lower average borrowings through the period. period only partly offset by slightly higher rates paid on our debt balances.

#### **Income Taxes**

We recorded income tax expense of **\$92.1** **\$93.7** in the **first** **second** quarter of 2024, or **23.6%** **24.2%** of income before income taxes. Income tax expense was \$94.6 in the **first** **second** quarter of 2023, or **24.3%** **24.1%** of income before income taxes. We believe our ongoing tax rate, absent any discrete tax items or broader changes to tax law, will be approximately 24.5%. Our tax rate in the first quarter of 2024 was below our expected ongoing tax rate due to the tax benefits associated with the exercise of stock options during the quarter.

#### **Net Income**

Our net income during the **first** **second** quarter of 2024 was **\$297.7**, an increase **\$292.7**, a decrease of **0.9%** **1.8%** compared to the **first** **second** quarter of 2023. Our diluted net income per share was **\$0.52** during **\$0.51** in the **first** **second** quarter of 2024, which was unchanged from compared to **\$0.52** during in the **first** **second** quarter of 2023.

#### **Liquidity and Capital Resources**

Cash flow activity was as follows for the periods ended **March 31**; **June 30**:

		Three-month Period			Three-month Period			
		2024	2023	Change	2024	2023	Change	
Net cash provided by operating activities	Net cash provided by operating activities	\$335.6	388.5	388.5	-13.6	-13.6	Net cash provided by operating activities	\$258.0
<i>Percentage of net income</i>								
Net cash used in investing activities								
Net cash used in investing activities		\$ 48.4	31.0	31.0	56.1	56.1 %	\$ 52.7	
Net cash used in investing activities								
<i>Percentage of net income</i>								
Net cash used in financing activities								

Net cash used in financing activities	\$267.4	348.9	348.9	-23.4	-23.4 %	\$185.5	243.3	243.3	-23.8	-23.8 %
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#### Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased \$52.9 \$44.1 in the first second quarter of 2024 when compared to the first second quarter of 2023. The decrease in operating cash flow, as a percent of net income, reflects our operating assets and liabilities being a more significant use of cash in the second quarter of 2024 than we experienced in the second quarter of 2023. In particular, inventory swung to a modest use of cash in the first second quarter of 2024 versus a significant source of cash in the first second quarter of 2023. Inventory was This more than offset modest benefits to cash from other working capital items. For comparison, our five-year average of net cash provided by operating activities as a smaller source of cash in the first quarter of 2024 relative to the preceding period as the pace of inventory reduction slowed as the process of rightsizing stocking levels to reflect smoother supply chains is substantially complete. We also had relatively less favorable accruals for wages, reflecting the softer growth and earnings environment. Our rate of conversion percent of net income into operating cash flow in the first second quarter of 2024 is broadly consistent with what we have achieved on average in the first quarter over the last five years. 78.6%.

The dollar and percentage change in accounts receivable, net, inventories, and accounts payable as of March 31, 2024 June 30, 2024 when compared to March 31, 2023 June 30, 2023 were as follows:

	March 31				June 30				December 31				
	Twelve-month Dollar Change		Twelve-month Percentage Change		Twelve-month Dollar Change		Twelve-month Percentage Change		Twelve-month Dollar Change		Twelve-month Percentage Change		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
Accounts receivable, net	\$1,213.2	1,149.8	1,149.8	\$	\$ 63.4	5.5	5.5	% net	Accounts receivable, net	\$1,204.8	1,171.6	1,171.6	\$
Inventories	1,496.3	1,651.9	1,651.9	(155.6)	(155.6)	-9.4	-9.4	% Inventories	1,504.6	1,565.4	1,565.4	(60)	
Trade working capital	\$2,709.5	2,801.7	2,801.7	\$	\$ (92.2)	-3.3	-3.3	%	Trade working capital	\$2,709.4	2,737.0	2,737.0	\$
Accounts payable									Trade working capital, net	\$2,416.8	2,475.0	2,475.0	\$
Accounts payable									Accounts payable	\$292.6	262.0	262.0	\$
Accounts payable	\$ 276.0	266.8	266.8	\$	\$ 9.2	3.4	3.4	%	Accounts payable	\$ 292.6	262.0	262.0	\$
Trade working capital, net	\$2,433.5	2,534.9	2,534.9	\$	\$ (101.4)	-4.0	-4.0	%	Trade working capital, net	\$2,416.8	2,475.0	2,475.0	\$
Net sales in last three months									Net sales in last three months				
Net sales in last three months	\$1,895.1	1,859.1	1,859.1	\$	\$ 36.1	1.9	1.9	%	Net sales in last three months	\$1,916.2	1,883.1	1,883.1	\$

Note - Amounts may not foot due to rounding difference.

The increase in our accounts receivable balance in the first second quarter of 2024 was primarily attributable to two factors. First, our receivables increased as a result of growth in sales to our customers. Second, we continue to experience a shift in our mix due to relatively stronger growth from national account customers, which tend to carry longer payment terms than our non-national account customers.

The decrease in our inventory balance in the first second quarter of 2024 primarily reflects three factors. First, customers are consuming less inventory as they adjust production to address soft demand. Second, we have made progress made over the last twelve months to reduce inventory following the normalization of the supply chain after the disruptions experienced in 2022. We responded to that event by deepening inventory to support customer growth, and the process of rightsizing our stock can be protracted given the quantity of imported product we source. Third, we have also experienced modest deflation in our inventory.

The increase in our accounts payable balance in the first second quarter of 2024 was primarily attributable to our product purchases increasing to support the growth in our business. The growth in our accounts payable balance is above business and to reflect a normalization of purchasing activity versus the growth in our sales reflecting re-stocking of certain products that were depleted year ago period when purchasing was subdued by efforts to support certain customer needs during the fourth quarter of 2023. It also reflects the timing of the Good Friday holiday, as our purchasing activities remained steady relative to slower sales at the end of the first quarter of 2024. rightsizing inventory.

#### Net Cash Used in Investing Activities

Net cash used in investing activities increased by \$17.4 decreased \$1.5 in the first second quarter of 2024 when compared to the first second quarter of 2023. This was due primarily to slightly higher net capital expenditures (purchases of property and equipment, net of proceeds from sales of property and equipment) in the first second quarter of 2024

compared to the first second quarter of 2023.

Our capital spending typically falls into six five categories: (1) purchases related to FMI hardware, (2) purchases of property and equipment related to expansion of and enhancements to distribution centers, owned or leased branch properties, and other company facilities, (3) spending on software and hardware for our information processing systems, (4) the addition of fleet vehicles, (5) expansion, improvement or investment in certain owned or leased branch properties, and (6) the addition of manufacturing and warehouse equipment. Proceeds from the sales of property and equipment, typically for the planned disposition of pick-up trucks as well as distribution vehicles and trailers in the normal course of business, are netted against these purchases and additions. During the first second quarter of 2024, our net capital expenditures (purchases of property and equipment, net of proceeds from sales of property and equipment) were \$48.3, \$52.6, which was an increase from \$30.9 comparable to \$53.9 in the first second quarter of 2023. This was primarily due to an increase in spending for facility construction and upgrades, as well as higher vehicle spending reflecting the timing of deliveries from our suppliers.

Cash requirements for capital expenditures were satisfied from cash generated from operations, available cash and cash equivalents, our borrowing capacity, and the proceeds of disposals. During For the full year of 2024, we continue to expect our investment in property and equipment, net of proceeds from sales, capital expenditures to be within a range of \$225.0 to \$235.0 to \$245.0, increasing \$255.0, an increase from our originally anticipated range (\$225.0 to \$245.0) and an increase from \$160.6 in 2023. This increase reflects The expected growth on a year-to-year basis is based on spending to complete our Utah distribution center, investments in picking technology and equipment in our hubs and branches, higher outlays for FMI hardware reflecting our higher targeted signings, and a slight build in device inventory, and an increase in spending on information technology. The increase from our original expected range for investment in net capital expenditures reflects an increase in expected investment in vending devices to reflect both strong signings and that those signings are concentrated more heavily in higher-value, higher-cost units.

#### Net Cash Used in Financing Activities

Net cash used in financing activities decreased \$81.5, \$57.8 in the first second quarter of 2024 when compared to the first second quarter of 2023. This was primarily due to an increase in debt reduction in the first second quarter of 2024 being significantly lower than relative to a reduction of debt in the first second quarter of 2023 owing to smaller outstanding debt balances. 2023. This was only partly offset by an increase in capital returned to shareholders through dividends in the period.

During the first second quarter of 2024, we returned \$223.2, \$223.3 to our shareholders in the form of dividends, compared to the first second quarter of 2023 when we returned \$199.8, \$199.9 to our shareholders in the form of dividends. We did not repurchase any of our common stock in either period, the second quarter of 2024 or 2023.

We have authority to purchase up to 6,200,000 additional shares of our common stock under the July 12, 2022 authorization. This authorization does not have an expiration date.

Total debt on our balance sheet was \$200.0, \$235.0 at the end of the first second quarter of 2024, or 5.5%, 6.3% of total capital (the sum of stockholders' equity and total debt). This compares to \$400.0, \$350.0, or 10.9%, 9.4% of total capital, at the end of the first second quarter of 2023. The higher level of reduction in debt carried in the first second quarter of 2023 2024 versus the prior period reflects strong generation of net cash provided by operating activities over the last 12 months in excess of what was due to having used our revolver necessary to finance working net capital to mitigate supply chain constraints. With the supply chain normalizing, we have been able to reduce layers expenditures, payment of working capital dividends, and generate other investing and financing cash flow to lower our level of indebtedness in the first quarter of 2024. needs.

Our material cash requirements for known contractual obligations include capital expenditures, debt, and lease obligations, each of which are discussed in more detail earlier in this report in the Notes to Condensed Consolidated Financial Statements and in our 2023 annual report on Form 10-K.

An overview of our cash dividends paid or declared in 2024 and 2023 is contained in Note 3 of the Notes to Condensed Consolidated Financial Statements.

#### SIX MONTHS ENDED JUNE 30, 2024 VERSUS SIX MONTHS ENDED JUNE 30, 2023

##### Results of Operations

The following table sets forth condensed consolidated statements of income information (as a percentage of net sales) for the periods ended June 30:

	Six-month Period	
	2024	2023
Net sales	100.0 %	100.0 %
Gross profit	45.3 %	45.6 %
Selling, general, and administrative expenses	24.9 %	24.6 %
Operating income	20.4 %	21.1 %
Net interest expense	0.0 %	-0.2 %
Income before income taxes	20.4 %	20.9 %

Note – Amounts may not foot due to rounding difference.

##### Sales

The table below sets forth net sales and daily sales for the periods ended June 30, and changes in such sales from the prior period to the more recent period:

	Six-month Period

	2024	2023
Net sales	\$ 3,811.3	3,742.2
Percentage change	1.8 %	7.5 %
Business days	128	128
Daily sales	\$ 29.8	29.2
Percentage Change	1.8 %	7.5 %
Daily sales impact of currency fluctuations	-0.1 %	-0.5 %

Net sales increased \$69.1, or 1.8%, in the first six months of 2024 when compared to the first six months of 2023. The effect of adverse weather in the first six months of 2024 was a reduction in sales by 15 to 35 basis points. Changes in foreign exchange rates negatively affected sales in the first six months of 2024 and 2023 by approximately 10 and 50 basis points, respectively.

We experienced higher unit sales in the first six months of 2024, which contributed to the increase in net sales in the period. This was primarily due to growth with large customers, both those operating out of Onsite locations that have been opened in the last two years and, to a lesser degree, those being serviced from traditional branch operations. The impact of product pricing on net sales in the first six months of 2024 was a decline of 10 to 40 basis points, in contrast to the first six months of 2023, which experienced an increase of 240 to 270 basis points. Incremental pricing actions taken over the past twelve months have been modest in scope, resulting in mostly stable price levels throughout the first six months of 2024. We did see modest softening in pricing in the back half of the period.

From a product standpoint, we have three categories: fasteners [including fasteners used in original equipment manufacturing (OEM) and maintenance, repair, and operations (MRO)], safety supplies, and other product lines, the latter of which includes eight smaller product categories, such as tools, janitorial supplies, and cutting tools. In the first six months of 2024, we continued to experience a divergence in the performance of our fastener versus our non-fastener product lines, which we believe relates to three factors. First, fasteners are more heavily oriented toward production of final goods than maintenance, which results in greater susceptibility to periods of weaker industrial production. Second, pricing for fasteners has decelerated at a faster pace than non-fastener products. Third, we continued to experience relatively faster growth with warehousing customers due to market share gains, product mix, and easier comparisons. This factor primarily benefited our safety product line. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change Six-month Period		% of Sales Six-month Period	
	2024	2023	2024	2023
OEM fasteners	-3.2 %	8.2 %	19.6 %	20.6 %
MRO fasteners	-4.7 %	-3.7 %	11.7 %	12.5 %
Total fasteners	-3.7 %	3.4 %	31.3 %	33.1 %
Safety supplies	7.7 %	6.8 %	21.7 %	20.5 %
Other product lines	3.4 %	11.1 %	47.0 %	46.4 %
Total non-fasteners	4.7 %	9.7 %	68.7 %	66.9 %

From an end market standpoint, we have five categories: heavy manufacturing, other manufacturing, non-residential construction, reseller, and other, the latter of which includes government/education and transportation/warehousing. We continued to experience a significant divergence in the performance of our manufacturing end market versus our non-manufacturing end markets in the first six months of 2024, although the scale of that divergence has continued to narrow. This primarily reflects the relative strength we are experiencing with key account customers with significant managed spend where our service model and technology is particularly impactful. This disproportionately benefits manufacturing customers. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change Six-month Period		% of Sales Six-month Period	
	2024	2023	2024	2023
Heavy manufacturing	2.2 %	15.3 %	43.4 %	43.2 %
Other manufacturing	3.3 %	8.6 %	31.9 %	31.5 %
Total manufacturing	2.7 %	12.3 %	75.3 %	74.7 %
Non-residential construction	-6.1 %	-5.7 %	8.5 %	9.2 %
Reseller	-4.4 %	-7.2 %	5.5 %	5.9 %
Other end markets	6.8 %	-1.7 %	10.7 %	10.2 %
Total non-manufacturing	-0.5 %	-4.5 %	24.7 %	25.3 %

We report our customers in two categories: national accounts, which are customers with significant revenue potential and a national, multi-site contract, and non-national accounts, which include large regional customers, small local customers, and government customers. We continued to experience a significant divergence in the performance of our national account customers versus our non-national account customers, which relates to the relative growth of our sales through Onsite locations and larger, key accounts. The DSR change when compared to the same period in the prior year and the percent of sales in the period were as follows:

	DSR Change Six-month Period	% of Sales Six-month Period

	2024	2023	2024	2023
National accounts	6.1 %	12.0 %	62.2 %	59.3 %
Non-national accounts	-4.4 %	1.8 %	37.8 %	40.7 %

### Growth Drivers

The table below summarizes the signings and installations of, and sales through, our FMI devices.

	Six-month Period		
	2024	2023	Change
Weighted FASTBin/FASTVend signings (MEUs)	13,914	12,695	9.6 %
<i>Signings per day</i>	109	99	
Weighted FASTBin/FASTVend installations (MEUs; end of period)	119,306	107,115	11.4 %
FASTStock sales	\$ 484.2	474.4	2.1 %
<i>% of sales</i>	<b>12.5 %</b>	<b>12.5 %</b>	
FASTBin/FASTVend sales	\$ 1,123.9	1,024.3	9.7 %
<i>% of sales</i>	29.1 %	27.0 %	
FMI sales	\$ 1,608.1	1,498.7	7.3 %
<i>FMI daily sales</i>	\$ 12.6	11.7	7.3 %
<i>% of sales</i>	<b>41.7 %</b>	<b>39.6 %</b>	

Daily sales through eBusiness grew 29.1% in the first six months of 2024 and represented 28.6% of our total sales in the period. In the first six months of 2024, daily sales through eProcurement and eCommerce grew 33.4% and 18.0%, respectively.

Our Digital Footprint in the first six months of 2024 represented 59.2% of our sales, an increase from 54.7% of sales in the first six months of 2023.

### Gross Profit

In the first six months of 2024, our gross profit, as a percentage of net sales, declined to 45.3% from 45.6% in the first six months of 2023. The change in our gross profit percentage primarily related to customer and product mix. We continued to experience relatively strong growth from Onsite customers and non-fastener products, each of which tend to have a lower gross profit percentage than our business as a whole. This was partly offset by two items. First, we had slightly favorable price-cost through the first six months of 2024. Second, we experienced favorable leverage of organizational/overhead costs, primarily due to greater utilization of domestic transportation resources as we move more product to support current stocking levels.

### SG&A Expenses

Our SG&A expenses, as a percentage of net sales, increased to 24.9% in the first six months of 2024 from 24.6% in the first six months of 2023. Efforts to control growth in operating expenses in the first six months of 2024 produced only modest expansion of total SG&A in the period. Notwithstanding this, growth in net sales was below growth in SG&A, resulting in our deleveraging of costs in the first six months of 2024.

The percentage change in employee-related, occupancy-related, and all other SG&A expenses compared to the same periods in the preceding year, is outlined in the table below.

	Approximate Percentage of Total SG&A Expenses	Six-month Period	
		2024	2023
Employee-related expenses	70% to 75%	3.2 %	
Occupancy-related expenses	15% to 20%	0.0 %	
All other SG&A expenses	10% to 15%	6.9 %	

In the first six months of 2024, our employee-related expenses increased when compared to the first six months of 2023. We experienced an increase in employee base pay due to higher average FTE and average wages during the period, as well as higher healthcare costs. This was only partly offset by a decrease in bonus and commission payments reflecting the impact of slower sales and profit growth versus the prior year.

The table below summarizes our FTE headcount at the end of the periods presented and the percentage change compared to the end of the prior period:

	Change Since:

	Q2 2024	Q4 2023	Q4 2023
Selling personnel <sup>(1)</sup>	15,386	15,070	2.1 %
Distribution/Transportation personnel	3,172	3,095	2.5 %
Manufacturing personnel	721	697	3.4 %
Organizational support personnel <sup>(2)</sup>	1,970	1,859	6.0 %
Total personnel	21,249	20,721	2.5 %

<sup>(1)</sup> Of our Selling Personnel, 80%-85% are attached to a specific in-market location.

<sup>(2)</sup> Organizational support personnel consists of: (1) Sales & Growth Driver Support personnel (35% to 40% of category), which includes sourcing, purchasing, supply chain, product development, etc.; (2) Information Technology personnel (35% to 40% of category); and (3) Administrative Support personnel (20% to 25% of category), which includes human resources, Fastenal School of Business, accounting and finance, senior management, etc.

In the first six months of 2024, our occupancy-related expenses were flat when compared to the first six months of 2023. We had moderate increases in branch costs related to general inflation as well as non-branch expenses from incremental depreciation and other costs associated with hub investments and upgrades. This was mostly offset by lower FMI expense where the roll-off of depreciation on a large number of vending devices that had reached the end of their depreciable lives in the first six months of 2023 more than offset higher depreciation resulting from growth in bins.

Combined, all other SG&A expenses increased in the first six months of 2024 when compared to the first six months of 2023. This reflects primarily three items. First, we had higher lease costs in our selling-related vehicle fleet due to an increase in the mix of larger truck types and higher prices on newer vehicles. Second, as we disclosed in our April 2024 earnings call, we incurred significant expenses related to our Customer Expo as a result of the event being larger than we had originally expected. Third, we experienced an increase in general insurance expenses.

#### Operating Income

Our operating income, as a percentage of net sales, declined to 20.4% in the first six months of 2024 from 21.1% in the first six months of 2023.

#### Net Interest

Our net interest expense was \$0.9 in the first six months of 2024, compared to net interest expense of \$5.8 in the first six months of 2023. We had higher interest income reflecting higher rates earned on our cash balances. We had lower interest expense, reflecting lower average borrowings through the period only partly offset by slightly higher rates paid on our debt balances.

#### Income Taxes

We recorded income tax expense of \$185.8 in the first six months of 2024, or 23.9% of income before income taxes. Income tax expense was \$189.2 in the first six months of 2023, or 24.2% of income before income taxes. We believe our ongoing tax rate, absent any discrete tax items or broader changes to tax law, will be approximately 24.5%. Our tax rate in the first six months of 2024 was below our expected ongoing tax rate due to the tax benefits associated with the exercise of stock options during the period.

#### Net Income

Our net income during the first six months of 2024 was \$590.4, a decrease of 0.5% when compared to the first six months of 2023. Our diluted net income per share was \$1.03 in the first six months of 2024, compared to \$1.04 in the first six months of 2023.

#### Liquidity and Capital Resources

Cash flow activity was as follows for the periods ended June 30:

	Six-month Period		
	2024	2023	Change
Net cash provided by operating activities	\$ 593.6	690.6	-14.0 %
<i>Percentage of net income</i>	100.5 %	116.4 %	
Net cash used in investing activities	\$ 101.1	85.2	18.7 %
<i>Percentage of net income</i>	17.1 %	14.4 %	
Net cash used in financing activities	\$ 452.9	592.2	-23.5 %

#### Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased \$97.0 in the first six months of 2024 when compared to the first six months of 2023. The decrease in operating cash flow, as a percentage of net income, reflects our operating assets and liabilities being a significant use of cash in the first six months of 2024 versus our operating assets and liabilities being a modest source of cash in the first six months of 2023. In particular, inventory was a significantly more modest source of cash in the first six months of 2024 than we experienced in the first six months of 2023. For comparison, our five-year average of net cash provided by operating activities as a percent of net income in the first six months of the calendar year is 95.8%.

#### Net Cash Used in Investing Activities

Net cash used in investing activities increased \$15.9 in the first six months of 2024 when compared to the first six months of 2023. This was primarily due to an increase in net capital expenditures in the first six months of 2024 compared to the first six months of 2023.

During the first six months of 2024, our net capital expenditures were \$100.9, which was an increase from \$84.8 in the first six months of 2023. This was primarily related to three factors. First, spending on FMI is higher based on strong signings and installations, particularly of higher-end and higher-cost vending devices. Second, we have had an increase in spending for facility construction and upgrades. Third, higher vehicle spending reflects the timing of deliveries from our suppliers.

For the full year of 2024, we expect our net capital expenditures to be within a range of \$235.0 to \$255.0, an increase from our originally anticipated range (\$225.0 to \$245.0) and an increase from \$160.6 in 2023. The expected growth on a year-to-year basis is based on spending to complete our Utah distribution center, investments in picking technology and equipment in our hubs and branches, higher outlays for FMI hardware reflecting our higher targeted signings, and an increase in spending on information technology. The increase from our original expected range for investment in net capital expenditures reflects an increase in expected investment in vending devices to reflect both strong signings and that those signings are concentrated more heavily in higher-value, higher-cost units.

#### **Net Cash Used in Financing Activities**

Net cash used in financing activities decreased \$139.3 in the first six months of 2024 when compared to the first six months of 2023. This was primarily due to reducing our indebtedness significantly less in the first six months of 2024 than we did in the first six months of 2023. This was only partly offset by an increase in capital returned to shareholders through dividends in the period.

During the first six months of 2024, we returned \$446.5 to our shareholders in the form of dividends, compared to the first six months of 2023 when we returned \$399.7 to our shareholders in the form of dividends. We did not repurchase any of our common stock in the first half of 2024 or 2023.

**Critical Accounting Policies and Estimates** – A discussion of our critical accounting policies and estimates is contained in our 2023 annual report on Form 10-K. There have been no material changes from the critical accounting policies and estimates disclosed in our annual report on Form 10-K.

**Recently Issued and Adopted Accounting Pronouncements** – A description of recently issued and adopted accounting pronouncements, if any, is contained in Note 1 of the Notes to Condensed Consolidated Financial Statements.

**Certain Risks and Uncertainties** – Certain statements contained in this document do not relate strictly to historical or current facts. As such, they are considered 'forward-looking statements' that provide current expectations or forecasts of future events. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of terminology such as anticipate, believe, should, estimate, expect, intend, may, will, plan, goal, project, hope, trend, target, opportunity, and similar words or expressions, or by references to typical outcomes. Any statement that is not a purely historical fact, including estimates, projections, trends, and the outcome of events that have not yet occurred, is a forward-looking statement. Our forward-looking statements generally relate to our expectations and beliefs regarding the business environment in which we operate, our projections of future performance, our perceived marketplace opportunities, our strategies, goals, mission and vision, our expectations related to future capital expenditures, future investment in property and equipment, future tax rates, future inventory levels, pricing, Onsite and weighted FMI device signings, the impact of inflation on our cost of goods or SG&A expenses, the impact of price increases on overall sales growth or margin performance, and our ability to grow our business through the enhancement of sales through our Digital Footprint. You should understand that forward-looking statements involve a variety of risks and uncertainties, known and unknown, and may be affected by inaccurate assumptions. Consequently, no forward-looking statement can be guaranteed and actual results may vary materially. Factors that could cause our actual results to differ from those discussed in the forward-looking statements include, but are not limited to, economic downturns, weakness in the manufacturing or commercial construction industries, competitive pressure on selling prices, changes in our current mix of products, customers, or geographic locations, changes in our average branch size, changes in our purchasing patterns, changes in customer needs, changes in fuel or commodity prices, inclement weather, changes in foreign currency exchange rates, difficulty in adapting our business model to different foreign business environments and the challenges of operating in foreign business environments, failure to accurately predict the market potential of our business strategies, the introduction or expansion of new business strategies, weak acceptance or adoption of our FMI offering or Onsite business models, increased competition in FMI or Onsite, difficulty in maintaining installation quality as our FMI business expands, the leasing to customers of a significant number of additional FMI devices, the failure to meet our goals and expectations regarding branch openings, branch closings, or expansion of our FMI offering or Onsite operations, the failure to realize expected benefits from the completion of our strategic rationalization, changes in the implementation objectives of our business strategies, challenges in developing and expanding our digital capabilities, difficulty in hiring, relocating, training, or retaining qualified personnel, difficulty in controlling SG&A expenses, including FTE growth, difficulty in collecting receivables or accurately predicting future inventory needs, dramatic changes in sales trends, changes in supplier production lead times, the rate at which short-term inefficiencies in our supply chain normalizes, may not normalize or result in certain warehousing customer growth, changes in our cash position or our need to make capital expenditures, credit market volatility, changes in tax law or the impact of any such changes on future tax rates, changes in tariffs or the impact of any such changes on our financial results, changes in the availability or price of commercial real estate, changes in the nature, price, or availability of distribution, supply chain, or other technology (including software licensed from third parties) and services related to that technology, cyber-security incidents, potential liability and reputational damage that can arise if our products are defective, difficulties measuring the contribution of price increases on sales growth, acts of war, and other risks and uncertainties detailed in our filings with the Securities and Exchange Commission, including our most recent annual and quarterly reports. Each forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any such statement to reflect events or circumstances arising after such date.

#### **ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to certain market risks from changes in foreign currency exchange rates, commodity steel pricing, commodity energy prices, and interest rates. Changes in these factors cause fluctuations in our income and cash flows. We evaluate and manage exposure to these market risks as follows:

**Import shipping costs** – We import a significant quantity of our products, particularly fasteners and private label products, from foreign suppliers, primarily in Asia. As a result, we incur costs related to shipping charges, duties, harbor fees, and sundry other expenses involved in the movement of product for sale in North America and our other global locations. These costs are embedded in our product values, and significant fluctuations can affect our product gross profit depending on what mitigating actions might be taken. The most significant contributor to these fluctuations is the cost of overseas shipping containers, although the timing of any impact can be affected by the length of our supply chain, contractually agreed upon rates, or differences in rates between routes. We estimate the effect on our net income related to import shipping costs was a favorable **\$5.0** **\$10.0** to **\$10.0** **\$15.0** in the first **quarter** **six months** of 2024.

**Commodity steel prices** – We buy and sell various types of steel products; these products consist primarily of different types of fasteners and related hardware. We are exposed to the impacts of commodity steel pricing and our related ability to pass through the impacts to our end customers. During the first **quarter** **six months** of 2024, the price of steel as reflected in many market indexes was at or slightly below the prior year. Due to our long supply chain, changes in the cost of steel can take a number of quarters to be reflected in our financial results. Further, the cost of the raw material is generally a small part of the total value of the steel products that we sell, which can also diminish the impact of cost changes for the raw material. We estimate the effect on our net income related to commodity steel prices was immaterial in the first **quarter** **six months** of 2024.

**Commodity energy prices** – We have market risk for changes in prices of oil, gasoline, diesel fuel, natural gas, and **electricity**. **electricity**, largely due to our **consumption of fuel in our vehicles and utility-generated electricity at our facilities**. As reflected in many market indexes, energy prices during the first **quarter** **six months** of 2024 were at or slightly **below** **above** the prior **year**, which contributed to slightly lower costs for fuel consumed in our vehicles and lower utility costs at our facilities. **year**. Total direct fuel consumption is a relatively minor cost to **the company** **us** and, as a result, we estimate the effect on our net income related to commodity energy prices was immaterial in the first **quarter** **six months** of 2024.

Fossil fuels are also often a key feedstock for chemicals and plastics that comprise a key raw material for many products that we sell. During the first **quarter** **six months** of 2024, prices for fossil fuels were generally **stable with** **at or slightly above** the prior **year** **levels**. **year**. The cost of the raw material is generally a small part of the total value of the products that we sell, which can diminish the impact of cost changes for the raw material. As a result, we estimate the effect on our net income related to materials for which fossil fuels are a feedstock was immaterial in the first **quarter** **six months** of 2024.

**Foreign currency exchange rates** – Foreign currency fluctuations can affect our net investments, our operations in countries other than the U.S., and income denominated in foreign currencies. Our primary exchange rate exposure has traditionally been with the Canadian dollar against the United States dollar, and we have not historically hedged our foreign currency risk given that exposure to date has not been material. Changes in foreign exchange rates were immaterial for the first **quarter** **six months** of 2024.

**Interest rates** - Loans under our Credit Facility bear interest at floating rates. As a result, changes in such rates can affect our operating results and liquidity to the extent we do not have effective interest rate swap arrangements in place. We have not historically used interest rate swap arrangements to hedge the variable interest rates under our Credit Facility. A one percentage point increase to our floating rate debt in the first **quarter** **six months** of 2024 would have resulted in approximately \$0.1 of additional interest expense. A description of our Credit Facility is contained in Note 6 of the Notes to Condensed Consolidated Financial Statements.

#### ITEM 4 — CONTROLS AND PROCEDURES

**Evaluation of Disclosure Controls and Procedures** – As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Securities Exchange Act)). Based on this evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to our management, including the principal executive officer and principal financial officer, to allow for timely decisions regarding disclosure.

**Changes in Internal Control Over Financial Reporting** – There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

#### ITEM 1 — LEGAL PROCEEDINGS

A description of our legal proceedings, if any, is contained in Note 7 of the Notes to Condensed Consolidated Financial Statements. The description of legal proceedings, if any, in Note 7 is incorporated herein by reference.

#### ITEM 1A — RISK FACTORS

There have been no material changes from the risk factors described in Part I, [Item 1A, Risk Factors](#) of our most recently filed annual report on Form 10-K.

#### ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

##### Issuer Purchases of Equity Securities

The table below sets forth information regarding purchases of our common stock during the **first** **second** quarter of 2024:

	(a)		(a)	(b)	(c)	(d)		(a)	(b)	(c)	(d)
--	-----	--	-----	-----	-----	-----	--	-----	-----	-----	-----

Period	Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>	Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1)</sup>	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
January 1-31, 2024										
February 1-29, 2024										
February 1-29, 2024										
February 1-29, 2024										
March 1-31, 2024										
March 1-31, 2024										
March 1-31, 2024										
April 1-30, 2024										
May 1-31, 2024										
May 1-31, 2024										
May 1-31, 2024										
June 1-30, 2024										
June 1-30, 2024										
June 1-30, 2024										
Total										
Total										
Total										

<sup>(1)</sup> As of **March 31, 2024** June 30, 2024, we had remaining authority to repurchase 6,200,000 shares under the July 12, 2022 authorization. This authorization does not have an expiration date.

## ITEM 5 — OTHER INFORMATION

None of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act) adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Securities Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the fiscal quarter ended **March 31, 2024** June 30, 2024.

## ITEM 6 — EXHIBITS

### INDEX TO EXHIBITS

Exhibit Number	Description of Document
3.1	<a href="#">Restated Articles of Incorporation of Fastenal Company, as amended (incorporated by reference to Exhibit 3.1 to Fastenal Company's Form 8-K dated as of April 22, 2019 April 25, 2024)</a>
3.2	<a href="#">Restated By-Laws of Fastenal Company dated as of February 2, 2024 (incorporated by reference to Exhibit 3.2 to Fastenal Company's 10-K for fiscal year ended December 31, 2023)</a>
31	<a href="#">Certifications under Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
32	<a href="#">Certification under Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
101	The following financial statements from the quarterly report on Form 10-Q for the quarter ended <b>March 31, 2024</b> June 30, 2024, formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statements of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.
104	The cover page from the quarterly report on Form 10-Q for the quarter ended <b>March 31, 2024</b> June 30, 2024, formatted in Inline XBRL.

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FASTENAL COMPANY

Date: April 16, 2024 July 17, 2024

By: /s/ Holden Lewis

Holden Lewis

Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: April 16, 2024 July 17, 2024

By: /s/ Sheryl A. Lisowski

Sheryl A. Lisowski

Executive Vice President - Chief Accounting Officer and Treasurer  
(Duly Authorized Officer and Principal Accounting Officer)

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Exhibit 31

**CERTIFICATIONS**

I, Daniel L. Florness, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fastenal Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 16, 2024 July 17, 2024

/s/ Daniel L. Florness

Daniel L. Florness

President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATIONS**

I, Holden Lewis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fastenal Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **April 16, 2024** July 17, 2024

/s/ Holden Lewis

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Holden Lewis  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of Fastenal Company.

A signed original of this written statement required by Section 906 has been provided to Fastenal Company and will be retained by Fastenal Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: **April 16, 2024** **July 17, 2024**

/s/ Daniel L. Florness

Daniel L. Florness  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Holden Lewis

Holden Lewis  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

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