

REFINITIV

DELTA REPORT

10-K

EXPD - EXPEDITORS INTERNATIONAL

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	1432
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 CHANGES	356
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 DELETIONS	473
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 ADDITIONS	603
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 20222023

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: 0-13468 001-41871

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization)

91-1069248
(I.R.S. Employer
Identification Number)

1015 Third Avenue, Seattle, Washington
(Address of principal executive offices)

98104
(Zip Code)

(206) 674-3400

(Registrant's telephone number, including area code)

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	EXPD	NASDAQ Global Select Market New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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, if any, 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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates of the registrant, based upon the closing price as of the last business day of the most recently completed second fiscal quarter ended **June 30, 2022** **June 30, 2023**, was approximately \$**15,790,525,926** **17,717,749,906**.

At **February 24, 2023** **February 16, 2024**, the number of shares outstanding of registrant's Common Stock was **154,398,044** **143,899,291**.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement for the Registrant's Annual Meeting of Shareholders to be held on **May 2, 2023** **May 7, 2024** are incorporated by reference into Part III of this Form 10-K.

Auditor Firm ID: 185 Auditor Name: KPMG, LLP Auditor Location: Seattle, WA, USA

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

Form 10-K

For the Fiscal Year Ended **December 31, 2022** **December 31, 2023**

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Forward-Looking Statements

In accordance with the provisions of the Private Securities Litigation Reform Act of 1995, the Company is making readers aware that forward-looking statements, because they relate to future events, are by their very nature subject to many important risk factors that could cause actual results to differ materially from those contained in the forward-looking statements. For additional information about forward-looking statements and for an identification of risk factors and their potential significance, see "Safe Harbor for Forward-Looking Statements Under Private Securities Litigation Reform Act of 1995; Certain Cautionary Statements" immediately preceding Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 1A - "Risk Factors" in this report. Forward-looking statements speak only as of the date they were made. The Company undertakes no obligation to update these statements in light of subsequent events or developments.

PART I

ITEM 1—BUSINESS

Overview

Expeditors International of Washington, Inc. (herein referred to as "Expeditors," the "Company," "we," "us," "our") provides a full suite of global logistics services, offering customers a seamless international network of people and integrated information systems to support the movement and strategic positioning of goods. As a third-party logistics provider, we purchase cargo space from carriers (such as airlines, ocean shipping lines, and trucking lines) on a volume basis and resell that space to our customers. We do not compete for overnight courier or small parcel business and do not own aircraft or ships.

We provide a broad range of transportation services and customer solutions, such as customs brokerage, order management, time-definite transportation, warehousing and distribution, temperature-controlled transit, cargo insurance, specialized cargo monitoring and tracking, and other customized logistics and consulting solutions. In addition, our Project Cargo unit handles special project shipments that move via a single method or combination of air, ocean, and/or ground transportation and generally require a high level of specialized attention because of the unusual size or nature of what is being shipped.

Expeditors' primary services include:

- Airfreight Services
- Ocean Freight and Ocean Services
- Customs Brokerage and Other Services

Airfreight Services: Within airfreight, Expeditors typically acts either as a freight consolidator or as an agent for the airline that carries the shipment. Whether acting as a consolidator or agent, we offer our customers routing expertise, familiarity with local business practices, knowledge of export and import documentation and procedures, the ability to arrange for ancillary services and to assist with securing capacity during periods of high demand.

Solutions within Airfreight Services include:

Airfreight Consolidation: as an airfreight consolidator, Expeditors purchases cargo capacity from airlines on a volume basis and resells that space to our customers at lower rates than what those customers could negotiate directly from the airlines on an individual shipment. Expeditors determines the routing, consolidates shipments bound for a particular airport distribution point, and then selects the airline for transportation to the distribution point, where either we or one of our agents then arranges for the consolidated lot to be broken down into its component shipments and for the transportation of each individual shipment to its final destination.

Airfreight Forwarding: as a freight forwarder, Expeditors receives and forwards individual, unconsolidated shipments, and arranges the transportation with the airline that carries the shipment.

3.

Ocean Freight and Ocean Services: Within ocean services, Expeditors offers three basic services: ocean freight consolidation, direct ocean forwarding, and order management:

3.

Ocean freight consolidation: Expeditors, when acting as an ocean freight consolidator, contracts with ocean shipping carriers to obtain transportation for a fixed number of containers between various points during a specified time period at agreed-upon rates. We handle both full container loads as well as Less-than Container Load (LCL) freight, offering a wider range of shipping options and rates than available with the carriers directly. We also generate fees for ancillary services such as the preparation of documentation to comply with local export and import laws.

Direct ocean forwarding: Expeditors acts as the agent when its customer contracts directly with the ocean carrier, and we may receive a commission from the carrier in addition to customer handling fees and ancillary services.

Order management: Expeditors provides a range of order management services including consolidation of cargo from many suppliers in a particular origin into the fewest possible number of containers, putting more product into larger and fewer containers in order to maximize space, minimize cost and help our customers reduce their carbon footprint.

Customs Brokerage and Other Services: Expeditors offers a range of custom solutions, including:

Customs Brokerage and Import Services: Expeditors helps customers clear shipments through customs by preparing and filing required documentation, calculating, and providing for payment of duties and other taxes on behalf of the customer as well as arranging for any required inspections by governmental agencies, and import services such as arranging for local pick up, storage and delivery at destinations. Such services can include screening commercial documentation for assessed value, country of origin, application of special trade programs, and classification. Our target market is primarily comprised of customers looking to reduce the number of customs brokers used, those looking to improve compliance and reporting, and those seeking opportunities to participate in special trade programs globally.

Transcon: Expeditors' Transcon consists of multi-modal, intra-continental ground transportation, including time-definite less-than-truck and delivery services and includes value-added, white glove, and time-definite services. full-truck solutions.

Warehousing and Distribution Services: Expeditors' services include inventory management, multi-channel order fulfillment, vendor management managed inventory programs, and other value-added services. Our warehousing services are generally offered globally in multi-client facilities so that customers may benefit from cost savings related to shared

space, labor, equipment, and other efficiencies.

Supply Chain Disruptions and Ongoing COVID-19 Impact on our Business

In 2022, the COVID-19 pandemic, including the effect of ongoing quarantine requirements in China and resulting disruptions on supply chains continued to affect our business operations and financial results in particular in the first half of 2022. As experienced in the fourth quarter of 2022, these unprecedented operating conditions dissipated as supply chains operations normalized.

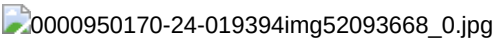
Cyber-Attack Impact on our Business

In February 2022, we determined that our Company was the subject of a targeted cyber-attack which resulted in having to shut down most of our connectivity, operating and accounting systems globally to manage the safety of our entire global systems environment, and we initiated our cybersecurity incident response plan. We had limited ability to conduct operations for a period of approximately three weeks, including but not limited to arranging for shipments of freight or managing customs and distribution activities for our customers' shipments. While we continued to navigate through the residual effects and incorporate learnings from the cyber-attack, our core systems were utilized to deliver our services from the second quarter and on. We do not expect to have further material adverse impact on the Company's business from this cyber-attack.

4.

Revenues

The following chart shows our 2022 2023 revenues by service type:



The Expeditors Network

Expeditors has approximately 20,000 18,000 employees and provides a complete range of global logistics services to a diversified group of customers that vary in size, industry and geographic location. As opportunities for profitable growth arise, we will continue to open new offices where it makes sense to support existing global customers and serve new local markets. As a knowledge-based global provider of logistics services, we have often concluded over the course of our history that it is better to grow organically rather than by acquisition. When we have made acquisitions, it has generally been to obtain technology, increase geographic coverage by acquiring or establishing joint ventures with agents or others within the industry, or gain specialized industry expertise that could be leveraged to benefit our entire network.

Expeditors, including its majority-owned subsidiaries, is organized functionally in geographic operating segments and operates district offices in the regions identified below. Our district offices are defined by geographic boundaries and have been established in locations where Expeditors maintains unilateral control over operations, and where the existence of the parent-subsidiary relationship is maintained by means other than record ownership of voting stock.

Expeditors operates 176 district offices in the following geographic areas of responsibility:

- Americas (70)
- North Asia (21)

- South Asia (16)
- Europe (45)
- Middle East, Africa and India (24)

We also maintain branch offices, which are aligned with and dependent upon one district office, where practical benefit is gained by having staff located closer to the customers they are serving. Additionally, we contract with independent agents in locations where we do not have our own offices to provide required services for our existing customers. We have established 36 such relationships worldwide.

5.

5.

At Expeditors, we create our strategy and develop our global products **processes, technology and services; processes, technology;** and compliance programs at the corporate level, in order to drive consistency across all levels of the organization. Global consistency and compliance are fundamental to preserving our culture and network of people, processes, technology and locations. We leverage regional and local expertise by staffing our districts principally with local managers and personnel who are from the regions in which they operate and who often have extensive experience in logistics, coupled with a deep understanding of their local market. District offices are responsible for selling and executing Expeditors' products and services directly to customers and are involved in the selection of logistics service providers. Defining our strategy at a global level while executing it at the regional and local levels with customized supply chain solutions enables us to drive consistency and efficiency for our network and customers. We believe that focus on hiring and developing a diverse and talented workforce with an emphasis on exceptional customer service, along with our incentive-based compensation program, enables us to achieve superior financial results and provide for ongoing career advancement opportunities.

Our Culture and Strategy

We believe that our unique culture, at the center of which are our employees, is a critical component to our continued success. We strongly believe that it is nearly impossible to predict events that, individually or in the aggregate, could have a positive or a negative impact on our future operations. As a result, management's focus is on building and maintaining a global corporate culture and an environment where well-trained employees and managers are prepared to identify and react to changes as they develop and thereby help us adapt and thrive as major trends emerge.

Expeditors' strategic plan is to achieve long-term, sustainable and profitable growth by focusing on the right markets and, within each market, on the right customers that lead to profitable business growth through the aggressive marketing of our service offerings. Innovative solutions, integrated platforms and data quality are vital to achieving a competitive advantage. Our teams are aligned on the specific markets of these focused priorities; on the targeted accounts within those markets; and on ways that we can continue to differentiate ourselves from our competitors. **In 2022, we completed a review of our** Our key strategic initiatives **which** include:

1. Ensuring that base-line strategies for air, ocean and customs services for every district office and region lead to growth at the relevant market rates, profits and volume services.
2. Growing our business services into and out of Europe, with particular focus on certain defined markets beyond our base-line growth expectations.
3. Growing our customs brokerage offering throughout Asia by leveraging our strength and expertise in customs brokerage services and developing critical talent, processes and tools.

Our chief strategy officer continues to oversee all strategy within Expeditors, with a deep focus on exploring new avenues for innovation, differentiation and expansion.

Global Logistics and Supply Chain Technology

Expeditors has long believed that it is a competitive advantage to focus on organic growth and to utilize a single enterprise technology platform designed and built by logistics technology professionals for logistics professionals. Our technology platform is built on principles of innovation, agility, collaboration, performance and consistency across the Expeditors global network to meet diverse and complex global logistics and supply chain needs. The platform is comprised of proprietary, third party and open-source technologies. We utilize a globally-consistent infrastructure supporting both centralized and distributed technology strategies that incorporate security, disaster recovery and high availability.

Expeditors' technology platform is designed, coded, tested and implemented by the collaborative efforts of our logistics industry and information technology professionals. Internally developing, maintaining and enhancing technology capabilities is in keeping with Expeditors' long-held belief that it not outsource core functions, with information systems being one of those core functions.

We are not dependent on third parties for developing or enhancing our core transportation technology platforms to address our needs or those of our customers. We utilize internally developed and third-party **technology solutions** to perform our customs brokerage services, to address country and regional specifications. We continuously monitor emerging technologies for potential applicability to our business. Expeditors also believes that having a single, uniform, globally-connected platform driving logistics operations and providing comprehensive visibility and advanced analytics creates greater efficiency and value, particularly as the value of timely data and insights into that data are increasingly important. We are continually enhancing our systems, including **significant meaningful** upgrades to core operating and accounting systems.

6.

Tailored Solutions

As a non-asset-based logistics services provider, we have considerable flexibility to tailor customer-specific solutions by product. By understanding a customer's logistics and supply chain processes, strategies, and objectives, we identify targeted areas of opportunity for improvement, and deploy the right services and solutions for that customer. These services include our core product offerings of transportation, customs clearance, warehousing and distribution, and order management, along with expertise in supply chain analysis and optimization, trade compliance consulting, cargo insurance, cargo security, and solutions for oversized and heavy-lift freight. Our trained professional employees deliver these services across the globe through our network of district offices using a common technology platform, in conjunction with consistent and efficient operational processes that adhere to the highest standards of compliance while focusing on the individual needs of each customer.

Because Expeditors is in the business of optimizing our customers' freight logistics and supply chains, we focus our sales and engagement strategies on professionals in logistics and supply chain management roles inside of customer organizations. While we drive our sales strategies at a global level, district management of each office is responsible for its own business development, operations, and service execution. We also employ dedicated account management staff who work with existing customers to improve operations and grow new business opportunities.

What Expeditors Ships

The goods that Expeditors handles are generally a function of the products that dominate international trade between any particular origin and destination. These goods include products from diverse industries, including electronics, high technology, healthcare, aerospace and aviation, manufacturing, oil and energy, automotive, retail consumer goods and fashion. In order to meet customers' complex and industry-specific demands, we utilize industry vertical teams throughout our network that focus on providing tailored solutions to different industries. Industry vertical teams work closely with our regional and district resources to grow our business. No single customer accounts for five percent or more of our revenues.

Expeditors' Services in Detail

The following describes in more detail the operations of each of Expeditors' services:

Airfreight Services

Airfreight services accounted for approximately 35% and 41% of Expeditors' total revenues in 2022 2023 and 2021, respectively. 2022. When performing airfreight services, we typically act either as a freight consolidator or as an agent for the airline that carries the shipment. When acting as a freight consolidator, we purchase cargo capacity from airlines on a volume basis and resell that space to our customers at lower rates than they could obtain directly from airlines on an individual shipment. We then issue a House Airway Bill (HAWB) to our customers as the contract of carriage and separately, we receive a Master Airway Bill from the airline when the freight is physically tendered. When moving shipments between points where the nature or volume of business does not facilitate consolidation, we receive and forward individual shipments as the agent of the airline that carries the shipment. Whether acting as a consolidator or agent, we offer our customers expertise for optimum routing, familiarity with local business practices, knowledge of export and import documentation and procedures, the ability to arrange for ancillary services, and assistance with securing capacity during periods of high demand.

In our airfreight operations, we receive shipments from our customers, determine the routing, consolidate shipments bound for a particular airport distribution point, and select the airline for transportation to the distribution point. At the distribution point, either we or an Expeditors' agent arranges for the consolidated lot to be broken down into its component shipments and for the transportation of the individual shipments to their final destinations.

We estimate that our average airfreight consolidation weighs approximately 3,900 3,600 pounds and that a typical consolidation includes merchandise from several shippers. Because shipment by air is relatively expensive compared with ocean transportation, air shipments are generally characterized by a high value-to-weight ratio, the need for rapid delivery, or both.

7.

At the origin, Expeditors typically delivers shipments from one of our warehouses to the airline after consolidating the freight into containers or onto pallets. Normally that shipment will then arrive at the destination distribution point within 48 48-72 hours from the point of origin. During periods of high demand, available cargo capacity from the scheduled air carriers can be limited and backlogs of freight shipments may occur. When these conditions exist, we may charter aircraft to meet customer demand. In the first half of 2022, as a result of limited availability in passenger aircraft capacity, we utilized chartered aircraft along with commercial capacity. As air travel began to recover in 2022, along with lower demand for air cargo services, we reduced charter activity and anticipate low charter volumes in 2023.

7.

Expeditors consolidates individual shipments based on weight and volume characteristics in cost-effective combinations. Typically, as the weight or volume of a shipment increases, the cost that we charge per pound/kilo or cubic inch/centimeter decreases. The rates charged by airlines also generally decrease as the weight or volume of the shipment increases. As a result, by aggregating shipments and presenting them to an airline as a single shipment, we are able to obtain a lower rate per pound/kilo or cubic inch/centimeter than what is charged for an individual shipment, while generally offering the customer a lower rate than could be obtained directly from the airline for an unconsolidated shipment.

Our airfreight revenues less directly related costs of transportation and other expenses for a consolidated shipment include the differential between the rate that the airline charges Expeditors and the rate that we, in turn, charge our customers, in addition to commissions that the airline pays us and fees that we charge our customers for ancillary services. Such ancillary services we provide include preparation of shipping and customs documentation, packing, crating, insurance services, **negotiation of letters of credit**, and the preparation of documentation to comply with local export laws.

Expeditors' management believes that owning aircraft would subject us to undue business risks, including large capital outlays, increased fixed operating expenses, exposure to volatile fuel prices, problems of fully utilizing aircraft and competition with our service providers - the airlines. Because we rely on commercial airlines to transport our shipments, our business may be adversely affected by changes in carrier financial stability, policies and practices such as pricing, payment terms, scheduling, capacity and frequency of service.

Many passenger air carriers continue to recover from significant cash flow challenges and record operating losses incurred in 2020 and 2021. Uncertainty over recovery of demand for transpacific passenger air travel compared to pre-pandemic levels and uncertainty related to jet fuel cost may impact air carriers' operations and financial stability long term. This environment requires that we be selective in determining which carriers to utilize. Carriers' financial results will continue to drive their asset acquisition and deployment strategies, which will impact airfreight pricing and capacity. Most of Expeditors' customers are focused on improving supply-chain efficiency, reducing overall logistics costs by negotiating lower rates and utilizing ocean freight whenever possible. We expect these trends to continue in conjunction with carriers' efforts to manage available capacity and the evolution of consumer purchasing behavior, such as online shopping. Changes in available capacity, periods of high or low demand, or other market disruptions has impacted and could continue to impact our buy and sell rates and challenge our ability to maintain historical unitary profitability.

Ocean Freight and Ocean Services

Ocean freight services accounted for approximately **38%** **25%** and **34%** **38%** of Expeditors' total revenues in **2022** **2023** and **2021**, **2022**, respectively. We operate Expeditors International Ocean, Inc. (EIO), an Ocean Transportation Intermediary, sometimes referred to as a Non-Vessel Operating Common Carrier (NVOCC), which specializes in ocean freight services in most major trade lanes in the world. EIO also provides service, on a smaller scale, to and from any location where we have an office or an agent. Ocean freight services are comprised of three basic services: ocean freight consolidation, direct ocean forwarding and order management.

Ocean freight consolidation: As an NVOCC, EIO contracts with ocean shipping lines to obtain transportation for a fixed number of containers between various points during a specified time period at an agreed rate. EIO provides full container load services to companies that need flexibility and access to vessel capacity that they may not necessarily achieve by dealing directly with the shipping lines. Additionally, EIO supports customers that prefer to supplement their carrier strategy with an NVOCC. EIO also leverages the Expeditors global gateway network for the movement of LCL freight for customers needing to ship smaller consignments via ocean. EIO issues a House Ocean Bill of Lading (HOBL) or a House **Seaway Bill** **Sea Waybill** to customers as the contract of carriage and receives a separate Master Ocean Bill of Lading (MOBL) when freight is physically tendered. Revenues from fees charged to customers for ancillary services that EIO may provide include the preparation of shipping and customs documentation, packing, crating, insurance services, and the preparation of documentation to comply with local export and import laws. We also charter vessels to support both our customers' special projects and our container capacity needs.

Direct ocean forwarding: When the customer contracts directly with the ocean carrier, EIO acts as an agent of the customer and derives its revenues from commissions paid by the ocean carrier and handling fees paid by the customer. In such arrangements, EIO does not issue a HOBL or House **Seaway Bill**. **Sea Waybill**. Rather, the carrier issues a MOBL directly to the customer who employs EIO to create documentation, manage shipment information and arrange various services to facilitate the shipment of goods. The MOBL shows the customer as the shipper.

Order management: Order management provides services that manage **consolidation of goods at origin**, **consolidation**, supplier performance, carrier allocation, carrier performance, container management, document management, delivery management and Order/SKU visibility through our web-based portal. Customers have the ability to monitor and report against near real-time status of orders from the date of creation through final delivery. Item quantities, required ship dates, required delivery dates, commodity descriptions, estimated vs. actual ex-factory dates, container utilization, document creation and visibility are many of the managed functions that are visible and reportable via our web-based portal. Order management is available for various modes of transportation, including ocean, air, truck and rail. Order management revenues are derived from services provided to the shipper, as well as management fees associated with managing order execution against customer specific rules. One basic function of order management involves arranging cargo from many suppliers in a particular origin and "consolidating" these shipments into the fewest possible number of containers to maximize space utilization and minimize cost. Through origin consolidation, customers can reduce the number of containers shipped by putting more product in larger and fewer containers.

Prior to 2021, many ocean carriers incurred substantial operating losses, and are still highly leveraged with debt. Multiple carrier acquisitions and alliances have occurred, and certain carriers are entering into onshore services as they pursue scale and additional market share in an effort to improve profitability. Ocean carriers have improved their management of capacity relative to demand in recent years. **Demand for ocean transportation increased sharply in the second half of 2020 and remained strong through the first half of 2022, resulting in severe port congestion and supply chain disruptions, in particular on transpacific and Asia-to-Europe trade lanes. This created operational challenges for carriers including their ability to maintain sailing schedules. Imbalances between available capacity and demand for transportation and port congestion started to ease in the second quarter of 2022.** Carriers also face changes in regulatory requirements such as requiring reductions in the sulfur in marine fuel **and the EU emissions trading system**, which are increasing their operating and capital costs. Consequently, when the market goes through seasonal peaks or **any sort of significant** disruption and demand exceeds supply, the carriers react by increasing their pricing as quickly as **possible to offset their previous losses**, **possible**. This carrier behavior, along with fluctuations in demand, creates pricing volatility that could impact Expeditors' ability to maintain historical unitary profitability.

Expeditors' pricing is based on contract negotiations each year with our global carrier partners. Our pricing model is flexible. We purchase based on customer needs, and our carrier strategy determines our volume and pricing commitments. Fixed pricing arrangements are entered into for a portion of our forecasted commitments, while spot market pricing arrangements are typically negotiated at the regional and local levels.

We offer our customers a wide carrier footprint globally to meet their changing needs. With fewer global carriers than in the past, maintaining close relationships with our carrier partners allows us to meet our customers' space requirements throughout the year, including during peak periods.

Customs Brokerage and Other Services

Customs brokerage and other services accounted for approximately **27%** **40%** and **25%** **27%** of Expeditors' total revenues in **2022** **2023** and **2021** **2022**, respectively. As a customs broker, we assist our customers in clearing shipments through customs by preparing and filing required information and documentation, calculating and providing for payment of duties and other taxes on behalf of the customer, arranging required inspections by governmental agencies, and providing import services such as pick up, storage and delivery **services, including value-added** services, at destinations. We provide customs brokerage services in conjunction with transportation services or independently. Expeditors

supports regulatory compliance and visibility to the supply chain through process and system controls, technology, and licensed and trained professional oversight. We offer a customized, solutions-based approach to our customers, based on the complexity of their business. Our pricing reflects this complexity and scope, in addition to the number of declarations filed.

We also provide other value-added services within our network, such as warehousing and distribution, Transcon and consulting services. Expeditors' warehousing and distribution services include inventory management, multi-channel order fulfillment, vendor **management managed inventory** programs, and other industry-specific, value-added services. Our warehousing services are generally offered in facilities utilized by multiple customers so that customers may benefit from cost savings related to shared space, labor, equipment and other efficiencies. Expeditors' Transcon consists of **multi-modal**, intra-continental ground transportation, **including time-definite less-than-truck** and **delivery services and includes value-added, white glove, and time-definite services**, **full-truck solutions**. Expeditors responds to customer-driven trade compliance consulting services requests primarily through Tradewin. Fees for these non-transactional services are based upon hourly billing rates and bids for mutually agreed-upon projects.

9.

Human Capital

Opportunities for employees and positive work environment

Expeditors' most important asset is its employees. The cornerstone of our company culture is the professional growth and development of our employees. From the inception of our company, management has inherently understood that the elements required for a successful global service organization can only be assured through recruiting, training and ultimately retaining knowledgeable and experienced personnel. We believe that our greatest challenge is now, and always has been, perpetuating a consistent global corporate culture that requires:

- Total dedication to providing superior customer service;
- Compliance with our policies and procedures and government regulations;
- A positive, safe work environment that is diverse, inclusive and free from discrimination and harassment;
- Ongoing mentoring and development of key employees and management personnel;
- Creation of unlimited advancement opportunities for employees dedicated to hard work, personal growth and continuous improvement with a focus on promotion from within;
- Training, development and engagement programs that ensure that our employees understand and remain connected to Expeditors culture and strategic initiatives;
- Individual commitment to the identification and mentoring of successors for every key position so that when change occurs, a qualified and well-trained internal candidate is ready to step forward;
- Continuous identification, design and implementation of system solutions and differentiated service offerings, both technological and otherwise, that place employees in a position to be successful in meeting and exceeding the needs of customers; and
- Focus on developing processes and technological solutions that maximize the engagement, efficiency and effectiveness of our employees.

We believe in creating and maintaining a positive work environment for employees. That commitment is supported by policies designed to promote fairness and equitable treatment and our supervisors and managers are charged with the responsibility of setting positive examples and providing mentoring with a focus on the importance of compliance. We promote equal employment opportunity and have policies that expressly prohibit unacceptable behaviors, including harassment, intimidation or discrimination of any kind based on race, sex, sexual orientation, gender identity, gender expression, marital status, age, color, religion, creed, national origin, disability, veteran status or any other characteristic protected under applicable law.

To protect our employees, we are committed to maintaining secure business operations globally by following our well-established security standards, maintained and deployed by our Health and Safety team, as well as applicable health and safety laws and regulation. We have mechanisms in place to report accidents, injuries and unsafe working conditions.

As a knowledge-based organization we focus on employees' professional development through regular performance reviews and training, including mandatory trainings related to compliance; ethics, health and security; specific certifications where required to perform certain duties; supervising skills and development of succession plans of key employees.

Compensation and retention

We reinforce these values with a compensation system that rewards employees for profitably managing the things they can control. This incentive-based compensation system has been in place since we became a publicly traded company. There is no limit to how much a key employee can earn for success. We believe in a "real world" environment where the employees of our operating units are held accountable for the profit implications of their decisions. If these decisions result in operating losses, management generally must make up these losses with future operating profits, in the aggregate, before any cash incentive compensation can be earned. Executive management, in limited circumstances, makes exceptions at the **branch district** operating unit level. At the same time, our policies, processes and relevant training focus on such things as cargo management, risk mitigation, compliance, sound business decisions, accounts receivable collection, cash flow and credit soundness in an attempt to help managers avoid the kinds of errors that might end a career. To retain the services of highly qualified, experienced, and motivated employees, we place considerable emphasis on our incentive-based compensation programs.

10.

Since our business is service based, we believe that employee retention remains critical to our long-term success. We evaluate our ability to engage and retain employees by monitoring turnover rates, percentage of positions filled internally, and by regularly conducting employee satisfaction surveys to identify opportunities where we can improve.

Geographically diverse workforce

At **December 31, 2022** **December 31, 2023**, Expeditors employed approximately **20,000** **18,000** people, of which approximately **13,000** **12,000** were employed in international locations. We believe that focus on hiring and developing a diverse and talented workforce coupled with our incentive-based compensation program, enables us to provide exceptional service and superior financial results. We need to leverage regional and local expertise by staffing our districts principally with local managers and personnel who are from the regions in which they operate and who have extensive experience in logistics, coupled with a deep understanding of their local market. This results in a highly talented, inclusive and multi-cultural global workforce that reflects the diverse regions that we serve. Because our business involves shipments between districts and typically touches more than one geographic area, our success requires a high degree of communication and cooperation among our employees globally.

District Managers are key individuals in our Company, as sales, operational execution and business and expenditure decisions necessary to service our customers are the responsibility of management at each district. The vast majority of our employees are based in our operational districts, geographically distributed as shown below. We have summarized **below**, the number of employees based on individual headcount as of **December 31, 2022 as follows: December 31, 2023, including corporate and information services employees.**

Employee Count as of
December 31

	December 31,	
	2022	2023
United States	7,000	6,300
Other North America	1,700	1,500
Latin America	850	700
North Asia	2,450	2,250
South Asia	1,800	1,650
Europe	4,200	3,800
Middle East, Africa and India		1,900
Total	19,900	18,100

Competition

The global logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There are a large number of companies competing in one or more segments of the industry, but the number of firms with a global network that offer a full complement of logistics services is more limited. Certain air and ocean carriers are entering into onshore services as they pursue more profitable and less commoditized market segments to provide balance against their incumbent asset-based offerings. Further, there are new technology-based competitors that have entered the industry with substantial capital funding, with the intent to compete on a global level. Some of our competitors have significantly more resources than Expeditors. Depending on the location of the shipper and the importer, Expeditors must compete against both the niche players and larger entities. The industry continues to experience consolidations into larger firms striving for stronger and more complete multinational and multi-service networks. However, regional and local competitors still maintain a strong presence in certain markets.

The primary competitive factors in the global logistics services industry continue to be price and quality of service, including reliability, responsiveness, expertise, convenience and scope of operations. Expeditors emphasizes quality customer service, underscored by a strong commitment to compliance, and believes that our prices are competitive with the prices of others in the industry.

Larger customers utilize the services of multiple logistics providers and implement sophisticated and efficient procedures for the management of their logistics and supply chains by embracing strategies such as just-in-time delivery, network optimization, transportation flow optimization, and process improvement. Accordingly, timely and accurate data integrated into customer service capabilities is a significant factor in attracting and retaining customers. Expeditors supports our customers in these strategies through digital products that provide quoting, booking, freight tracing and tracking, customized reporting, data analytics, and solution modeling/simulation/optimization. We can further extend support for these customer strategies through our order management and customs brokerage products and related digital solutions. These digital products and solutions can be delivered through Electronic Data Interface (EDI), Application Programming Interfaces (API), and browser-based web applications or mobile applications.

COVID-19 and supply chain disruptions have had a profound impact on a large number of customers across different industries, and many companies are now exploring options to build a strategy around supply chain resiliency, agility, sourcing, and inventory optimization. While our customers' supply chain strategies may shift as a result of current conditions, we believe that the industry will remain highly competitive with a mix of large, niche, and new entrants, competing aggressively for customers' business.

Expeditors' management believes that the ability to develop and deliver innovative solutions to meet our customers' increasingly sophisticated supply chain requirements is a critical factor in our ongoing success. We devote significant resources towards the maintenance and enhancement of technology and digital solutions in order to meet these customer demands. Management believes that our existing systems are competitive with the systems currently in use by other logistics services companies with which we compete.

Unlike many of our competitors, who have tended to grow by merger and acquisition, Expeditors operates fully integrated transportation, customs brokerage, and accounting systems, running on a common hardware platform, in all of our full-service locations, districts. Small and middle-tier competitors, in general, do not have the resources available to develop and integrate these customized systems. Historically, growth through aggressive acquisition has proven to be a challenge for many of our competitors and typically involves the purchase of significant "goodwill." In contrast, Expeditors has pursued a strategy emphasizing organic growth supplemented by certain strategic acquisitions.

Our ability to attract, retain, and motivate highly qualified personnel with experience in global logistics services is an essential, if not the most important, element of Expeditors' ability to compete in the industry. To this end, we have adopted incentive compensation programs that make percentages of an operating unit's revenues and operating income available to managers for distribution among key personnel. We believe that these incentive compensation programs, combined with our experienced personnel and our ability to coordinate global marketing and business development efforts, provide a distinct competitive advantage.

Dependence on Service Providers

In addition, our ability to provide services to our customers is highly dependent on good working relationships with a variety of entities, including airlines, ocean carrier lines, ground transportation providers and governmental agencies. The significance of maintaining acceptable working relationships with these entities has gained increased importance as a result of the effect of the pandemic, ongoing concern concerns over terrorism, security, changes in governmental regulation regulations and oversight of international trade. We use a consistent approach in selecting and managing service providers across all of our product offerings, beginning with a rigorous qualification and risk-based diligence process. We select and engage with best-in-class, compliance-focused, efficiently run, growth-oriented partners, based upon defined value elements and are intentional in our relationship and performance management activity, reinforcing success by awarding service providers who consistently achieve at the highest levels with additional business. We consider our current working relationships with these entities to be satisfactory. However, changes in the financial stability and operating capabilities and capacity of asset-based carriers, capacity allotments available from carriers, governmental regulation or deregulation efforts, modernization of the regulations governing customs brokerage, and/or changes in governmental restrictions, quota restrictions or trade accords could affect our business in unpredictable ways.

Currency and Inflation

Our worldwide operations require that we transact in a multitude of currencies other than the U.S. dollar. That exposes us to the inherent risks of volatile international currency markets and governmental interference. Some of the countries where we maintain offices and/or have agency relationships maintain strict currency control regulations that influence our ability to hedge foreign currency exposure. We try to compensate for these exposures by accelerating international currency settlements among our offices or agents.

Historically, our business has not been adversely affected by inflation. However, starting in 2021 and continuing in 2021, 2022 and 2023, many countries including the United States experienced higher inflation than in recent years, increasing levels of inflation. In 2021 and continuing into 2022, our business has experienced rising labor costs, significant service provider rate increases, and higher rent and occupancy and other expenses. While buy rates for freight transportation capacity started declining in the second half of 2022, purchase prices for labor and other expenditures have continued to increase throughout 2023. Due to the high degree of competition in the marketplace we may not be able to increase our prices to our customers to offset this inflationary pressure, which could lead to an erosion in our margins and operating income in the future. Conversely, raising our prices to keep pace with inflationary pressure may result in a decrease in volume and customer demand, demand for our services.

Seasonality

Historically, our operating results have been subject to seasonal demand trends, with the first quarter being the weakest and the third and fourth quarters being the strongest; however, there is no assurance that this seasonal trend will occur in the future or to what degree it was impacted in 2022 by the downtime caused by the cyber-attack and impacts of a slowing economy and the continued effects of the pandemic. This historical pattern has been the result of, or influenced by, numerous factors, including weather patterns, national holidays, consumer demand, new product launches, just-in-time inventory models, economic conditions, pandemics, governmental policies, and inter-governmental disputes and a myriad of other similar and subtle forces. We cannot accurately forecast many of these factors, nor can we estimate accurately the relative influence of any particular factor and, as a result, there can be no assurance that historical patterns will continue in future periods.

Government Regulations

Transportation and Customs Brokerage

With respect to activities in the air transportation industry in the United States, Expeditors is subject to regulation by the Transportation Security Administration (TSA) of the Department of Homeland Security (DHS) as an indirect air carrier. All United States indirect air carriers must maintain prescribed security procedures and are subject to periodic audits by TSA. Our overseas offices and agents are licensed as airfreight forwarders in their respective countries of operation. Each Expeditors office is licensed, or, in the case of our newer offices, has applied for a license as an airfreight forwarder from the International Air Transport Association (IATA), a voluntary association of airlines and air transport related entities that prescribes specific operating procedures for airfreight forwarders acting as agents for its members. The majority of our airfreight forwarding business is conducted with airlines that are IATA members.

Expeditors is licensed as an Ocean Transportation Intermediary (OTI) (sometimes referred to as an NVOCC) by the Federal Maritime Commission (FMC). The FMC has established specific qualifications for shipping agents, including certain surety bonding requirements. The FMC is also responsible for the economic regulation of OTI/NVOCC activity originating or terminating in the United States. To comply with these economic regulations, OTI/NVOCCs, such as Expeditors, must file tariffs electronically, establishing the rates to be charged for the movement of specified commodities into and out of the United States. The FMC has the power to enforce these regulations by assessing penalties.

Expeditors is licensed as a customs broker by the Customs and Border Protection (CBP) agency of DHS, nationally and in each U.S. customs district in which we do business. All United States customs brokers must maintain prescribed records and are subject to periodic audits by CBP. In other jurisdictions in which Expeditors performs customs clearance services, we are licensed by the appropriate governmental authority where such license is required to perform these services. Expeditors participates in various governmental supply chain security programs, such as the Air Cargo Advance Screening (ACAS), the Customs Trade Partnership Against Terrorism (CTPAT) in the United States and Authorized Economic Operator (AEO) programs in other countries. Additionally, Expeditors is subject to additional regulatory and licensing requirements in the countries where we operate.

Business operations

We do not believe the current United States and foreign governmental regulations impose significant economic restraint upon our business operations. In general, Expeditors conducts business activities in each country through a wholly or majority-owned subsidiary corporation that is organized and existing under the laws of that country. However, the regulations of foreign governments can impose barriers to our ability to provide the full range of our business activities in a wholly or majority United States-owned subsidiary. For example, foreign ownership of a customs brokerage business is prohibited in some jurisdictions. Less frequently, the ownership of the licenses required for freight forwarding and/or freight consolidation is restricted to local entities. When we encounter this sort of governmental restriction, we work to establish a legal structure that meets the local regulations' requirements while also providing the substantive operating and economic advantages available in the absence of such regulation. This can be accomplished by creating a joint venture or exclusive agency relationship with a qualified local entity that holds the required license.

The Geopolitical risks, along with the continuing global threats from pandemics, terrorism, cyber-attacks, smuggling, wars, and governments' overriding concern for the safety of passengers and citizens who import and export goods into and out of their respective countries, have resulted in a proliferation of cargo security and other regulations. Many of these regulations are complex and require varying degrees of interpretation. While these regulations have already created a marked difference in the security and other arrangements necessary to move shipments around the globe, regulations are expected to become more stringent in the future. As governments look for ways to tighten border controls and minimize the exposure of their citizens attempt to contagious diseases, mitigate criminal elements and potential terror-related incidents, our competitors in the transportation business and we may be required to incorporate security and other procedures within our respective scope of services to a far greater degree than has been required in the past. We believe that increased security and additional requirements may involve further investments in technology and more sophisticated screening procedures being applied to cargo, customers, vendors, and employees. Expeditors' position is that any increased cost of compliance with security regulations will be passed through to beneficiaries of our services.

Environmental

In the United States, we are subject to Federal, state, and local laws aimed at protecting the environment, including provisions regulating the discharge of materials and emissions into the environment. Similar laws apply in many other jurisdictions in which we operate. Although our current operations have not been significantly affected by compliance with these environmental laws, an increasing number of governments, service providers and customers are becoming sensitive to environmental issues.

While further government regulation related to climate change is either under consideration or being implemented by various levels of governments internationally and in the United States, Expeditors is committed to systematic efforts to reduce the impact of our operations on the environment and assisting our customers in their efforts to reduce their carbon footprint. We have employee-led Green Teams which cover most of our local district offices and are responsible for projects focused on environmental sustainability, including reducing waste, energy consumption, and Expeditors' Scope 1 and Scope 2 greenhouse gas (GHG) emissions (as defined by the Greenhouse Gas Protocol, Scope 1 emissions include all direct GHG emissions from sources that are owned or controlled by the company; Scope 2 includes indirect GHG emissions from the generation of purchased electricity, heat or steam consumed by the company). We have voluntarily disclosed our Scope 1 and Scope 2 emissions data to CDP since 2010. We are also attentive

to our Scope 3 emissions (as defined by the Greenhouse Gas Protocol, Scope 3 emissions include all other indirect GHG emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company).

We cannot predict what impact future environmental regulations may have on our business. We monitor climate-related risks and opportunities through our engagement with our customers and service providers and through our active participation in key initiatives and organizations focused on climate. For example, we are a SmartWay and Transporte Limpio Partner company in North America, the United States. SmartWay is a voluntary public-private program sponsored by the U.S. Environmental Protection Agency (EPA) for tracking, documenting, and sharing information about fuel use and freight emissions across supply chains. Transporte Limpio is a similar, voluntary program sponsored by the Mexican government.

Cargo and Customs Brokerage Liability

When acting as an airfreight consolidator, Expeditors assumes a carrier's liability for lost or damaged shipments. This legal liability is typically limited by contract to the lower of the value of the goods or the released value (22 Special Drawing Rights [SDRs] per kilo unless the customer declares a higher value and pays a surcharge), except in the absence of an appropriate airway bill. The airline that we utilize to make the actual shipment is generally liable to us in the same manner and to the same extent. Generally, when acting solely as the agent of the shipper, we do not assume any contractual liability for loss or damage to shipments tendered to the carrier.

When acting as an ocean freight consolidator, Expeditors assumes a carrier's liability for lost or damaged shipments. This legal liability is typically limited by contract to the lower of the value of the goods or the released value (generally between \$500 and 667 SDRs per package or customary freight unit unless the customer declares a higher value and pays a surcharge). The ocean carrier that we utilize to make the actual shipment is generally liable to us in the same manner and to the same extent. Generally, we do not assume liability for lost or damaged shipments in our ocean freight forwarding and customs clearance operations.

14.

When providing ground transportation services as a carrier, Expeditors assumes a carrier's liability for lost or damaged shipments. This legal liability is typically limited by contract to the lower of the value of the goods or the released value (generally between \$0.50 per pound and 8.33 SDRs per kilo, although the released value can vary from country to country) unless the customer declares a higher value and pays a surcharge. The ground carrier that we utilize to make the actual shipment is generally liable to us in the same manner and to the same extent.

14.

When providing warehousing and distribution services, our legal liability is limited by contract and tariff to an amount generally equal to the lower of the value of the goods or \$0.50 per pound with a maximum of \$50 per "lot" — which is defined as the smallest unit that the warehouse is required to track.

When providing customs brokerage services, Expeditors does not assume liability for lost or damaged shipments because we do not maintain care, custody, or control over the goods in our capacity as a customs broker. Our liability for customs brokerage services is limited by contract to an amount generally equal to the lower of \$50 per customs entry or the amount of brokerage fees paid to Expeditors for the customs entry.

We maintain cargo legal liability insurance covering claims for losses attributable to missing or damaged shipments for which we are legally liable. Expeditors also maintains insurance coverage for the property of others that is stored in our warehouse facilities. This insurance coverage is provided by a Vermont, U.S.-based insurance entity wholly owned by Expeditors. The coverage is fronted and re-insured by a global insurance company. The total risk retained by Expeditors in 2022 2023 was \$5 million. In addition, we are licensed as an insurance broker through our subsidiary, Expeditors Cargo Insurance Brokers, Inc., and place cargo insurance coverage for other customers. In certain circumstances, Expeditors will assume additional limited liability.

Information about our Executive Officers

The following table sets forth the names, ages, and positions of current executive officers of our company.

Name	Age	Position
Jeffrey S. Musser	57 58	President, Chief Executive Officer and Director
Daniel R. Wall	54	President, Global Services
Richard H. Rostan	66 55	President, Global Geographies and Operations
Blake R. Bell	51 52	President, Global Services
Kelly K. Blacker	52	President, Global Products
Bradley S. Powell	62 63	Senior Vice President and Chief Financial Officer
Christopher J. McClincy	48 49	Senior Vice President and Chief Information Officer
Benjamin G. Clark	54 55	Senior Vice President, Chief Strategy Officer
Jeffrey F. Dickerman	47 48	Senior Vice President, General Counsel and Corporate Secretary

Jeffrey S. Musser joined Expeditors in February 1983 and was promoted to District Manager in October 1989. Mr. Musser was elected to Regional Vice President in September 1999, Senior Vice President - Chief Information Officer in January 2005 and to Executive Vice President and Chief Information Officer in May 2009. On December 19, 2013, Mr. Musser was appointed as President and Chief Executive Officer and was elected by the Board of Directors as a director, effective March 1, 2014.

Daniel R. Wall joined Expeditors in March 1987 and was promoted to District Manager in May 1992 and Global Director-Account Director - Account Management in March 2002. Mr. Wall was elected Vice President ECMS (Order Management) in January 2004 and Senior Vice President - Ocean Services in September 2004. In June 2015, Mr. Wall was appointed as President, Global Products. Mr. Wall was appointed Products in June 2015, and as President, Global Services, effective January 1, 2023.

Richard H. Rostan joined Expeditors in August 1985 and In October 2023, Mr. Wall was promoted to District Manager in March 1987, Regional Vice named President, In January 1993, Senior Vice President of Global Distribution in July 2012 and Senior Vice President, Americas in January 2015. Mr. Rostan was promoted to Executive Vice President, Americas in July 2015. Mr. Rostan was promoted to President of Global Geographies and Operations, effective February 28, 2017 January 1, 2024.

Blake R. Bell joined Expeditors in September 1995 and was promoted to District Manager in January 2001. Mr. Bell was elected to Regional Vice President in May 2014, and Senior Vice President of Global Transcon in October 2015. On February 17, 2023, Mr. Bell was promoted as President, Global Products. Products and was appointed as President, Global Products, effective January 1, 2024.

Kelly K. Blacker joined Expeditors in 1994 and was promoted to New York Branch Manager in 2001, Columbus District Manager in 2004, Memphis District Manager in 2007, and Atlanta Gateway Branch Manager in 2011. Ms. Blacker was named Regional Vice President of the U.S. Mid-Atlantic region in 2015, and Senior Vice President of Global Air in May 2020. In November 2023, Ms. Blacker was appointed President, Global Products, effective January 1, 2024.

Bradley S. Powell joined Expeditors as Chief Financial Officer in October 2008 and was elected Senior Vice President and Chief Financial Officer in February 2012. Prior to joining Expeditors, Mr. Powell served as President and Chief Financial Officer of Eden Bioscience Corporation, a publicly-traded biotechnology company, from December 2006 to September 2008 and as Vice President and Chief Financial Officer from July 1998 to December 2006.

Christopher J. McClincy joined Expeditors in July 1998 and was promoted to Vice President - Information Services in April 2009. In February 2014, Mr. McClincy was promoted to Senior Vice President and Chief Information Officer.

15.

Benjamin G. Clark joined Expeditors in February 2015 as Senior Vice President and General Counsel, was appointed Corporate Secretary in May 2015 and was appointed to Chief Strategy Officer in January 2020. From January 2014 until joining Expeditors, Mr. Clark served as Executive Vice President and General Counsel of the Dematic Group, a global provider of intelligent intralogistics and materials handling solutions. Prior to his experience with Dematic, Mr. Clark spent four years as the Vice President and Deputy General Counsel for the publicly traded Celanese Corporation, a global technologies and specialty materials company. From 2002 to 2009 Mr. Clark worked for Honeywell International, Inc., where he held progressively responsible roles concluding as the Vice President and General Counsel, Aerospace Global Operations.

Jeffrey F. Dickerman joined Expeditors in October 2004 as Associate Corporate Counsel and became Corporate Counsel in 2007. Mr. Dickerman became Director, Global Legal Services in 2011 and Vice President and Associate General Counsel in 2015. In 2019, Mr. Dickerman became Vice President, Deputy General Counsel. In January 2020, Mr. Dickerman was appointed to Senior Vice President, General Counsel and was appointed Corporate Secretary in May 2020. Prior to joining Expeditors, Mr. Dickerman was an Associate Attorney at Stoel Rives LLP.

Available Information

Our internet address is <http://www.expeditors.com>. We make available free of charge through our internet website Expeditors' annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). These reports are also available on the SEC's website at <https://www.sec.gov>. The information contained on or accessible through Expeditors' website is not a part of this Annual Report on Form 10-K.

16.

ITEM 1A – RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the following factors, which could materially affect our business, financial condition or results of operations in future periods. The risks described below are not the only risks facing our Company. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations in future periods.

COVID-19 Risks

COVID-19 significantly impacted worldwide economic conditions and global trade and may continue to have a disruptive effect on our operations, and the operations of our service providers and our customers, which may further impact our business.

We may be impacted by residual effects of the COVID-19 pandemic or a new and similarly disruptive global health emergency. In early 2020, COVID-19 was declared a global health emergency and later declared a global pandemic by the World Health Organization, prompting governments around the world to mandate lockdowns and other restrictions that had direct impacts on international trade. The COVID-19 pandemic and various government reactions to it contributed to shortages of labor and capacity, and increased costs that continue to impact our operations. While many of the COVID-19 restrictions have been eased or discontinued entirely, various protocols and policies continue to be implemented or contemplated in early 2023, as a resurgence of COVID-19 remains a possibility. There is no guarantee that a continuation or resurgence of COVID-19 or a variant, or a similarly disruptive health emergency, would impact us similar to how COVID-19 has impacted our operations since 2020. Any significant disruption on the scale of the COVID-19 pandemic over an extended period could negatively affect our business and our financial results. Such a disruption could also have the effect of heightening many of the other risks described below.

We rely on service providers, such as air, ocean and ground freight carriers, and if they become financially unstable or have reduced capacity to provide service because of COVID-19 or other factors, it may adversely impact our business and operating results.

As a non-asset-based provider of global logistics services, Expeditors depends on a variety of carriers and other service providers, including air, ocean and ground freight carriers. The quality and profitability of our services depend upon effective selection and oversight of our service providers. During the pandemic, air carriers have been particularly affected having to cancel flights due to travel restrictions resulting in dramatic drops in revenues, historical losses, high leverage and liquidity challenges. Uncertainty over recovery of demand for passenger air travel, in particular business travel, to pre-pandemic levels means air carriers' operations and financial stability may be adversely affected long term. Additionally, several industry service providers, including ocean carriers, have consolidated, with the potential for more to occur in the future. Disruptions such as COVID-19 place significant stress on our air, ocean and freight ground carriers, as well as other service providers, which may result in reduced carrier capacity or availability, pricing volatility or more limited carrier transportation schedules and other services that we utilize, which could adversely impact our operations and financial results.

16.

Global economic uncertainty impacted trade and could affect demand for our services or the financial stability of our service providers and customers.

The global economy entered a recession as a result of the pandemic, which initially affected trade and negatively affected demand for our services for a period of time, before rebounding in 2021 and continuing into 2022. Future unfavorable economic conditions, rising interest rates and high inflation could result in lower freight volumes, reduced sell rates, higher operating expenses and may adversely affect Expeditors' revenues, operating results and cash flows. These conditions, should they occur for an extended period of time, could adversely affect our customers and service providers. Should our customers' ability to pay deteriorate, additional credit losses may be incurred.

Industry Risks

Any reduction in international commerce or disruption in global trade may adversely impact our business and operating results.

Expeditors primarily provides services to customers engaged in international commerce. Everything that affects international trade has the potential to expand or contract our primary market markets and adversely impact our operating results. For example, international trade is influenced by:

- currency exchange rates and currency control regulations;

- interest rate fluctuations;
- changes and uncertainties in governmental policies and inter-governmental disputes, which could result in increased tariff rates, quota restrictions, trade barriers and types of restrictions;
- changes in and application of international and domestic customs, trade and security regulations;
- wars, strikes, civil unrest, acts of terrorism, and other conflicts;
- changes in labor and other costs, including the impacts of inflation;
- increased global concerns regarding working conditions and environmental sustainability;
- changes in consumer attitudes regarding goods made in countries other than their own;
- changes in availability of credit; and
- changes in the price and readily available quantities of oil and other petroleum-related products.

Our industry is highly competitive, and failure to compete or respond to customer requirements could damage our business and results of operations.

The global logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There are a large number of companies competing in one or more segments of the industry, but the number of firms with a global network that offer a full complement of logistics services is more limited. Nevertheless, many of these competitors have significantly more resources than Expeditors and may pursue acquisition opportunities and are developing new technologies to gain competitive advantages. Depending on the location of the shipper and the importer, we must compete against niche players, larger entities including carriers, and emerging technology companies. The primary competitive factors are price and quality of service. Many larger customers utilize the services of multiple logistics providers. Customers regularly solicit bids from competitors in order to improve service and to secure favorable pricing and contractual terms such as: longer payment terms; fixed-price arrangements; higher or unlimited liability limits; heightened cybersecurity and data privacy obligations; and performance penalties. Increased competition and competitors' acceptance of expanded contractual terms coupled with customers' dissatisfaction with elevated rates, scarce capacity, and extended transit times could result in loss of business, reduced revenues, reduced margins, higher operating costs or loss of market share, any of which would damage our results of operations, cash flows and financial condition.

17.

17.

Operational Risks

We are dependent on our personnel and any inability to hire, develop or retain our key employees may have a negative impact on our operations.

In the long term, identifying, recruiting, hiring, training, and retaining employees is essential to our ability to operate and deliver our services, our ability to grow and ultimately our future profitability. The global pandemic caused disruptions to our work environment by requiring the majority of our employees to work remotely during the height of the pandemic. As pandemic restrictions eased, we required employees to return to the office, while other companies may have maintained fully or partially remote-work policies. As a result for of those individuals that who prefer working remotely, we may experience a higher degree of turnover of key employees and lower employee satisfaction in the near future. Further, this could inhibit our ability to identify, recruit, and hire new employees over time. We cannot predict how this may affect employees' habits, preferences nor the impact it may have on our Company's culture and our ability to continue to retain and attract talented employees who have become accustomed to a remote work environment. Additionally,

we may incur higher compensation-related expense to recruit and retain and incur additional significant expense to hire third parties to perform tasks that have historically been performed by our employees.

We believe that our compensation programs are among the unique characteristics responsible for differentiating our performance from that of many of our competitors. Significant changes to compensation programs or significant declines in our operating income or operating losses could impact our ability to attract and retain key personnel.

Effective succession planning is an important element of our programs. Failure to ensure an effective transfer of knowledge and smooth transitions involving key employees could adversely affect our business by hindering our ability to execute our business strategies and impacting our level of service. We must continue to develop and retain management personnel to address issues of succession planning.

The pandemic caused significant disruptions in global supply chain operations that were further exacerbated by congestion at destination ports and shortages of equipment, labor and warehouse space. In response to these conditions, we hired additional employees in 2021 and 2022 to be able to service customers and navigate through these challenges. Though these disruptions substantially cleared by the fourth quarter of 2022, our number of employees at **December 31, 2022** **December 31, 2023**, remain at historically remains high levels, relative to our volumes and our operating income.

In the short term, any reductions in our workforce could result in significant additional expenses. Conversely, a failure to reduce compensation expense and other expenses in periods when the business environment does not support our workforce level will result in substantially lower compensation earned by the majority of employees. This may challenge our ability to retain and attract key employees to conduct our business successfully. We cannot predict how management's responses to these challenges will ultimately impact our Company culture, financial position, results of operations and cash flows nor or our ability to successfully attract and retain key employees in the future.

We rely heavily upon the flexibility and sophistication of the technologies used in our core business and failure to properly manage, enhance and update technologies could lead to disruptions in our operations or our ability to remain competitive.

Expeditors relies heavily and must compete based upon the flexibility and sophistication of the technologies utilized in performing our core businesses. Future results depend on our success in developing competitive and reliable systems to address the needs of our customers and suppliers. Development and maintenance of these systems must be accomplished in a cost-effective manner and support the use of secure protocols, including integration and availability of third-party technology. We are continually enhancing our systems, including significant meaningful upgrades to core operating and accounting systems. These efforts are inherently complex and, if not managed properly, could lead to disruptions in our operations or our ability to remain competitive.

Any significant disruptions to our network and systems continuity could have an adverse impact to our business and financial results.

As Expeditors, our employees, our customers and suppliers continue to increase reliance on systems, and as additional features are added, the risks also increase. Any significant disruptions to our global systems or the internet for any reason, which could include equipment or network failures; co-location facility failures; power outages; sabotage; employee error or other actions; cyber-attacks or other security breaches; reliance on third party technology; geo-political activity or natural disasters; all of which could have a material negative effect on our results. In February 2022, we were the subject of a targeted cyber-attack. Upon discovering the incident, we shut down most of our operating systems globally to manage the safety of our overall global systems environment. This shutdown and any such future events will result in loss of revenue; business disruptions (such as the inability to timely process shipments); and significant remediation costs. This cyber-attack, or any future cyber-attack could also result in increased vulnerability to attempts of fraud, legal claims and proceedings including potential breach of contract claims, reporting delays or errors; interference with regulatory reporting; an increase in costs to protect our systems and technology; or damage to our reputation.

We rely on service providers, including air, ocean, ground freight carriers and others and if they have insufficient capacity available relative to market demand or reduce our have reduced capacity allotments, to provide service, it may adversely impact our business and operating results.

As a non-asset-based provider of global logistics services, Expeditors depends on a variety of carriers and other service providers, including air, ocean and ground freight carriers. Our ability to deliver our services depends on service providers having sufficient capacity available to purchase. The quality and profitability of our services depend upon effective selection and oversight of our service providers. During the COVID-19 pandemic, air carriers were particularly affected, having to cancel flights due to travel restrictions resulting in dramatic drops in revenues, historical losses, high leverage and liquidity challenges. When market demand significantly exceeds available capacity in a given market, which was the case for various services and markets at the beginning of the pandemic in 2020 and that continued through the first half of 2022, we may not always be able to find acceptable transportation or other service solutions to meet our customers' needs, or the routing and delivery of freight may be subject to delays that are outside of our control. Quality customer service is a key element of the Company's success, and such challenges in meeting our customers' needs and requirements may result in loss of business business. Major disruptions to carriers' operations, such as caused by a global health emergency, could place significant stress on our air, ocean and consequently negatively affect freight ground carriers, as well as other service providers, which may result in reduced carrier capacity or availability, pricing volatility or more limited carrier transportation schedules and other services that we utilize, which could adversely impact our operating operations and financial results.

Failure to grow and gain profitable market share could adversely impact our ability to remain competitive and could adversely impact our business.

Expeditors has historically relied primarily upon organic growth and has tended to avoid growth through acquisition. Future results will depend upon our ability to anticipate and adapt to constantly evolving supply chain requirements and innovations. To continue to grow organically, we must gain profitable market share in a highly competitive environment and successfully develop and market new service offerings. When investment opportunities arise, our success could be dependent on our ability to evaluate and integrate acquisitions.

Any disruption of our business caused by a catastrophic event could harm our ability to conduct normal business operations and impact our operating results.

A disruption or failure of Expeditors' systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack, strike, civil unrest, mass population dislocations, dislocation, pandemic or other catastrophic event could cause delays in providing services or performing other mission-critical functions. Our corporate headquarters and certain other critical business operations are in the Seattle, Puget Sound area of Washington, area, which is near major earthquake faults. A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our operating results. See "Any Any significant disruptions to our network and systems continuity could have an adverse impact to our business and financial results" above.

We face risks associated with the handling of customer inventory inventory.

Under some of our agreements, we maintain the inventory of our customers, some of which may be significant in value. Our failure to properly handle and safeguard such inventory exposes us to potential claims and expenses as well as harm to our business and reputation.

Our insurance coverage does not cover all potential losses and significant uninsured losses could adversely impact our financial results.

We carry insurance coverage for property damage, personal injury and other insurable events resulting from certain events such as fire, accidents, and other perils under extended coverage policies. Our insurance coverages contain policy specifications and insured limits customarily carried for similar locations, business activities and markets. We believe we are adequately insured. Certain losses, however, including losses from floods, earthquakes, acts of war, acts of terrorism or riots, cybersecurity events and pandemics, generally are not insured against or not fully insured against because it is not deemed economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits

occurs with respect to one or more of our facilities in the future, we could experience a significant loss of assets, including customer inventory, and future operations could be harmed resulting in a loss of revenues or higher claims and operating expenses.

19.

Furthermore, we cannot be sure that the insurance companies will be able to continue to offer products with sufficient coverage at commercially reasonable rates. If we experience a loss that is uninsured or that exceeds insured limits, then we could incur additional expenses or a loss of future revenues from a facility that is damaged. Any such losses or higher insurance costs could adversely affect our business.

19.

Difficulty in forecasting timing or volumes of customer shipments or rate changes by carriers could adversely impact our margins and operating results.

Expeditors is not aware of any accurate means of forecasting short-term customer requirements. However, long-term customer satisfaction depends upon our ability to meet these unpredictable short-term customer requirements. Personnel costs, our single largest expense, are always less flexible in the very near term as we must staff to meet uncertain demand. As a result, short-term operating results could be disproportionately affected.

A significant portion of Expeditors' revenues is derived from customers in retail and technology industries whose shipping patterns are tied closely to consumer demand, and from customers in industries whose shipping patterns are dependent upon just-in-time production schedules. Therefore, the timing of our revenues is, to a large degree, impacted by factors out of our control, such as a sudden change in consumer demand for retail goods, changes in trade tariffs, product launches and/or manufacturing production delays. Additionally, many customers ship a significant portion of their goods at or near the end of a quarter, and therefore, we may not learn of a shortfall in revenues until late in a quarter. To the extent that a shortfall in revenues or earnings was not expected by securities analysts or investors, any such shortfall from levels predicted by securities analysts or investors could have an immediate and adverse effect on the trading price of our stock.

Volatile market conditions can create situations where rate increases charged by carriers and other service providers are implemented with little or no advance notice. We often cannot pass these rate increases on to our customers in the same time frame, if at all. As a result, our yields and margins can be negatively impacted.

Climate change, including measures to address climate change, could adversely impact our business and financial results.

The long-term effects of climate change are difficult to predict and may be widespread. The impacts of climate change may include physical risks (such as rising sea levels, which could affect port operations or frequency and severity of extreme weather conditions, which could disrupt our operations and damage cargo and our facilities), compliance costs and transition risks (such as increased regulation and taxation to support carbon emissions reduction investments), shifts in customer demands (such as customers requiring more fuel efficient transportation modes or transparency to carbon emissions in their supply chains) and customer contractual requirements around environmental initiatives and other adverse effects. Our non-asset-based model gives us a flexibility and an ability to change locations, modes, and carriers based on evolving operating conditions, however, conditions. However, such impacts may disrupt our operations by adversely affecting our ability to procure services that meet regulatory or customer requirements, depending on the availability of sufficient appropriate logistics solutions.

In addition, the increasing concern over climate change has resulted and may continue to result in more regulations relating to climate change, including regulating greenhouse gas emissions, restrictions on modes of transportation, alternative energy policies and sustainability initiatives, such as the FuelEU Maritime initiative, initiative or the EU Emissions Trading System. If, legislation or regulations are enacted or promulgated in the United States or in any other jurisdictions in which we operate, legislation or regulations are enacted or promulgated that impose more stringent restrictions and requirements than our current legal or regulatory obligations, we may experience disruptions in, or increases in the costs associated with delivering our services, which may negatively affect our operating our results of operations, cash flows and financial condition.

Government Regulation and Tax Risks

We are subject to a complex regulatory environment, and failure to comply with and adapt to these regulations could result in penalties or otherwise adversely impact our business.

Expeditors is affected by ever increasing regulations from a number of sources in the United States and in foreign locations in which we operate. Many of these regulations are complex and require varying degrees of interpretation, including those related to handling dangerous and hazardous materials, trade compliance, data privacy, environmental, employment, compensation and competition, and may result in unforeseen costs.

20.

In reaction to the continuing global terrorist threat, governments around the world are continuously enacting or updating security regulations. These regulations are multi-layered, increasingly technical in nature and characterized by a lack of harmonization of substantive requirements among various governmental authorities. Furthermore, the implementation of these regulations, including deadlines and substantive requirements, can be driven by regulatory urgencies rather than industry's realistic ability to comply.

20.

Failure to consistently and timely comply with these regulations, or the failure, breach or compromise of our policies and procedures or those of our service providers or agents, may result in increased operating costs, damage to our reputation, difficulty in attracting and retaining key personnel, restrictions on operations or fines and penalties.

We operate globally and any inability to safeguard our operations or comply with anti-corruption laws and trade compliance regulations would adversely impact our reputation and business.

The majority A material portion of Expeditors' revenues and operating income comes from operations conducted outside the United States. To maintain a global service network, we may be required to operate in hostile locations and in dangerous situations. Doing business in foreign locations also subjects us to a variety of risks and considerations not normally encountered by domestic enterprises.

In addition, we operate in parts of the world where common business practices could constitute violations of the anti-corruption laws, rules, regulations and decrees of the United States and of other countries in which we conduct business, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act, as well as trade and exchange control laws, or laws, regulations and Executive Orders imposing embargoes and sanctions; and anti-boycott laws and regulations. Compliance with these laws, rules, regulations and decrees

is dependent on our employees, service providers, agents, third party brokers and customers, whose individual actions could violate these laws, rules, regulations and decrees. Failure to comply could result in substantial penalties and additional expenses, damage to our reputation and restrictions on our ability to conduct business.

We are subject to taxation in multiple jurisdictions, and although we believe our tax estimates are reasonable, any adverse determinations in tax audits could negatively impact our financial results.

Expeditors is subject to income and non-income taxation in the United States (Federal, state and local) as well as many foreign jurisdictions including the People's Republic of China, including Hong Kong, Taiwan, Vietnam, India, Mexico, Canada, Netherlands and the United Kingdom. In many of these jurisdictions, the tax laws are very complex and are open to different interpretations and application. Tax authorities frequently implement new taxes and change their tax rates and rules, including interpretations of those rules. The Organization for Economic Cooperation and Development (OECD) reached agreement among various countries to implement a minimum 15% tax rate on certain multinational enterprises, commonly referred to as Pillar Two. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two proposals. We are continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Some of these legislative changes could impact our effective tax rate and tax liabilities. Given the numerous proposed tax law changes and the uncertainty regarding such proposed legislative changes, the impact of Pillar Two cannot be determined at this time.

The timing of the resolution of income and non-income tax examinations can be highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities, which may differ from the amounts recorded.

It is reasonably possible that within the next twelve months we will undergo further audits and examinations by various tax authorities and possibly may reach resolution related to income tax examinations covering one or more jurisdictions and years. In recent years, the United States and other foreign governments have made significant changes to tax laws, and more changes are anticipated in future periods. Often, those changes are subject to the issuance of new regulations and interpretations, which adds complexity and uncertainty in calculating tax liabilities.

We are regularly under audit by tax authorities, including transfer pricing inquiries. The Indian tax authority (ITA) has asserted that additional tax applies principally related to transfer pricing and transactions between and amongst the Company and its Indian subsidiary and the applicability to an Indian service tax applicable to ocean and air imports and exports. We believe that ITA's positions are without merit, and we are defending our position vigorously in Indian courts. If these matters are adversely resolved, we would recognize significant additional tax expense including interest and penalties. Although we believe our tax estimates are reasonable, the final determination of tax audits, including any potential penalties and interest, could be materially different from our tax provisions and accruals and negatively impact our financial results. We cannot currently provide an estimate of the range of possible outcomes.

Current economic and political conditions make tax laws and regulations, or their interpretation and application, in any jurisdiction subject to significant change. Changes in tax laws or statutory tax rates, competing tax regimes, variability in the mix of pretax earnings we generate in the U.S, as compared to other countries, or new taxes in the United States or foreign jurisdictions could result in additional tax liabilities, or increased volatility in our effective tax rate and total tax expense.

21.

General Risks

Investigations and litigation could require management time and or incur substantial legal costs or fines, penalties or damages, any of which could adversely impact on our financial results.

As a multinational corporation, Expeditors is subject to formal or informal investigations from governmental authorities or others in the countries in which we do business. In addition, we may become subject to civil litigation with our customers, service providers and other parties with whom we do business. These investigations and litigation may require significant management time and could cause us to incur substantial additional legal and related costs, which may include fines, penalties or damages that could have a materially adverse impact on our financial results.

Global health emergencies on the scale of the COVID-19 pandemic may significantly impact worldwide economic conditions and global trade and can have a disruptive effect on our operations, and the operations of our service providers and our customers, which may impact our business.

21.

We may be impacted by a global health emergency, similar to the scale of what we experienced during the COVID-19 pandemic. Significant global health emergencies may prompt governments around the world to mandate lockdowns and implement other restrictions that can have a direct impact on international trade. Such government restrictions may contribute to shortages of both labor and capacity and increase costs that impact our operations. Any significant global health emergency on the scale of the COVID-19 pandemic could negatively affect our business and our financial results. Such a disruptions could also have the effect of heightening many of the other risks described above.

We identified a material weakness in our internal control over financial reporting related to an ineffective information technology general control which, if not remediated appropriately or timely, could result in loss of investor confidence and adversely impact our stock price.

Internal controls related to the operation of technology systems are critical to maintaining adequate internal control over financial reporting. As disclosed in Part II, Item 9A, during the fourth quarter of 2022, management identified a material weakness in internal control related to certain database changes made to an information technology (IT) system that supports the Company's financial reporting processes. As a result, management concluded that our internal control over financial reporting was not effective as of December 31, 2022. Subsequent to the identification of the material weakness and prior to the issuance of these financial statements included in this Form 10-K, the Company (i) performed a lookback review of all direct changes made to the database subject to the control operating ineffectiveness for the full year 2022, and (ii) conducted supplemental procedures and found no evidence of improper changes or changes with direct or consequential impact on internal controls over financial reporting. 2023. As a result of identifying this issue, management will be implementing continue to implement certain enhancements designed to strengthen IT program change management processes and will continue to conduct monthly supplemental lookback review procedures of direct database changes until improvements are fully in place. processes. We expect that such necessary enhancements will be completed prior to the end of 2023. To 2024. However, to the extent management is unable to remediate the identified issue, timely, our ability to record, process and report financial information accurately, and to prepare financial statements within required time periods, could be adversely affected, which could subject us to litigation or investigations requiring management resources and payment of legal and other expenses, negatively affect investor confidence in our financial statements and adversely impact our stock price.

Actions of activist investors could disrupt our business.

Public companies have been the target of activist investors. In the event that a third party, such as an activist investor, proposes to change our governance policies, board of directors, or other aspects of our operations or strategy, our review and consideration of such proposals may create a significant distraction for our management and employees. This could negatively impact our ability to execute various strategic initiatives and may require management to expend significant time and resources responding to such proposals. Such proposals may also create uncertainties with respect to our financial position and operations and may adversely affect our ability to attract and retain key employees.

ITEM 1B — UNRESOLVED STAFF COMMENTS

Not applicable.

22.

ITEM 1C — CYBERSECURITY

Risk Management and Strategy

We and our customers and suppliers have an increasing reliance on our technology systems and infrastructure. We aim to safeguard the digital infrastructure of Expeditors, enabling the highest levels of customer service while managing and minimizing risk and maintaining global compliance. The cybersecurity and risk management program within Expeditors is defined through strategy, execution, management, and oversight, with continual assessments to verify the program's overall effectiveness.

Identifying and assessing cybersecurity risks and threats is integrated into our overall enterprise risk management program. Our Enterprise Cybersecurity Committee defines the strategy, prioritizes, and sets the expectations for execution of the cybersecurity program, leveraging an industry-standard cybersecurity framework, the National Institute of Standards and Technology cybersecurity framework (NIST CSF).

Our Cybersecurity and Risk Management program (CSRM) is designed around but not limited to five key pillars:

- (i) strategic development and continuous iteration of a risk strategy in line with our information services and business goals;
- (ii) engineering and architecture of cybersecurity preventative and response solutions and capabilities;
- (iii) governance, risk, and compliance defining policies, standards, and systems of control and measurement in line with industry best practices and regulatory requirements;
- (iv) cybersecurity operations designed to prepare, identify, contain, eradicate, and recover from cyber-related incidents; and
- (v) identity and access management defining global practices for access, authentication, and authorization to technology systems.

Our Cybersecurity and Information Services (IS) department executes and measures the delivery of the cybersecurity program and incorporates the program into the governance and internal controls framework for our Company. We engage third parties such as consultants, auditors and specialists to support, evaluate, and improve the program, and utilize cybersecurity technologies and services to prevent, identify, detect, respond, and recover from cybersecurity threats and incidents. We also maintain a third party security program to identify, prioritize, assess, mitigate and remediate third party risks, which is part of our overall cybersecurity risk management framework.

In February 2022, we determined that our Company was the subject of a targeted cyber-attack which resulted in having to shut down most of our connectivity, operating and accounting systems globally to manage the safety of our entire global systems environment, and we initiated our cybersecurity incident response plan. We had limited ability to conduct operations for a period of approximately three weeks, including but not limited to arranging for shipments of freight or managing customs and distribution activities for our customers' shipments. While we continue to incorporate learnings from the cyber-attack, we do not expect to have a further material adverse impact on the Company's business from this cyber-attack. Since the cyber-attack, we have accelerated investments in our CSRM program, strengthened the security of our systems and networks and enhanced continued monitoring of the known information security environment. We also added a Chief Information Security Officer (CISO) to our IS leadership.

Governance

Our Board of Directors provides direct oversight of and evaluates our CSRM at least annually. The Board's oversight is led by James Dubois, former CISO and Chief Information Officer (CIO) with the Microsoft Corporation, who communicates with cybersecurity leadership throughout the year. The Board is provided updates via our Enterprise Risk Management program quarterly, while meeting with the CISO at least annually.

Our Enterprise Risk Management Committee includes a cross-functional team including the Chief Executive Officer, CIO, Chief Financial Officer and the General Counsel as members who are well versed in risk management. In addition, the Enterprise Cybersecurity Committee includes the CIO, CISO, and Vice Presidents who have the relevant risk management and cybersecurity expertise. The Cybersecurity and Information Services department is led by the CISO and includes cyber professionals who have the relevant cybersecurity expertise. The CISO reports to the CIO and has over 20 years of experience, a graduate degree and several certifications in the field of cybersecurity. Material risks are managed and monitored by persons or committees with relevant expertise and experience.

23.

The Company maintains a Cybersecurity incident response team and a Business Continuity Plan and has a well-established incident reporting protocol to inform management, the Board of Directors or third parties.

ITEM 2 — PROPERTIES

Expeditors' corporate headquarters are located in Seattle, Washington. We conduct operations in approximately 440 locations worldwide, of which approximately 100 105 are in the United States and 19 are owned. These owned and leased locations are primarily located close to an airport, ocean port, or on an important border crossing. These facilities are strategically located to cover the geographic areas served by Expeditors. The majority of these facilities contain warehouse facilities. We will from time to time investigate the possibility of building or buying suitable facilities. We believe that current leases can be extended and that suitable alternative facilities are available in the vicinity of each present facility should extensions be unavailable at the conclusion of current leases.

ITEM 3 — LEGAL PROCEEDINGS

Expeditors is involved in claims, lawsuits, government investigations, income and indirect tax audits and other legal matters that arise in the ordinary course of business and are subject to inherent uncertainties. Currently, in management's opinion and based upon advice from legal advisors, none of these matters are expected to have a significant material effect on our operations, cash flows or financial position. In 2022, 2023, amounts recorded for claims, lawsuits, government investigations and other legal matters are not significant to our operations, cash flows or financial position. At this time, we are unable to estimate any additional loss or range of reasonably possible losses, if any, beyond the amounts recorded, that might result from the resolution of these matters, including potential claims resulting from a cyber-attack in February 2022. matters.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

22, 24.

PART II

ITEM 5 — MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Expeditors' common stock trades on ~~The NASDAQ Global Select Market~~ the New York Stock Exchange under the symbol EXPD.

There were 600,574 registered holders of record as of ~~February 24, 2023~~ February 16, 2024. This figure does not include a substantially greater number of beneficial holders of our common stock, whose shares are held of record by banks, brokers and other financial institutions.

The Board of Directors declared semi-annual dividends per share during the two most recent fiscal years as follows:

June 15, 2023			\$	0.69
December 15, 2023			\$	0.69
June 15, 2022	\$	0.67	\$	0.67
December 15, 2022	\$	0.67	\$	0.67
June 15, 2021	\$	0.58		
December 15, 2021	\$	0.58		

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans	Maximum number of shares that may yet be purchased under the plans
October 1-31, 2022	—	\$ —	—	9,134,478
November 1-30, 2022	4,345,240	\$ 113.00	4,345,240	4,901,190
December 1-31, 2022	654,760	\$ 111.14	654,760	4,312,871
Total	5,000,000	\$ 112.76	5,000,000	4,312,871

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans	Maximum number of shares that may yet be purchased under the plans
October 1-31, 2023	—	\$ —	—	5,389
November 1-30, 2023	1,131	\$ 118.90	1,131	4,803

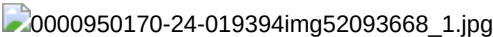
December 1-31, 2023	493	\$	119.94	493	3,866
Total	1,624	\$	119.22	1,624	3,866

In November 2001, under a Discretionary Stock Repurchase Plan, Expeditors' Board of Directors authorized the repurchase of our common stock in the open market to reduce the issued and outstanding stock down to 200 million shares. Subsequently, the Board of Directors has from time to time increased the amount of our common stock that may be repurchased. The Board of Directors last authorized repurchases from 150 million 140 million shares of common stock, as of December 31, 2023, down to 140 million 130 million on February 20, 2023 February 19, 2024. The maximum number of shares available for repurchase under this plan will increase as the total number of outstanding shares increases. This authorization has no expiration date.

25.

23.

The graph below compares Expeditors International of Washington, Inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the S&P 500 index, and the NASDAQ Industrial Transportation index (NQUSB502060T) and the Dow Jones Transportation Average as a replacement for the NASDAQ Industrial Transportation index. The Company is making the modification as a result of having transferred the listing of its common stock to the New York Stock Exchange from the Nasdaq Stock Market on November 21, 2023. The graph assumes that the value of the investment in our common stock and in each of the indexes (including reinvestment of dividends) was \$100 on 12/31/2017 2018 and tracks it through 12/31/2022, 2023. Total return assumes reinvestment of dividends in each of the indices indicated.



	12/17	12/18	12/19	12/20	12/21	12/22
Expeditors International of Washington, Inc.	\$ 100.00	106.52	123.75	152.77	217.73	170.51
Standard and Poor's 500 Index	100.00	95.61	125.70	148.81	191.48	156.77
NASDAQ Industrial Transportation (NQUSB502060T)	100.00	90.96	114.55	149.90	189.54	160.39
	12/18	12/19	12/20	12/21	12/22	12/23
Expeditors International of Washington, Inc.	\$ 100.00	116.18	143.42	204.41	160.07	198.29
Standard and Poor's 500 Index	100.00	131.47	155.65	200.29	163.98	207.04
NASDAQ Industrial Transportation (NQUSB502060T)	100.00	125.94	164.80	208.39	176.34	211.72
Dow Jones Transportation Average	100.00	120.83	140.80	187.56	154.50	186.15

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6 — [RESERVED]

Not applicable.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS UNDER PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995; CERTAIN CAUTIONARY STATEMENTS

This Annual Report on Form 10-K for the fiscal year ended contains “forward-looking statements,” as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. From time to time, Expeditors or its representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in, but not limited to, press releases, presentations, oral statements made with the approval of an authorized executive officer or in various filings made by Expeditors with the Securities and Exchange Commission. Statements including those preceded by, followed by or that include the words or phrases “will”, “will likely result”, “are expected to”, “would expect”, “would not expect”, “will continue”, “is anticipated”, “estimate”, “project”, “provisional”, “plan”, “believe”, “probable”, “reasonably possible”, “may”, “could”, “should”, “would”, “intends”, “foreseeable future” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are qualified in their entirety by reference to and are accompanied by the discussion under Risk Factors in Item 1A of certain important factors that could cause actual results to differ materially from such forward-looking statements.

The risks included in Item 1A are not exhaustive. Furthermore, reference is also made to other sections of this report, including Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and Quantitative and Qualitative Disclosures About Market Risk in Item 7A, which include additional factors that could adversely impact Expeditors' business and financial performance. Moreover, Expeditors operates in a very competitive, complex and rapidly changing global environment. New risk factors emerge from time to time and it is not possible for management to predict all of such risk factors, nor can it assess the impact of all of such risk factors on Expeditors' business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Accordingly, forward-looking statements cannot be relied upon as a guarantee of actual results.

Shareholders should be aware that while Expeditors does, from time to time, communicate with securities analysts, it is against Expeditors' policy to disclose to such analysts any material non-public information or other confidential commercial information. Accordingly, shareholders should not assume that Expeditors agrees with any statement or report issued by any analyst irrespective of the content of such statement or report. Furthermore, Expeditors has a policy against issuing financial forecasts or projections or confirming the accuracy of forecasts or projections issued by others. Accordingly, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of Expeditors.

ITEM 7 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Expeditors International of Washington, Inc. provides a full suite of global logistics services. Our services include air and ocean freight consolidation and forwarding, customs brokerage, warehousing and distribution, purchase order management, vendor consolidation, time-definite transportation services, temperature-controlled transit, cargo insurance, specialized cargo monitoring and tracking, and other supply chain solutions. We do not compete for overnight courier or small parcel business. As a non-asset-based carrier, we do not own or operate transportation assets.

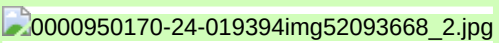
We derive our revenues by entering into agreements that are generally comprised of a single performance obligation, which is that freight is shipped for and received by our customer. Each performance obligation is comprised of one or more of the Company's services. We typically satisfy our performance obligations as services are rendered over time. A typical shipment would include services rendered at origin, such as pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery. Our three principal services are the revenue categories presented in our financial statements: 1) airfreight services, 2) ocean freight and ocean services, and 3) customs brokerage and other services. The most significant drivers of changes in gross revenues and related transportation expenses are volume, sell rates and buy rates. Volume has a similar effect on the change in both gross revenues and related transportation expenses in each of our three primary sources of revenue.

We generate the major portion of our air and ocean freight revenues by purchasing transportation services on a volume basis from direct (asset-based) carriers and then reselling that space to our customers. The rate billed to our customers (the sell rate) is recognized as revenues and the rate we pay to the carrier (the buy rate) is recognized in operating expenses as the directly related cost of transportation and other expenses. By consolidating shipments from multiple customers and concentrating our buying power, we are able to negotiate favorable buy rates from the direct carriers, while at the same time offering lower sell rates than customers would otherwise be able to negotiate themselves.

In most cases we act as an indirect carrier. When acting as an indirect carrier, we issue a House Airway Bill (HAWB), a House Ocean Bill of Lading (HOBL) or a House **Seaway Bill Sea Waybill** to customers as the contract of carriage. In turn, when the freight is physically tendered to a direct carrier, we receive a contract of carriage known as a Master Airway Bill for airfreight shipments and a Master Ocean Bill of Lading (MOBL) for ocean shipments.

Customs brokerage and other services involve providing services at destination, such as helping customers clear shipments through customs by preparing and filing required documentation, calculating and providing for payment of duties and other taxes on behalf of customers as well as arranging for any required inspections by governmental agencies, and import services such as arranging for local pick up, storage and delivery at destinations. These are complicated functions requiring technical knowledge of customs rules and regulations in the multitude of countries in which we have offices. We also provide other value-added services at destination, such as warehousing and distribution, time-definitive transportation services and consulting.

We manage our company along five geographic areas of responsibility: Americas; North Asia; South Asia; Europe; and Middle East, Africa and India (MAIR). Each area is divided into sub-regions that are composed of operating units with individual profit and loss responsibility. Our business involves shipments between operating units and typically touches more than one geographic area. The nature of the international logistics business necessitates a high degree of communication and cooperation among operating units. Because of this inter-relationship between operating units, it is very difficult to examine any one geographic area and draw meaningful conclusions as to its contribution to our overall success on a stand-alone basis. The following chart shows revenues by geographic areas of responsibility for the years ended December 31, 2023, 2022 and 2021:



Our operating units share revenue using the same arms-length pricing methodologies that we use when our offices transact business with independent agents. Certain costs are allocated among the segments based on the relative value of the underlying services, which can include allocation based on actual costs incurred or estimated cost plus a profit margin. Our strategy closely links compensation with operating unit profitability, which includes shared revenues and allocated costs. Therefore, individual success is closely linked to cooperation with other operating units within our network. The mix of services varies by segment based primarily on the import or export orientation of local operations in each of our regions. North Asia is our largest export-oriented region and accounted for 34% 23% of revenues, 39% 28% of directly related cost of transportation and other expenses and 25% 22% of operating income for the year ended December 31, 2022 December 31, 2023.

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Highlights from 2022 Summary of 2023

- Revenues and directly related operating expenses increased 3% and 4%, respectively, from higher average buy and sell rates, while operating income and net earnings to shareholders both declined 4% due to higher operating expenses.
- Operational conditions remained challenging and uncertain in 2022. The COVID-19 pandemic, including the effect of ongoing quarantine requirements in China and resupply disruptions on supply chains, continued to affect our business operations and financial results. Imbalances between carrier available capacity and customer demand were severe at the beginning of the year gradually eased throughout the year. Congestion at destination ports, shortages in equipment, labor and warehouse space were significant at the beginning of the year cleared by the fourth quarter.
- Volumes transacted in most all services were down due to continued softening customer demand and from a slowdown in the global economy and retail international trade as customers' inventory build-up early in the year, levels remained high.
- Average buy and sell rates while still higher than historical levels, progressively declined throughout through most of the year, as imbalances between available capacity transportation and demand and major port congestion have dissipated. exceeded demand.
- In the first quarter of 2022, our company was the subject of a targeted cyber-attack which resulted in having to shut down most of our connectivity, operating and accounting systems globally to manage the safety of our entire global systems environment. We had limited ability to conduct operations for a period of approximately three weeks including but not limited to arranging for shipments of freight or managing customs and distribution activities for our customers' shipments. While we continued to navigate residual effects and incorporate learnings from the cyber-attack, our core systems were utilized to deliver our services from the second quarter and on. We incurred additional expenses of \$65 million, net of recoveries, and experienced a loss of revenues that cannot be quantified as a result of this attack. volume and rate trends above, revenues and expenses in airfreight and ocean services were significantly down compared to 2022 and 2021, particularly affecting revenues in our North Asia region.
- As port congestion has cleared our customs brokerage and other services revenues declined significantly but operating results benefited from lower costs and a reduction in costs related to the cyber-attack incurred in 2022.
- Net earnings to shareholders decreased 45%.
- Operating cash flows were \$2,130 million \$1,053 million and we returned \$1,796 million \$1,595 million to shareholders through common stock repurchases and dividends

Industry trends, trade conditions and competition

We operate in over 60 countries in the competitive global logistics industry and our activities are closely tied to the global economy. International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, laws and policies relating to tariffs, trade restrictions, foreign investment and taxation. Periodically, governments consider a variety of changes to tariffs and impose trade restrictions and accords. Currently, the United States and China have increased concerns affecting certain imports and exports and have implemented additional tariffs. We cannot predict the outcome of changes in tariffs, or interpretations, and trade restrictions and accords and the effects they will have on our business. As governments implement restrictions on imports and exports, manufacturers may change sourcing patterns, to the extent possible, and, over time, may shift manufacturing to other countries. Doing business in foreign locations also subjects us to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being influenced by governmental policies and inter-governmental disputes concerning international trade, our business may also be negatively affected by political developments and changes in government personnel or policies in the United States and other countries, as well as economic turbulence, political unrest and security concerns in the nations and on the trade shipping lanes in which we conduct business and the future impact that these events may have on international trade, oil prices and security costs. We do not have employees, assets, or operations in Russia, Ukraine, Israel, the Gaza Strip or Ukraine, the West Bank. While very limited, any shipment activity is conducted with independent agents in those countries in compliance with all applicable trade sanctions, laws and regulations.

Our ability to provide services to our customers is highly dependent on good working relationships with a variety of entities, including airlines; ocean carrier lines and ground transportation providers, as well as governmental agencies. We select and engage with best-in-class, compliance-focused, efficiently run, growth-oriented partners, based upon defined value elements and are intentional in our relationship and performance management activity, reinforcing success by awarding service providers who consistently achieve at the highest levels with additional business. We consider our current working relationships with these entities to be satisfactory. However, changes in the financial stability and operating capabilities and capacity of asset-based carriers, capacity allotments available from carriers, governmental regulation or deregulation efforts, modernization of the regulations governing customs brokerage, and/or changes in governmental restrictions, quota restrictions or trade accords could affect our business in unpredictable ways. Many air carriers are recovering from significant cash flow challenges and record operating losses incurred in 2020 and 2021 as a result of travel restrictions resulting in cancellation of flights. Uncertainty over recovery of demand for trans-pacific passenger air travel, in particular business travel, compared to pre-pandemic levels may impact air carriers' operations and financial stability long term. When the market experiences seasonal peaks or any sort of disruption, the carriers often increase their pricing suddenly. This carrier behavior creates pricing volatility that could impact Expeditors' ability to maintain historical unitary profitability.

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The global economic and trade environments remain uncertain, including the potential future impacts of the pandemic, higher inflation and oil prices, rising high interest rates and the conflict conflicts in the Middle East and Ukraine. Starting in the second quarter of 2022 and continuing through the fourth quarter, throughout 2023, we saw a slowdown in the global economy and a softening of customer demand resulting in declines in average buy and sell rates. As demand softened and pandemic restrictions subsided, port congestion cleared, availability of labor and equipment eased resulting in excess carrier capacity over demand. These conditions could result in further declines in average sell and buy rates in 2023. We also expect that pricing volatility will continue as carriers adapt to lower demand, changing fuel prices, security risks and react to governmental trade policies and other regulations. Additionally, we cannot predict the direct or indirect impact that further changes in and purchasing behavior, such as online shopping, could have on our business. In Some customers have begun shifting manufacturing to other countries in response to governments implementing higher tariffs on imports, as well as responses to the pandemic's reduce their supply chain risks, and in response to pandemic disruptions, some customers have begun shifting manufacturing to other countries or geopolitical risks, which could negatively impact us.

30.

Critical Accounting Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Preparing our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. A summary of our significant accounting policies can be found in Note 1 to the consolidated financial statements in this report. Management believes that the nature of our business is such that there are few complex challenges in accounting for operations. While judgments and estimates are a necessary component of any system of accounting, the use of estimates is limited primarily to accrual of loss contingencies, accrual of various tax liabilities and contingencies, accrual of insurance liabilities for the portion of the related exposure that we have self-insured, and accounts receivable valuation.

These estimates, other than the accrual of loss contingencies and tax liabilities and contingencies, are not highly uncertain and have not historically been subject to significant change. Management believes that the methods utilized in all of these areas are non-aggressive in approach and consistent in application, and that there are limited, if any, alternative accounting principles or methods which could be applied to these transactions. While the use of estimates means that actual future results may be different from those contemplated by the estimates, management believes that alternative principles and methods used for making such estimates would not produce materially different results than those reported.

The outcome of loss contingencies, including legal proceedings and claims and government investigations, brought against us are subject to significant uncertainty. An estimated loss from a contingency, including a legal or tax proceeding, claim, government investigation or audit, or a customer claim, is recorded by a charge to income if it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a loss contingency is made if there is at least a reasonable possibility that a significant loss has been incurred. In determining whether a loss should be recorded, management evaluates several factors, including advice from outside legal counsel and qualified tax advisors, in order to estimate the likelihood of an unfavorable outcome and to make a reasonable estimate of the amount of loss or range of reasonably possible loss. Changes in these factors could have a material impact on our financial position, results of operations and operating cash flows for any particular quarter or year.

Accounting for income taxes involves significant estimates and judgments. We are subject to taxation in various states and in many foreign jurisdictions including the People's Republic of China, including Hong Kong, Taiwan, Vietnam, India, Mexico, Canada, Netherlands and the United Kingdom. Management believes that our tax positions, including intercompany transfer pricing policies, are reasonable and are consistent with established transfer pricing methodologies and norms. We are under, or may be subject to, audit or examination and assessments by the relevant authorities in respect of these particular jurisdictions primarily for 2009 and thereafter. Sometimes audits and examinations result in proposed assessments where the ultimate resolution could result in significant additional tax, penalties and interest payments being required. We establish liabilities when, despite our belief that the tax return positions are appropriate and consistent with tax law, we conclude that we may not be successful in realizing the tax position. In evaluating a tax position, we determine whether it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position and in consultation with qualified tax advisors.

28. 31.

The total amount of our income and non-income tax contingencies may increase in 2023, 2024. In addition, changes in state, federal, and foreign tax laws and changes in interpretations of these laws may increase our existing tax contingencies. The timing of the resolution of tax examinations can be highly uncertain, and the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ significantly from the amounts recorded. It is reasonably possible that within the next 12 months we may undergo further audits and examinations by various tax authorities, and it is also possible that we may reach resolution related to income tax and non-income tax examinations in one or more jurisdictions. These assessments or settlements could result in changes to our contingencies related to positions on tax filings in future years and may increase the amount of tax expense we recognize as well as the potential for penalties and interest being incurred. Our estimate of any ultimate tax liability contains assumptions based on our experience, judgments about potential actions by taxing jurisdictions as well as judgments about the likely outcome of issues that have been raised by the taxing jurisdiction. Though we believe the estimates and assumptions used to support the evaluation of our tax positions are reasonable, the actual amount of any change could vary significantly depending on the ultimate timing and nature of its resolution. We cannot currently provide an estimate of the range of possible outcomes.

As discussed in Note 1.G to the consolidated financial statements, earnings of our foreign subsidiaries are not considered to be indefinitely reinvested outside of the United States. U.S. corporate income tax laws and regulations include a territorial tax framework and provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes on foreign income are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries, Base Erosion and Anti-Abuse Tax (BEAT) under which taxes are imposed on certain base eroding payments to affiliated foreign companies as well as U.S. income tax deductions for Foreign-derived intangible income (FDII). Our effective tax rate is significantly impacted by the mix of pretax earnings that we generate in the U.S. as compared to countries in the rest of the world, and the tax rates in effect in those locations relative to the pre-tax earnings generated in those countries and jurisdictions. We believe it is reasonably possible that many countries and jurisdictions will increase their tax rates or otherwise implement tax reforms that would be expected to increase the total tax expense that we will incur in those locations. Our effective tax rate will continue to be impacted by any discrete items for events occurring in a future period or future changes in tax regulations and related interpretations.

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Results of Operations

This section of this Form 10-K generally discusses year-to-year comparisons between the results of operations for the year ended December 31, 2022 December 31, 2023 compared to the year ended December 31, 2021 December 31, 2022. For a discussion of the year ended December 31, 2021 December 31, 2022 compared to the year ended December 31, 2020 December 31, 2021, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2021 December 31, 2022.

The following table shows the revenues, the directly related cost of transportation and other expenses for our principal services and our overhead expenses for 2023, 2022 2021 and 2020, 2021. The table, chart and the accompanying discussion and analysis should be read in conjunction with the consolidated financial statements and related notes thereto in Part II, Item 8 of this report.

In thousands	2022	2021	2020	Percentage change 2022 vs. 2021	2023	2022	2021	Percentage change 2023 vs. 2022
Airfreight services:								
Revenues	5,886	6,771	4,274					
	\$,886	\$,402	\$,026	(13)%	\$ 3,246,527	\$ 5,886,886	\$ 6,771,402	(45)%
Expenses	4,359	5,067	3,168					
	,726	,380	,808	(14)%	2,347,293	4,359,726	5,067,380	(46)%
Ocean freight and ocean services:								
Revenues	6,544	5,545	2,342					
	,559	,818	,344	18%	2,363,243	6,544,559	5,545,818	(64)%
Expenses	5,188	4,364	1,751					
	,066	,160	,850	19%	1,634,947	5,188,066	4,364,160	(68)%
Customs brokerage and other services:								
Revenues	4,639	4,206	2,968					
	,839	,297	,023	10%	3,690,340	4,639,839	4,206,297	(20)%
Expenses	3,029	2,626	1,736					
	,105	,615	,044	15%	2,071,760	3,029,105	2,626,615	(32)%
Overhead expenses:								
Salaries and related costs	2,056	2,062	1,538					
	,387	,351	,104	—	1,700,516	2,056,387	2,062,351	(17)%
Other	613,629	493,685	449,150					
	29	85	50	24%	605,661	613,629	493,685	(1)%
Total overhead expenses	2,670	2,556	1,987					
	,016	,036	,254	4%	2,306,177	2,670,016	2,556,036	(14)%
Operating income	1,824	1,909	940,437					
	,371	,326	37	(4)%	939,933	1,824,371	1,909,326	(48)%
Other income, net	11,520	15,290	16,127					
	0	0	7	(25)%	75,095	11,520	15,290	552%
Earnings before income taxes	1,835	1,924	956,564					
	,891	,616	64	(5)%	1,015,028	1,835,891	1,924,616	(45)%
Income tax expense	475,286	505,771	258,350					
	86	71	50	(6)%	263,249	475,286	505,771	(45)%
Net earnings	1,360	1,418	698,214					
	,605	,845	14	(4)%	751,779	1,360,605	1,418,845	(45)%

Less net earnings attributable to the noncontrolling interest	3,206	3,353	2,074	(4)%				
Less net (losses) earnings attributable to the noncontrolling interest					(1,104)	3,206	3,353	(134)%
Net earnings attributable to shareholders	1,357	1,415	696,1					
	\$,399	\$,492	\$ 40	(4)%	\$ 752,883	\$ 1,357,399	\$ 1,415,492	(45)%

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Airfreight services:

Airfreight services revenues and expenses decreased 13% 45% and 14% 46%, respectively, in 2022, 2023, as compared with 2021, 2022, due to a 17% decrease in tonnage offset by 3% increases 43% decreases in both average sell and buy rates respectively, and a 10% decrease in tonnage. Average sell rates decreased as a result of lower buy rates driven by declining market rates. Buy rates declined as supply chain congestion cleared, shippers have shifted back to using ocean shipments and available capacity exceeds pre-pandemic levels while demand continued to soften. Volumes were lower in 2022 2023 as a result of softening overall demand and compared to strong volumes uncertainty in the same period economy.

Average sell and buy rates decreased in 2021 from customers converting to air shipments all regions in 2023, as compared with 2022 with most significant decreases on exports out of North Asia and South Asia due to ocean port congestion. In 2022, demand for airfreight services softened compared to 2021 but rates remained high as excess available capacity was limited compared to pre-pandemic levels. Airlines increased passenger flight schedules as restrictions were lifted which added available belly space throughout 2022. Continued restrictions from the pandemic in China and other countries have resulted in airlines not increasing passenger flight schedules to pre-pandemic levels in certain lanes. Additionally, capacity was further limited due to the conflict in Ukraine and the related route restrictions in Asia and Europe lanes and sanctions on Russian carriers. In order to meet the transportation needs of our customers, we continued to purchase capacity in advance and on the spot market in the first half of the year.

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over demand. Tonnage decreased in almost all regions due to softening demand pandemic related lockdowns in China and downtime caused by the cyber-attack with the largest decrease coming from exports out of North Asia, South Asia down 17% and North America. Though we continued to process air shipments on a limited basis during the downtime caused by the cyber-attack, our volumes were negatively affected. Subsequent to the downtime in March, our volumes began to recover as customers gradually returned but were negatively affected through the second quarter. Average sell and buy rates started declining in the second half of the year and accelerated in the fourth quarter as demand softened from an overall slowdown in the economy and as more cargo capacity on passenger flights became available.

Compared to the fourth quarter of 2021, airfreight services revenues and expenses decreased 47% and 48%, respectively, due to 38% and 37% decreases in average sell and buy rates, respectively, and a 20% decrease in tonnage compared to high demand for airfreight while capacity was constrained in particular on exports from North Asia in 2021. Declines in tonnage and rates were most significant on export out of North Asia and South Asia. As America, down 8%. In 2023 air carriers bring back additional added flights in some cases ahead of to meet strong passenger travel demand and freighter capacity remains high creating a supply and demand imbalances may occur, resulting imbalance which resulted in further continued pressure on rates.

The continued historically high average buy and sell rates caused by the pandemic and unprecedented supply chain disruptions have significantly which contributed to the growth in our revenues, expenses and operating income in 2021 and 2022. As experienced in the fourth quarter of 2022 these unprecedented disruptions improved have cleared as supply chain operations normalized. Buy rates and sell rates have been declining since the second quarter of 2022 and continued to decline for the first three quarters of 2023. Rates stabilized in the fourth quarter of 2023 due to an increase in seasonal demand. Additionally, uncertainty in the economy including the impacts of inflation and interest rates together with the attractiveness of declining ocean transportation rates are expected to continue to negatively affect demand for airfreight services which could further decline in 2023, which reduce our volumes. These conditions could result in further decrease decreases in our revenues, expenses and operating income. We are unable to predict how these uncertainties and any future disruptions will affect our future operations or financial results. results prospectively.

34.

Ocean freight and ocean services:

Ocean freight consolidation, direct ocean forwarding, and order management are the three basic services that constitute and are collectively referred to as ocean freight and ocean services. Ocean freight and ocean services revenues and expenses increased 18% decreased 64% and 19% 68%, respectively, in 2022, 2023, as compared with 2021, 2022. The largest component of our ocean freight and ocean services revenue is derived from ocean freight consolidation, which represented 85% 65% and 82% 85% of ocean freight and ocean services revenue in 2022 2023 and 2021, 2022, respectively.

Ocean In 2023 ocean freight consolidation revenues and expenses increased decreased across all regions by 73% and were both up 23% in 2022, 75% respectively, as compared with 2021, 2022, primarily due to 36% 67% and 35% increases 70% decreases in average sell and buy rates, respectively, partially offset by and a 10% 16% decrease in containers shipped. For the majority of the year, rising High fuel prices, congestion at ports due to labor, truck and equipment shortages and disrupted sailing schedules resulted in continued high average buy rates in 2022. As Starting in the second half of 2022, as demand softened, port congestion cleared and shortages of labor and equipment at ports eased, resulting this resulted in available capacity from carriers that exceeded demand. This resulted in These factors drove a sharp decline in average buy rates starting in the fourth quarter of 2022, which continued throughout most of 2023. Containers shipped decreased as compared to 2022 as demand softened, customer inventory levels remained high and average sell rates declined there are uncertainties in the global economy. We also experienced exceptionally high ocean freight consolidation volumes in 2022 from customers transferring from direct carrier shipping due to adjust lack of available capacity. In 2023 customers have reverted back to market conditions utilizing direct carrier shipping as capacity became available.

Containers shipped were lower in all regions, most significantly on exports out of North Asia. The slowdown in the economy resulted in softening demand and a buildup of retail inventories that began in the second quarter of 2022 in the United States, negatively affected containers shipped. When compared to the fourth quarter of 2021, North Asia ocean freight consolidation services revenues and expenses decreased 44% 73% and 46%, respectively, due to 34% and 37% decreases in average buy and sell rates, respectively and

a 15% decrease in containers shipped. North Asia ocean freight consolidation revenues and expenses decreased 57% and 59% 76%, respectively, due to a 23% 19% decrease in containers shipped and lower average rates.

Direct ocean freight forwarding revenues and expenses both increased 5% decreased 8% and 12%, respectively in 2022, 2023, principally due to higher declining volumes and increased lower ancillary services provided at higher lower rates. Order management revenues and expenses both decreased 17% 21% and 26%, respectively in 2022, 2023, due to lower volumes from retail customers and the impact also due to loss of downtime and lost customers caused by the cyber-attack. Our ability to provide order management services in the first quarter of 2022 was significantly affected by limited system connectivity during the downtime caused by the cyber-attack.

The historically high average buy and sell rates caused by the pandemic and unprecedented supply chain disruptions which contributed to the growth in our revenues, expenses and operating income in 2021 and 2022 have significantly declined as supply chain operations normalized. Buy rates and sell rates started declining in the second half of 2022, decreased sharply beginning in the fourth quarter of 2022 and throughout 2023. As global economic conditions slow, we expect remain uncertain and carriers add new vessels, available capacity may continue to exceed demand and continue downward pressure on may further depress sell and buy rates in 2023. While supply-chain congestion has cleared, uncertainty remains around labor, rail, truck and equipment shortages and pandemic related restrictions, which could result in volatility in average buy and sell rates. into 2024. We also expect that pricing volatility will continue as carriers adapt to increases fluctuations in fuel prices, new regulations, security risks and manage available capacity. As customers seek lower pricing and react to governmental trade policies and other regulations. The high average buy and sell rates have significantly contributed to the growth regulations, this could result in further decreases in our revenues and expenses in the first part of 2022. As experienced in the fourth quarter of 2022, these unprecedented disruptions improved as supply chains operations normalized. Buy rates and sell rates have been declining throughout 2022, sharply in the fourth quarter, and are expected to further decline in 2023, which could result in further decrease in our revenues, expenses and operating income.

32.

Customs brokerage and other services:

Customs brokerage and other services revenues and expenses increased 10% decreased 20% and 15% 32%, respectively, in 2022, 2023 as compared with 2021, 2022, primarily due to higher charges on import services declining shipments from a slowdown in the economy. Expenses also decreased due to supply chain congestion and costs related to the downtime caused by impact of the cyber-attack. Revenues and cyber-attack which resulted in additional expenses for import services increased significantly due to high drayage, storage, delivery, demurrage, and detention costs incurred at destinations caused by supply chains congestion, shortages in warehousing space and delays in retrieving and delivering cargo and were partially offset by a decrease in revenue from customs clearance due to fewer shipments. Additionally, the first half of 2022.

In 2022, as a result of our inability to timely process and move shipments through though ports during the downtime caused by the cyber-attack, downtime, we directly incurred approximately \$47 million in incremental demurrage charges that were not recoverable from the customers. Additionally, import services including charges at ports such as detention, drayage, terminal charges and delivery decreased significantly in 2023 as congestion at ports cleared compared to high levels in the first half of 2022.

Road freight, warehousing and distribution services declined also grew due to higher lower volumes and higher decreased trucking, storage and labor costs. While customers continue to value our brokerage services due to changing tariffs and increasing complexity in the declaration process, some customers opt to use using multiple customs brokerage service providers to reduce their risk. Customers continue to seek knowledgeable customs brokers with sophisticated computerized capabilities critical to an overall logistics management program that are necessary to rapidly respond to changes in the regulatory and security environment. Additionally, as supply-chains congestion subsides and international trade slows, volumes shipped and pricing could be further negatively affected resulting in lower impact our revenues and expenses.

North America revenues and directly related expenses increased 16% decreased 27% and 22% 41%, respectively, in 2022, 2023 as compared with 2021, 2022, primarily as a result of higher declining shipments and significant decrease in detention, drayage, terminal charges on import services due to port congestion. and delivery charges. Additionally, \$43 million in demurrage charges related to the downtime caused by the cyber-attack also contributed to the increase in expenses in 2022.

Overhead expenses:

Salaries and related costs were constant decreased 17% in 2022, 2023, as compared with 2021, 2022, principally due to decreases in commissions and bonuses earned from lower revenues and operating income and were offset by increases income. While headcount decreased 9% in 2023, base salaries and a 4% increase in headcount, benefits increased 1% primarily due to inflationary conditions.

Historically, the relatively consistent relationship between salaries and operating income has been the result of a compensation philosophy that has been maintained since the inception of our company: offer a modest base salary and the opportunity to share in a fixed and determinable percentage of the operating profit of the business unit controlled by each key employee. Using this compensation model, changes in individual incentive compensation occur in proportion to changes in our operating income, creating an alignment between branch and corporate performance and shareholder interests.

Our management compensation programs have always been incentive-based and performance driven. Bonuses to field and executive management in 2022 2023 decreased 9% 43% when compared to the same period in 2021 2022 primarily due to a 4% 48% decrease in operating income and by unused reduced bonus allocations and reductions in bonuses awarded payouts to senior management, management in 2022.

Because our management incentive compensation programs are also cumulative, generally no management bonuses can be paid unless the relevant business unit is, from inception, cumulatively profitable. Any operating losses must be offset in their entirety by operating profits before management is eligible for a bonus. Executive management, in limited circumstances, makes exceptions at the branch operating unit level. Since the most significant portion of management compensation comes from the incentive bonus programs, we believe that this cumulative feature is a disincentive to excessive risk taking by our managers. The outcome of any higher risk transactions, such as overriding established credit limits, would be known in a relatively short time frame. Management believes that when the potential and certain impact on the bonus is fully considered in light of the short operating cycle of our services, the potential for short-term gains that could be generated by engaging in risky business practices is sufficiently mitigated to discourage excessive and inappropriate risk taking. Management believes that both the stability and the long-term growth in operating income and net earnings are a result of the incentives inherent in our compensation programs.

Other overhead expenses increased 24% decreased 1% in 2022, 2023, as compared with 2021, 2022. We incurred \$18 million of incremental costs in relation with the cyber-attack in 2022. These costs comprised of various consulting services including cybersecurity experts, outside legal advisors, and other IT professional expenses; and estimated liabilities for potential shipment-related claims. The remaining increases in other overhead expenses are the result of certain operational expenses, renting additional space \$22 million related to accommodate changing market conditions, increased technology-related costs and higher local tax expenses, including a non-income tax contingency of \$22 million, in 2022. In 2023 rent and an increase in travel occupancy costs were higher due to leasing additional space, depreciation expense increased related to software and entertainment expenses, leasehold improvements, and higher technology-related costs.

So long as the economic environment remains uncertain, we will be focused on aligning headcount and our overhead expenses commensurate with our transactional volumes. We expect to continue to enhance the effectiveness and security of our systems and deploy additional protection technologies and processes which will result in increased expenses in the future. We will also continue to make important investments in people, processes and technology, as well as to invest in our strategic efforts to explore new areas for profitable growth.

Other income, net:

Other The increase in other income and expense is comprised primarily the result of higher interest income due to higher interest rates and lower interest expense including due to \$22 million interest on non-income tax contingencies recognized in 2022, and interest income. 2022.

Income tax expense:

Our consolidated effective income tax rate was 25.9% in 2022, as compared to 26.3% in 2021. The earnings of our U.S. operations were proportionally higher than that of our international subsidiaries in 2022 which resulted in a benefit to our effective tax rate as average U.S. federal both 2023 and state tax rates are lower than average tax rates of our international subsidiaries. 2022. In 2022 2023 and 2021, 2022, we benefited from U.S. Federal tax credits totaling \$41.6 million \$24 million and \$27.9 million \$42 million, respectively principally because of withholding taxes related to our foreign operations, as well as U.S. income tax deductions benefits for foreign-derived intangible income (FDII) FDII of \$41.7 million \$16 million and \$22.6 million \$42 million, respectively. This was These amounts were offset by a lower benefit from the effect of higher foreign tax deductions for share-based compensation in 2022, principally stock option exercises rates of our employees, the Company's international subsidiaries, when compared to the U.S. Federal income tax rate of 21%, as well as the impact of certain expenses that are not no longer deductible under the 2017 Tax Act, including certain executive compensation in excess of amounts allowed.

Our effective tax rate is subject to variation and the effective tax rate may be more or less volatile based on the amounts of pre-tax income or loss. income. For example, the impact of discrete items and non-deductible expenses on the effective rate is greater when pre-tax income is lower. Total consolidated foreign income tax expense is composed of the income tax expense of our non-U.S. subsidiaries as well as income based withholding taxes paid by our non-U.S. subsidiaries on behalf of its parent for intercompany payments, including the remittance of dividends, some of which do not qualify for tax credits under U.S. income tax laws and regulations. The tax benefit associated with non-qualified stock option and restricted stock unit grants is recorded when the related compensation expense is recorded (excess tax benefits are recorded upon the exercise of non-qualified stock options and vesting of restricted stock units and performance share units), while the tax benefit received for employee stock purchase plan shares cannot be anticipated and are therefore recognized if and when a disqualifying disposition occurs.

Some elements of the recorded impacts of enacted tax laws and regulation could be impacted by further legislative action as well as additional interpretations and guidance issued by the Internal Revenue Service or Treasury. Treasury in the U.S. and by similar governmental bodies in jurisdictions outside of the U.S. See Note 7 to the consolidated financial statements for additional information.

Currency and Other Risk Factors

The nature of our worldwide operations necessitates transacting in a multitude of currencies other than the U.S. dollar. That exposes us to the inherent risks of volatile international currency markets and governmental interference. Some of the countries where we maintain offices and/or have agency relationships maintain strict currency control regulations that influence our ability to hedge foreign currency exposure. We try to compensate for these exposures by accelerating international currency settlements among our offices and

agents. We may enter into foreign currency hedging transactions where there are regulatory or commercial limitations on our ability to move money freely around the world or the short-term financial outlook in any country is such that hedging is the most time-sensitive way to mitigate short-term exchange losses. Any such hedging activity during 2022 2023 and 2021 2022 was insignificant. We had no foreign currency derivatives outstanding at December 31, 2022 December 31, 2023 and 2021 2022. Net foreign currency losses were approximately \$15 million and \$2 million for 2023 and \$12 million for 2022, and 2021, respectively.

Historically, our business has not been adversely affected by inflation. However, starting in In 2021 and continuing in 2022 and 2023, many countries including the United States experienced higher inflation than in recent years. increasing levels of inflation. In 2022 our business has experienced rising labor costs, significant service provider rate increases, and higher rent and occupancy and other expenses, which could continue expenses. While buy rates for freight transportation capacity started declining in the second half of 2022, purchase prices for labor and other expenditures have continued to increase in throughout 2023. Due to the high degree of competition in the marketplace we may not be able to increase our prices to our customers to offset this inflationary pressure, which could lead to an erosion in our margins and operating income in the future. Conversely, raising our prices to keep pace with inflationary pressure may result in a decrease in volume and customer demand. demand for our services. As we are not required to purchase or maintain extensive property and equipment and have not otherwise incurred substantial interest rate-sensitive indebtedness, we currently have limited direct exposure to increased costs resulting from increases in interest rates.

There is uncertainty as to how new future regulatory requirements and volatility in oil prices will continue to impact future buy rates. Because fuel is an integral part of carriers' costs and impacts both our buy rates and sell rates, we would expect our revenues and costs to be impacted as carriers adjust rates for the effect of changing fuel prices. To the extent that future fuel prices increase, and we are unable to pass through the increase to our customers, fuel price increases could adversely affect our operating income.

34. 37.

Liquidity and Capital Resources

Our principal source of liquidity is cash and cash equivalents and cash generated from operating activities. Net cash provided by operating activities for the year ended December 31, 2022 December 31, 2023 was \$2,130 million \$1,053 million, as compared with \$868 million \$2,130 million for 2021, 2022. This \$1,262 million increase \$1,077 million decrease is primarily due to collection of accounts receivable when compared lower net earnings and changes to the same period working capital attributable to a slowdown in 2021. operations and declining sell and buy rates. At December 31, 2022 December 31, 2023, working capital was \$2,464 million \$1,731 million, including cash and cash equivalents of \$2,034 million \$1,513 million. Other than our recorded lease liabilities, we had no long-term obligations or debt at December 31, 2022 December 31, 2023. Management believes that our current cash position and operating cash flows will be sufficient to meet our capital and liquidity requirements for at least the next 12 months and thereafter for the foreseeable future, including meeting any contingent liabilities related to standby letters of credit and other obligations.

As a customs broker, we make significant cash advances for a select group of our credit-worthy customers. These cash advances are for customer obligations such as the payment of duties and taxes to customs authorities in various countries throughout the world. Increases in duty rates could result in increases in the amounts we advance on behalf of our customers. Cash advances are a "pass through" and are not recorded as a component of revenue and expense. The billings of such advances to customers are accounted for as a direct increase in accounts receivable from the customer and a corresponding increase in accounts payable to governmental customs authorities. As a result of these "pass through" billings, the conventional Days Sales Outstanding or DSO calculation does not directly measure collection efficiency. For customers that meet certain criteria,

we have agreed to extend payment terms beyond our customary terms. Our accounts receivable and consequently our customer credit exposure increased as a result of historically high freight rates in 2021 and 2022. Management believes that it has established effective credit control procedures, and historically has experienced relatively insignificant collection problems.

Our business historically has been subject to seasonal fluctuations, and this is expected to continue in the future. Cash flows fluctuate as a result of this seasonality. Historically, the first quarter shows an excess of customer collections over customer billings. This results in positive cash flow. The increased activity associated with periods of higher demand (typically commencing late second or early third quarter and continuing well into the fourth quarter) causes an excess of customer billings over customer collections. This cyclical growth in customer receivables consumes available cash. However, there is no assurance that this seasonal trend will occur in the future or to what degree it will continue to be impacted in 2023 2024 by the softening of the global economy.

Cash used in investing activities for the year ended December 31, 2022 December 31, 2023 was \$88 million \$39 million, as compared with \$37 million \$88 million in 2021, 2022. Capital expenditures were \$39 million in 2023 compared to \$87 million in 2022 compared to \$36 million in 2021, 2022. Total anticipated capital expenditures in 2023 2024 are currently estimated to be \$100 million. This includes routine capital expenditures, leasehold and building improvements and investments in technology.

Cash used in financing activities for the year ended December 31, 2022 December 31, 2023 was \$1,685 million \$1,537 million as compared with \$614 million \$1,685 million in 2021, 2022. We have a Discretionary Stock Repurchase Plan under which management is allowed to repurchase shares to reduce the issued and outstanding stock to 140 million 130 million shares of common stock, down from 150 million 140 million at December 31, 2022 December 31, 2023, as authorized by the Board of Directors in February 2023, 2024. We used the proceeds from stock option exercises, employee stock purchases and available cash to repurchase our common stock on the open market to reduce issued and outstanding shares. During 2022 2023 and 2021, 2022, we used cash to repurchase 12.1 million shares of common stock at an average price of \$114.68 per share and 14.5 million shares of common stock at an average price of \$108.88 per share, and 4.4 million shares of common stock at an average price of \$117.54 per share, respectively. In addition, during 2022 2023 and 2021, 2022, we paid cash dividends of \$1.34 \$1.38 and \$1.16 \$1.34 per share, respectively.

We follow established guidelines relating to credit quality, diversification and maturities of our investments to preserve principal and maintain liquidity. Historically, our investment portfolio has not been adversely impacted by disruptions occurring in the credit markets. However, there can be no assurance that our investment portfolio will not be adversely affected in the future.

We cannot predict what further impact ongoing uncertainties in the global economy, inflation, rising high interest rates, and political uncertainty nor the pandemic and geopolitical uncertainties may have on our operating results, freight volumes, pricing, amounts advanced on behalf of our customers, changes in consumer demand, carrier stability and capacity, customers' abilities to pay or changes in competitors' behavior. The Company expects that the February 2022 cyber-attack will not have a material adverse impact on its future business, revenues, expenses, results of operations and cash flows.

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We maintain international unsecured bank lines of credit for short-term working capital purposes. A few of these credit lines are supported by standby letters of credit issued by a United States bank or guarantees issued by the Company to the foreign banks issuing the credit line. At **December 31, 2022** **December 31, 2023**, borrowings under these credit lines were **\$58 million** **\$53 million** and we were contingently liable for **\$78 million** **\$87 million** from standby letters of credit and guarantees. The standby letters of credit and guarantees **primarily** relate to obligations of our foreign subsidiaries for credit extended in the ordinary course of business by direct carriers, primarily airlines, and for duty and tax deferrals available from governmental entities responsible for customs and value-added-tax. The total underlying amounts due and payable for transportation and governmental excises are properly recorded as obligations in the accounting records of the respective foreign subsidiaries, and there would be no need to record additional expense in the unlikely event the parent company is required to perform.

We have lease arrangements primarily for office and warehouse space in all districts where we conduct business. As of **December 31, 2022** **December 31, 2023**, we had fixed lease payment obligations of **\$686 million** **\$695 million**, with **\$112 million** **\$126 million** payable within 12 months.

We typically enter into unconditional purchase obligations with asset-based providers (generally short-term in nature) reserving space on a guaranteed basis. The pricing of these obligations varies to some degree with market conditions. We only enter into agreements that management believes we can fulfill. In the regular course of business, we also enter into agreements with service providers to maintain or operate equipment, facilities or software that can be longer than one year. We also regularly have contractual obligations for specific projects related to improvements of our owned or leased facilities and information technology infrastructure. Purchase obligations outstanding as of **December 31, 2022** **December 31, 2023** totaled **\$150 million** **\$90 million**.

Our foreign subsidiaries regularly remit dividends to the U.S. parent company after evaluating their working capital requirements and funds necessary to finance local capital expenditures. In some cases, our ability to repatriate funds from foreign operations may be subject to foreign exchange controls. At **December 31, 2022** **December 31, 2023**, cash and cash equivalent balances of **\$722 million** **\$500 million** were held by our non-United States subsidiaries, of which **\$20 million** **\$3 million** was held in banks in the United States. Earnings of our foreign subsidiaries are not considered to be indefinitely reinvested outside of the United States.

As of **December 31, 2022** **December 31, 2023**, we did not have any material off-balance-sheet arrangements, as defined in Item 303(a)(2) of SEC Regulation S-K.

ITEM 7A — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business. These risks are primarily related to foreign exchange risk and changes in short-term interest rates. The potential impact of our exposure to these risks is presented below:

Foreign Exchange Risk

We conduct business in many different countries and currencies. Our business often results in billings issued in a country and currency that differs from that where the expenses related to the service are incurred. In the ordinary course of business, we create numerous intercompany transactions and may have receivables, payables and currencies that are not denominated in the local functional currency. This brings foreign exchange risk to our earnings. The principal foreign exchange risks to which Expeditors is exposed include Chinese Yuan, Euro, Mexican Peso, Canadian Dollar and British Pound.

Foreign exchange rate sensitivity analysis can be quantified by estimating the impact on our earnings as a result of hypothetical changes in the value of the U.S. dollar, our functional currency, relative to the other currencies in which we transact business. All other things being equal, an average 10% weakening of the U.S. dollar, throughout the year ended **December 31, 2022** **December 31, 2023**, would have had the effect of raising operating income by approximately **\$94 million** **\$54 million**. An average 10% strengthening of the U.S. dollar, for the same period, would have the effect of reducing operating income by approximately **\$77 million** **\$44 million**. This analysis does not take into account changes in shipping patterns based upon this hypothetical currency fluctuation. For example, a weakening in the U.S. dollar would be expected to increase exports from the United States and decrease imports into the United States over some relevant period of time, but the exact effect of this change cannot be quantified without making speculative assumptions.

We currently do not use derivative financial instruments to manage foreign currency risk and only enter into foreign currency hedging transactions in limited locations where regulatory or commercial limitations restrict our ability to move money freely. Any such hedging activity throughout the year ended **December 31, 2022** **December 31, 2023**, was

insignificant. Net foreign currency losses were approximately \$15 million and \$2 million in 2023 and \$12 million in 2022, and 2021, respectively. We had no foreign currency derivatives outstanding at December 31, 2022 December 31, 2023 and 2021, 2022. We instead follow a policy of accelerating international currency settlements to manage foreign exchange risk relative to intercompany billings. As of December 31, 2022 December 31, 2023, we had \$73 million \$82 million of net unsettled intercompany transactions. The majority of intercompany billings are resolved within 30 days.

36. 39.

Interest Rate Risk

At December 31, 2022 December 31, 2023, we had cash and cash equivalents of \$2,034 million \$1,513 million, of which \$995 million \$912 million was invested at various short-term market interest rates. We had no long-term debt at December 31, 2022 December 31, 2023. A hypothetical change in the interest rate of 10 basis points at December 31, 2022 December 31, 2023 would not have a significant impact on our earnings.

In management's opinion, there has been no material change in our interest rate risk exposure between 2022 2023 and 2021, 2022.

37. 40.

ITEM 8 — FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents are filed on the pages listed below, as part of Part II, Item 8 of this report.

Document	Page
1 Financial Statements and Reports of Independent Registered Public Accounting Firm:	
Reports of Independent Registered Public Accounting Firm	F-1 through F-4
Consolidated Financial Statements:	

Balance Sheets as of December 31, 2022 December 31, 2023 and 2021 2022	F-5
Statements of Earnings for the Years Ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021	F-6
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Notes to Consolidated Financial Statements	F-10 through F-24

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ITEM 9 — CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A — CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in the Exchange Act Rule Rules 13a-15(e)) and 15d-15(e) as of the end of the period covered by this report, December 31, 2023. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2022 December 31, 2023, due to a material weakness weaknesses in internal control over financial reporting described below.

In light of the material weaknesses described below, management performed additional analysis and other procedures to ensure that our consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, management believes that the consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

Management Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Sarbanes-Oxley Act of 2002 and as defined in Exchange Act Rule Rules 13a-15(f) and 15d-15(f). Our system of internal control over financial reporting is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and our Board of Directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

A system of internal control can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Management, including the Chief Executive Officer and Chief Financial Officer, under the oversight of our Board of Directors, evaluated the effectiveness of the Company's internal control over financial reporting, as of December 31, 2022 December 31, 2023, based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

In the fourth quarter of 2022, management identified Management concluded that unauthorized changes to custom databases could have gone undetected as a material weakness in internal control related to certain database changes made to an information technology (IT) system that supports the Company's financial reporting processes. A control to review and authorize direct changes to databases that support several key operational and accounting systems did not capture the complete population of excluded certain database changes from review, and as such did not operate effectively as designed. Management concluded that unauthorized In addition, the system logic used to record direct database changes could have gone undetected, could have resulted in errors in excluded certain changes from being captured within the financial statements change logs used as the basis for population of the year ended 2022 manual review. These control deficiencies related to personnel without specific training and could have had a direct or indirect impact on financial reporting controls, as there were no alternate experience to fulfill internal control responsibilities related to information technology general controls over custom databases resulting in an ineffective information and communication process that identifies and assesses the source of and controls necessary to ensure the reliability of information used in financial reporting. As a consequence of these control (ITGC) or processes operating at a sufficient level of precision deficiencies, the Company concluded that would have timely detected improper -- database changes. Management believes that this it did not effectively design, implement and operate process-level controls across its financial reporting processes.

The control deficiency was a result of IT control processes lacking sufficient precision to support the successful operation of this ITGC and was overly dependent upon interpretation, knowledge and actions of certain individuals with IT expertise performing the control. The material weakness deficiencies did not result in any identified misstatements to the consolidated financial statements, and there were no changes to previously released financial results. Based The control deficiencies described above created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on this material weakness, the Company's management a timely basis. Therefore, we concluded that at December 31, 2022, the deficiencies represent material weaknesses in the Company's internal control over financial reporting was not effective.

KPMG LLP, an independent registered public accounting firm, has issued an attestation report on and our internal control over financial reporting was not effective as of December 31, 2022, which is included on page F-3. December 31, 2023.

Our independent registered public accounting firm, KPMG LLP, who audited the consolidated financial statements included in this Annual Report on Form 10-K, issued an adverse opinion on the effectiveness of the Company's internal control over financial reporting. KPMG LLP's report appears on page F-3 of this Annual Report on Form 10-K.

Remediation

Subsequent With respect to the identification material weaknesses identified, management with the oversight of the Audit Committee of the Board of Directors, has taken steps to remediate such material weakness weaknesses, including:

- Increasing the number of qualified personnel involved in the remediation process and prior to the issuance design and implementation of these financial statements Form 10-K, the Company (i) performed a lookback review of all direct changes made to the database subject to the control operating ineffectiveness for the full year and (ii) conducted IT controls;
- Performing supplemental procedures and found no evidence of improper changes or changes with direct or consequential impact on internal controls over financial reporting. As a result of identifying this issue management will be implementing certain enhancements designed to strengthen IT program change management processes and will continue to conduct monthly processes;
- Conducting supplemental lookback review procedures of direct database changes until the improvements are fully in place, place and operating;
- Improving entity wide risk assessments conducted to identify relevant process risk points, IT systems and the information used in the operation of controls; and
- Conducting additional training relative to information technology in the operation of controls.

These material weaknesses will not be considered fully remediated, until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that such necessary enhancements and remediation of these material weaknesses will be completed prior to the end of 2023, in 2024.

Changes in Internal Controls

Except for on-going remediation related to the material weakness identified during the quarter, as of December 31, 2022, weaknesses noted above, there were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting other than related to the cyber-attack as discussed below.

With respect to the cyber-attack that is discussed in Note 11 to the consolidated financial statements in this report, starting on February 20, 2022, we shut down most of our operating systems globally, including our accounting information systems, to manage the safety of our entire global systems environment. We engaged third-party cybersecurity experts to investigate and assist in the remediation. Our Board of Directors was regularly apprised of, and directors with experience in cybersecurity participated in, the critical investigation and remediation activities. Subsequently, we restored and strengthened the security of our systems and networks and enhanced the continuous monitoring of the entire information security environment. Additionally, we have continued to implement various improvements to our network and processes to mitigate the risk of recurrence and severity of such incidents in the future.

During the disruption caused by the cyber-attack, we deployed interim procedures and controls to maintain our systems of internal control over financial reporting. As a result of this cyber-attack and based on information known at this date, management determined that our disclosure controls and procedures were effective and the cyber-attack did not materially affect, nor was it reasonably likely to affect the effectiveness of the Company's internal control over financial reporting.

We are developing a new accounting system, which is being implemented on a worldwide basis over the next several years. This system is expected to improve the efficiency of certain financial and transactional processes and reporting. This transition affects the processes that constitute our internal control over financial reporting and requires testing for operating effectiveness.

Our management has confidence in our internal controls and procedures. Nevertheless, our management, including Expeditors' Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors or intentional fraud. An internal control system, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of such internal controls are met. Further, the design of an internal control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all internal control systems, no evaluation of controls can provide absolute assurance that all of our control issues and instances of fraud, if any, have been detected.

ITEM 9B — OTHER INFORMATION

Not applicable.

ITEM 9C — DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

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PART III

ITEM 10 — DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth below or incorporated by reference to information under the caption "Proposal No. 1: Election of Directors" and to the information under the caption "Board Operations" in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 2, 2023 May 7, 2024. See also Part I - Item 1 – Information about our Executive Officers.

Audit Committee and Audit Committee Financial Expert

Expeditors' Board has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The members of the Audit Committee are Brandon S. Pedersen, James M. Dubois, and Olivia D. Polius. Expeditors' Board has determined that Brandon S. Pedersen, Chair of the Audit Committee, and Olivia D. Polius, are the audit committee financial experts as defined by Item 407(d)(5) of Regulation S-K under the Exchange Act and that each member of the Audit Committee is independent under the NASDAQ NYSE independence standards applicable to audit committee members.

Code of Ethics and Governance Guidelines

Expeditors has adopted a *Code of Business Conduct* that applies to all Expeditors employees including, of course, its principal executive officer and principal financial and accounting officer. The *Code of Business Conduct* is posted with the governance documents on Expeditors' website at <https://investor.expeditors.com>. Expeditors will post any

amendments to the *Code of Business Conduct* at that location. In the unlikely event that the Board of Directors approves any sort of waiver to the *Code of Business Conduct* for Expeditors' executive officers or directors, information concerning such waiver will also be posted at that location. No such waivers have been granted.

ITEM 11 — EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to information under the captions "Director Compensation Program" and "Compensation Discussion and Analysis" in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 2, 2023 May 7, 2024.

ITEM 12 — SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated by reference to information under the captions "Shareholder Engagement & Stock Ownership Information" in Expeditors' definitive Proxy Statement for its annual meeting of shareholders to be held on May 2, 2023 May 7, 2024.

41. 44.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information as of December 31, 2022 December 31, 2023, regarding compensation plans under which equity securities of Expeditors are authorized for issuance.

(a)	(b)	(c)	(a)	(b)	(c)
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Plan Category	Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))			Number of Securities Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))		
	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Price of Outstanding Options, Warrants and Rights (2)	Number of Securities on Plans (Excluding Securities Reflected in Column (a)) (3)	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Price of Outstanding Options, Warrants and Rights (2)	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)
Equity Compensation Plans Approved by Security Holders	2,861,347	\$ 44.86	3,172,538	2,000,916	\$ 46.46	2,068,819
Equity Compensation Plans Not Approved by Security Holders	—	—	—	—	—	—
Total	2,861,347	\$ 44.86	3,172,538	2,000,916	\$ 46.46	2,068,819

- (1) Represents shares issuable upon exercise of outstanding stock options, vesting of outstanding restricted stock units and performance stock units that will vest if target levels achieved under the Omnibus Incentive Plan.
- (2) The weighted average exercise price does not take into account the shares issuable upon vesting of outstanding restricted stock units and performance stock units, which have exercise price.
- (3) Includes 1,131,713 491,466 available for issuance under the employee stock purchase plans plan and 2,040,825 1,577,353 available for future grants of equity awards under Amended and Restated 2017 Omnibus Incentive Plan.

ITEM 13 — CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to information under the captions “Certain Relationships and Related Transactions” in Expeditors’ definitive Proxy Statement for its annual meeting of shareholders to be held on May 2, 2023 May 7, 2024.

ITEM 14 — PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is incorporated by reference to information under the caption “Relationship with Independent Registered Public Accounting Firm” in Expeditors’ definitive Proxy Statement for its annual meeting of shareholders to be held on May 2, 2023 May 7, 2024.

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PART IV

ITEM 15 — EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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2. FINANCIAL STATEMENT SCHEDULES

Schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the consolidated financial statements or notes thereto.

3. EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

The following list is a subset of the list of exhibits described below and contains all compensatory plans, contracts or arrangements in which any director or executive officer of Expeditors is a participant, unless the method of allocation of benefits thereunder is the same for management and non-management participants:

- (1) Form of Employment Agreement executed by Jeffrey S. Musser, Expeditors' President and Chief Executive Officer. See Exhibit 10.23.
- (2) Form of Employment Agreement executed by Expeditors' Chief Financial Officer. See Exhibit 10.25.
- (3) General Form of Executive Employment Agreement. See Exhibit 10.27.
- (4) Expeditors' 2008 Executive Incentive Compensation Plan. See Exhibit 10.35.
- (5) Expeditors' 2002 Amended and Restated Employee Stock Purchase Plan. See Exhibit 10.42.
- (6) Expeditors' [2012 Stock Option Plan](#). See Exhibit 10.59.
- (7) [Form of Stock Option Agreement used in connection with options granted under Expeditors' 2012 Stock Option Plan](#). See Exhibit 10.60.
- (8) [Expeditors' 2013 Stock Option Plan](#). See Exhibit 10.61.
- (9) (7) [Form of Stock Option Agreement used in connection with options granted under Expeditors' 2013 Stock Option Plan](#). See Exhibit 10.62.
- (10) (8) [Expeditors' 2014 Stock Option Plan](#). See Exhibit 10.63.
- (11) (9) [Form of Stock Option Agreement used in connection with options granted under Expeditors' 2014 Stock Option Plan](#). See Exhibit 10.64.
- (12) (10) [Expeditors' 2015 Stock Option Plan](#). See Exhibit 10.65.
- (13) (11) [Form of Stock Option Agreement used in connection with options granted under Expeditors' 2015 Stock Option Plan](#). See Exhibit 10.66.
- (14) (12) [Expeditors' 2016 Stock Option Plan](#). See Exhibit 10.67.
- (15) (13) [Form of Stock Option Agreement used in connection with options granted under Expeditors' 2016 Stock Option Plan](#). See Exhibit 10.68.
- (16) (14) [Expeditors' Amended and Restated 2017 Omnibus Incentive Plan](#). See Exhibit 10.69.
- (17) (15) [Form of Executive Restricted Stock Unit Award Agreement used in connection with executive restricted stock units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Stock Plan](#). See Exhibit 10.70.
- (18) (16) [Form of Performance Share Award Agreement used in connection with performance share units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Stock Plan](#). See Exhibit 10.72.
- (17) [Incentive Compensation Recovery Policy](#)

(b) EXHIBITS

Exhibit	
Number	Exhibit
3.1	Expeditors' Restated Articles of Incorporation and the Articles of Amendment as amended. (Incorporated by reference to Exhibit 3.1 to Form 10-K, filed on or about February 23, 2018.)
3.2	Expeditors' Amended and Restated Bylaws. (Incorporated by reference to Exhibit 3.2 to Form 8-K, filed on or about November 9, 2022.)
4.1	Description of Registrant's Securities. (Incorporated by reference to the Company's Form 10-K for the year ended December 31, 2019, filed on or about February 21, 2020.)
10.23	Form of Employment Agreement executed by Jeffrey S. Musser, Expeditors' President and Chief Executive Officer dated December 31, 2008. (Incorporated by reference to Exhibit 10.23 to Form 10-K, filed on or about February 26, 2015.)
10.25	Form of Employment Agreement executed by Expeditors' Chief Financial Officer dated December 31, 2008. (Incorporated by reference to Exhibit 10.25 to Form 10-K, filed on or about February 27, 2009.)
10.27	General Form of Executive Employment Agreement (Incorporated by reference to Exhibit 10.27 to Form 10-Q, filed on or about August 6, 2015.)
10.35	Expeditors' 2008 Executive Incentive Compensation Plan. (Incorporated by reference to Appendix C of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 21, 2008.)
10.42	Expeditors' Amended and Restated 2002 Employee Stock Purchase Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 27, 2019.)
10.59	Expeditors' 2012 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 20, 2012.)
10.60	Form of Stock Option Agreement used in connection with options granted under Expeditors' 2012 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 20, 2012.)

- [10.61](#) Expeditors' 2013 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 29, 2013.)
- [10.62](#) Form of Stock Option Agreement used in connection with options granted under Expeditors' 2013 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 29, 2013.)
- [10.63](#) Expeditors' 2014 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 21, 2014.)
- [10.64](#) Form of Stock Option Agreement used in connection with options granted under Expeditors' 2014 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 21, 2014.)
- [10.65](#) Expeditors' 2015 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about April 9, 2015.)
- [10.66](#) Form of Stock Option Agreement used in connection with options granted under Expeditors' 2015 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about April 9, 2015.)

44.

- [10.67](#) Expeditors' 2016 Stock Option Plan. (Incorporated by reference to Appendix A of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 24, 2016.)

47.

- [10.68](#) Form of Stock Option Agreement used in connection with options granted under Expeditors' 2016 Stock Option Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 24, 2016.)
- [10.69](#) Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. (Incorporated by reference to Appendix B of Expeditors' Notice of Annual Meeting of Shareholders and Proxy Statement pursuant to Regulation 14A filed on or about March 24, 2020.)

10.70	Form of Executive Restricted Stock Unit Award Agreement used in connection with executive restricted stock units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.70 to Form S-8 filed on or about May 16, 2017.)
10.72	Form of Performance Share Award Agreement used in connection with performance share units granted under Expeditors' Amended and Restated 2017 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.72 to Form 10-Q filed on or about August 7, 2019.)
21.1	Subsidiaries of the registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97	Incentive Compensation Recovery Policy
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document .
101.CAL	Inline XBRL Taxonomy Extension Calculation With Embedded Linkbase Document .
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document .
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document .
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document . Documents
104	The cover page from the Company's Yearly Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 , has been formatted in Inline XBRL.

ITEM 16 — FORM 10-K SUMMARY

None.

[45](#). [48](#).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 1, 2023 February 23, 2024

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

By: /s/ Bradley S. Powell

Bradley S. Powell
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2023 February 20, 2024.

Signature	Title
/s/ Jeffrey S. Musser _____ (Jeffrey S. Musser)	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Bradley S. Powell _____ (Bradley S. Powell)	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Robert P. Carlile _____ (Robert P. Carlile)	Chairman of the Board and Director
/s/ Glenn M. Alger _____ (Glenn M. Alger)	Director
/s/ James M. DuBois _____ (James M. DuBois)	Director
/s/ Mark A. Emmert _____ (Mark A. Emmert)	Director

<u>/s/ Diane H. Gulyas</u> (Diane H. Gulyas)	Director
<u>/s/ Brandon S. Pedersen</u> (Brandon S. Pedersen)	Director
<u>/s/ Liane J. Pelletier</u> (Liane J. Pelletier)	Director
<u>/s/ Olivia D. Polius</u> (Olivia D. Polius)	Director

46. 49.

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

COMPRISING ITEM 8

ANNUAL REPORT ON FORM 10-K

TO SECURITIES AND EXCHANGE COMMISSION FOR THE

YEARS ENDED DECEMBER 31, 2023, 2022, 2021, AND 2020 2021

47. 50.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Expeditors International of Washington, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Expeditors International of Washington, Inc. and subsidiaries (the Company) as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, and the results of its operations and its cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in **Internal**~~Internal~~ *Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated **March 1, 2023** **February 23, 2024** expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of gross unrecognized tax benefits

As discussed in Note 7 to the consolidated financial statements, the Company is subject to examination by taxing authorities throughout the world in the normal course of business. The Company estimates additional tax expense, as well as interest and penalties that could arise from certain tax audits.

We identified the assessment of certain gross unrecognized tax benefits as a critical audit matter. Complex auditor judgment judgement was required in evaluating the Company's interpretation of tax law and its estimate of the ultimate resolution of tax positions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's unrecognized tax benefit process. This included controls related to the interpretation of tax

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law and its application in the liability estimation process. Since tax law is complex and often subject to interpretations, we involved tax professionals with specialized skills and knowledge, who assisted in:

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- evaluating the Company's interpretation of tax laws,
- assessing transfer pricing positions for compliance with applicable laws and regulations,
- inspecting settlement documents with applicable taxing authorities and appeals documents with applicable tax courts,
- assessing the expiration of statutes of limitations,
- comparing historical gross unrecognized tax benefits to actual results upon conclusion of tax audits or expiration of the statute of limitations, and
- performing an independent assessment of the Company's tax positions and comparing the results to the Company's assessment.

In addition, we assessed the responses received directly from the Company's external legal counsel regarding tax positions for which they had been engaged.

/s/ KPMG LLP

We have served as the Company's auditor since 1982.

Seattle, Washington

March 1, 2023 February 23, 2024

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors

Expeditors International of Washington, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Expeditors International of Washington, Inc. and subsidiaries' (the Company) internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material **weakness, weaknesses**, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of **December 31, 2022** **December 31, 2023**, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of **December 31, 2022** **December 31, 2023** and **2021, 2022**, the related consolidated statements of earnings, comprehensive income, equity, and cash flows for each of the years in the three-year period ended **December 31, 2022** **December 31, 2023**, and the related notes (collectively, the consolidated financial statements), and our report dated **March 1, 2023** **February 23, 2024** expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the **Company's company's** annual or interim financial statements will not be prevented or detected on a timely basis. **A The material weakness in internal control weaknesses** related to **certain database unauthorized** changes **made** to an information technology (IT) system that supports the Company's financial reporting process **has been identified and included in management's assessment. A custom databases could have gone undetected as a** control to review and authorize direct changes to databases that support several key operational and accounting systems **did not capture the complete population of excluded certain** database changes **from review**, and as such did not operate effectively as designed. **Management** In addition, the system logic used to record direct database changes excluded certain changes from being captured within the **change logs used as the basis for population of the manual review. These control deficiencies related to personnel without specific training and experience to fulfill internal control responsibilities related to information technology general controls over custom databases resulting in an ineffective information and communication process that identifies and assesses the source of and controls necessary to ensure the reliability of information used in financial reporting. As a consequence of these control deficiencies, the Company concluded that unauthorized database changes could have gone undetected, could have resulted in errors in the financial statements for the year ended 2022 it did not effectively design, implement and could have had a direct or indirect impact on operate process-level controls across its financial reporting controls, as there were no alternate ITGC controls or processes operating at a sufficient level of precision that would have timely detected improper database changes. processes.** The material **weakness was weaknesses were** considered in determining the nature, timing, and extent of audit tests applied in our audit of the **2022 2023** consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting (Item 9A). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Seattle, Washington

March 1, 2023 February 23, 2024

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Consolidated Balance Sheets

In thousands, except per share data

December 31,	2022	2021	2023	2022
Assets:				
Current Assets:				
Cash and cash equivalents	2,03	1,72		
	\$ 4,131	\$ 8,692	\$ 1,512,883	\$ 2,034,131
Accounts receivable, net	2,10	3,81		
	7,645	0,286	1,532,599	2,107,645
Deferred contract costs	257,	987,		
	545	266	218,807	257,545
Other	118,	108,		
	696	801	170,907	118,696
Total current assets	4,51	6,63		
	8,017	5,045	3,435,196	4,518,017
Property and equipment, net	501,	487,		
	916	870	479,225	501,916
Operating lease right-of-use assets	507,	459,		
	503	158	516,280	507,503
Goodwill	7,927	7,927	7,927	7,927
Deferred federal and state income taxes, net	37,4			
	49	729	63,690	37,449
Other assets, net	17,6	19,2		
	22	00	21,491	17,622
Total assets	5,59	7,60		
	\$ 0,434	\$ 9,929	\$ 4,523,809	\$ 5,590,434
Liabilities:				
Current Liabilities:				
Accounts payable	1,10	2,01		
	\$ 8,996	\$ 2,461	\$ 860,856	\$ 1,108,996
Accrued expenses, primarily salaries and related costs	479,	403,		
	262	625	447,336	479,262
Contract liabilities	323,	1,14		
	101	2,026	280,909	323,101

Current portion of operating lease liabilities	95,6	82,0		
	21	19	99,749	95,621
Federal, state and foreign income taxes	47,0	86,1		
	75	66	15,562	47,075
Total current liabilities	2,05	3,72		
	4,055	6,297	1,704,412	2,054,055
Noncurrent portion of operating lease liabilities	422,	385,		
	844	641	427,984	422,844
Commitments and contingencies				
Shareholders' Equity:				
Preferred stock, par value \$0.01 per share, authorized 2,000 shares; none issued	—	—	—	—
Common stock, par value \$0.01 per share, authorized 640,000. Issued and outstanding: 154,313 shares and 167,210 shares at December 31, 2022 and 2021, respectively	1,543	1,672		
Common stock, par value \$0.01 per share, authorized 640,000. Issued and outstanding: 143,866 shares and 154,313 shares at December 31, 2023 and 2022, respectively			1,439	1,543
Additional paid-in capital	139	3,160	—	139
Retained earnings	3,31	3,62		
	0,892	0,008	2,580,968	3,310,892
Accumulated other comprehensive loss	(202,	(130,		
	553)	414)	(192,057)	(202,553)
Total shareholders' equity	3,11	3,49		
	0,021	4,426	2,390,350	3,110,021
Noncontrolling interest	3,514	3,565	1,063	3,514
Total equity	3,11	3,49		
	3,535	7,991	2,391,413	3,113,535
Total liabilities and equity	5,59	7,60		
	\$ 0,434	\$ 9,929	\$ 4,523,809	\$ 5,590,434

See accompanying notes to consolidated financial statements.

Consolidated Statements of Earnings

In thousands, except per share data

Years ended December 31,	2022	2021	2020	2023	2022	2021
Revenues:						
Airfreight services			4,274,02			
	\$ 5,886,886	\$ 6,771,402	\$ 6	\$ 3,246,527	\$ 5,886,886	\$ 6,771,402
Ocean freight and ocean services			2,342,34			
	6,544,559	5,545,818	4	2,363,243	6,544,559	5,545,818
Customs brokerage and other services			2,968,02			
	4,639,839	4,206,297	3	3,690,340	4,639,839	4,206,297
Total revenues	17,071,28	16,523,51	9,584,39			
	4	7	3	9,300,110	17,071,284	16,523,517
Operating Expenses:						
Airfreight services			3,168,80			
	4,359,726	5,067,380	8	2,347,293	4,359,726	5,067,380
Ocean freight and ocean services			1,751,85			
	5,188,066	4,364,160	0	1,634,947	5,188,066	4,364,160
Customs brokerage and other services			1,736,04			
	3,029,105	2,626,615	4	2,071,760	3,029,105	2,626,615
Salaries and related costs			1,538,10			
	2,056,387	2,062,351	4	1,700,516	2,056,387	2,062,351
Rent and occupancy costs	209,532	186,287	169,863	232,358	209,532	186,287
Depreciation and amortization	57,338	51,312	56,959	67,760	57,338	51,312
Selling and promotion	24,293	16,026	18,436	27,913	24,293	16,026
Other	322,466	240,060	203,892	277,630	322,466	240,060
Total operating expenses	15,246,91	14,614,19	8,643,95			
	3	1	6	8,360,177	15,246,913	14,614,191
Operating income	1,824,371	1,909,326	940,437	939,933	1,824,371	1,909,326
Other Income (Expense):						
Interest income	25,554	8,807	10,415	70,451	25,554	8,807
Interest expense	(23,277)	(411)	(219)	(4,800)	(23,277)	(411)
Other, net	9,243	6,894	5,931	9,444	9,243	6,894
Other income, net	11,520	15,290	16,127	75,095	11,520	15,290
Earnings before income taxes	1,835,891	1,924,616	956,564	1,015,028	1,835,891	1,924,616
Income tax expense	475,286	505,771	258,350	263,249	475,286	505,771
Net earnings	1,360,605	1,418,845	698,214	751,779	1,360,605	1,418,845

Less net earnings attributable to the noncontrolling interest	3,206	3,353	2,074			
Less net (losses) earnings attributable to the noncontrolling interest				(1,104)	3,206	3,353
Net earnings attributable to shareholders	\$ 1,357,399	\$ 1,415,492	\$ 696,140	\$ 752,883	\$ 1,357,399	\$ 1,415,492
Diluted earnings attributable to shareholders per share	\$ 8.26	\$ 8.27	\$ 4.07	\$ 5.01	\$ 8.26	\$ 8.27
Basic earnings attributable to shareholders per share	\$ 8.33	\$ 8.37	\$ 4.14	\$ 5.05	\$ 8.33	\$ 8.37
Weighted average diluted shares outstanding	164,427	171,250	170,896	150,186	164,427	171,250
Weighted average basic shares outstanding	163,010	169,145	168,333	149,141	163,010	169,145

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income

In thousands

Years ended December 31,	2022	2021	2020	2023	2022	2021
Net earnings	1,360	1,418	698,			
	\$,605	\$,845	\$ 214	\$ 751,779	\$ 1,360,605	\$ 1,418,845
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments, net of tax (benefit) expense of (\$5,037) in 2022, (\$5,275) in 2021, and \$4,254 in 2020	(73,4	(32,4	30,7			
	51)	08)	59			
Other comprehensive (loss) income	(73,4	(32,4	30,7			
	51)	08)	59			
Foreign currency translation adjustments, net of tax benefit of \$5,205 in 2023, \$5,037 in 2022, and \$5,275 in 2021				10,238	(73,451)	(32,408)
Other comprehensive income (loss)				10,238	(73,451)	(32,408)
Comprehensive income	1,287	1,386	728,			
	,154	,437	973	762,017	1,287,154	1,386,437
Less comprehensive income attributable to the noncontrolling interest			1,39			
	1,894	1,606	9			

Less comprehensive (loss) income attributable to the noncontrolling interest				(1,362)	1,894	1,606
Comprehensive income attributable to shareholders	1,285	1,384	727,			
	\$,260	\$,831	\$ 574	\$ 763,379	\$ 1,285,260	\$ 1,384,831

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Equity

In thousands, except per share data

Years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021

Common Stock								Common Stock							
Stock															
Accumulated															
Additional Paid-in Capital															
Total															
Other															
Total															
Retained Earnings															
Shareholders' Equity															
Noncontrolling Interest															
Total Equity															
Shares	Par value	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity	Noncontrolling interest	Total equity	Shares	Par value	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity	Noncontrolling interest	Total equity

Balance at								2
December 31,								,
2019				2,		2,		1
	1			3	(1	1		9
	6			2	3	9		7
	9,	1,	3,	1,	1,	5,	2,	,
	6	6	2	3	1	0	1	2
	2	9	0	1	8	2	9	1
	2	\$ 6	\$ 3	\$ 6	\$ 7)	8	\$ 1	\$ 9
Cumulative								
adjustment for								6
adoption of								
new				6,		6,		,
accounting				0		0		0
pronouncemen				7		7		7
t	—	—	—	4	—	4	—	4
Shares issued								1
under			1			1		7
employee			7			7		5
stock plans	4,		5,			5,		,
	2		7			7		7
	7	4	3			7		7
	2	3	6	—	—	9	—	9
Shares								(
repurchased								3
under				(2		(3		3
provisions of			(8	4		3		2
stock	(4		4,	7,		2,		,
repurchase	,6		9	4		3		3
plan	0	(4	4	0		8		8
	0)	6)	1)	0)	—	7)	—	7)
Stock								6
compensation			6			6		2
expense			2,			2,		,
			4			4		4
			9			9		9
	—	—	8	—	—	8	—	8

Shares repurchased under provisions of stock repurchase plan	(4,378)	(44)	(315,565)	(198,985)	—	(514,594)	—	(514,594)
Stock compensation expense	—	—	69,385	—	—	69,385	—	69,385
Net earnings	—	—	—	1,415,492	—	1,415,492	3,353	1,418,845
Other comprehensive loss	—	—	—	—	(30,661)	(30,661)	(1,747)	(32,408)
Dividends and dividend equivalents paid (\$1.16)	—	—	4	0	—	6	—	6

[illegible]

Balance at	3															
December 31,	,															
2022	1															
	3, 3, 1															
	1 3 (2 1 1															
	5 1 0 1 3															
	4, 1, 0, 2, 0, 3, ,															
	3 5 1 8 5 0 5 5															
	1 4 3 9 5 2 1 3															
	3 \$ 3 \$ 9 \$ 2 \$ 3) \$ 1 \$ 4 \$ 5								154,313	1,543	139	3,310,892	(202,553)	3,110,021	3,514	3,113,535
Shares issued																
under																
employee																
stock plans									1,699	17	65,366	—	—	65,383	—	65,383
Shares																
repurchased																
under																
provisions of																
stock																
repurchase																
plan									(12,146)	(121)	(125,153)	(1,279,529)	—	(1,404,803)	—	(1,404,803)
Stock																
compensation																
expense									—	—	58,399	—	—	58,399	—	58,399
Net earnings																
(losses)									—	—	—	752,883	—	752,883	(1,104)	751,779
Other																
comprehensive																
income (loss)									—	—	—	—	10,496	10,496	(258)	10,238
Dividends and																
dividend																
equivalents																
paid																
(\$1.38)									—	—	1,249	(203,278)	—	(202,029)	—	(202,029)
Distribution to																
noncontrolling																
interest									—	—	—	—	—	—	(1,089)	(1,089)
Balance at																
December 31,																
2023									143,866	\$ 1,439	\$ -	\$ 2,580,968	\$ (192,057)	\$ 2,390,350	\$ 1,063	\$ 2,391,413

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows

In thousands

Years ended December 31,	2022	2021	2020	2023	2022	2021
Operating Activities:						
Net earnings	1,360,60	1,418,84				
	\$ 5	\$ 5	\$ 698,214	\$ 751,779	\$ 1,360,605	\$ 1,418,845
Adjustments to reconcile net earnings to net cash from operating activities:						
Provisions for losses on accounts receivable	11,050	7,540	5,584	3,943	11,050	7,540
Deferred income tax (benefit) expense	(33,240)	(3,690)	8,371			
Deferred income tax benefit				(22,916)	(33,240)	(3,690)
Stock compensation expense	64,397	69,385	62,498	58,399	64,397	69,385
Depreciation and amortization	57,338	51,312	56,959	67,760	57,338	51,312
Other, net	1,252	3,790	3,960	8,461	1,252	3,790
Changes in operating assets and liabilities:						
Decrease (Increase) in accounts receivable	1,592,34	(1,869,8	(647,19			
	1	27)	3)			
Decrease (increase) in accounts receivable				573,724	1,592,341	(1,869,827)
(Decrease) increase in accounts payable and accrued expenses	(798,123)	1,041,80	430,452	(300,345)	(798,123)	1,041,805
Decrease (Increase) in deferred contract costs			(189,44			
	714,960	(700,273)	7)			
Decrease (increase) in deferred contract costs				36,952	714,960	(700,273)
(Decrease) increase in contract liabilities	(798,356)	803,837	217,699	(40,076)	(798,356)	803,837
(Decrease) increase in income taxes payable, net	(55,129)	57,867	8,502	(77,298)	(55,129)	57,867
Decrease (increase) in other, net	12,580	(12,097)	(630)			

(Increase) decrease in other, net				(7,192)	12,580	(12,097)
Net cash from operating activities	2,129,675					
	5	868,494	654,969	1,053,191	2,129,675	868,494
Investing Activities:						
Purchase of property and equipment	(86,824)	(36,247)	(47,543)	(39,314)	(86,824)	(36,247)
Other, net	(890)	(398)	1,516	(119)	(890)	(398)
Net cash from investing activities	(87,714)	(36,645)	(46,027)	(39,433)	(87,714)	(36,645)
Financing Activities:						
Proceeds from borrowing on lines of credit	81,756	10,063	257	32,199	81,756	10,063
Payments from borrowing on lines of credit	(30,289)	(2,551)	(214)			
Payments on borrowing on lines of credit				(38,143)	(30,289)	(2,551)
Proceeds from issuance of common stock	80,980	106,105	186,345	84,889	80,980	106,105
Repurchases of common stock	(1,581,908)	(514,594)	(332,387)	(1,392,886)	(1,581,908)	(514,594)
Dividends paid			(174,929)			
	(213,799)	(195,766)	9)	(202,029)	(213,799)	(195,766)
Payments for taxes related to net share settlement of equity awards	(19,335)	(15,172)	(10,566)	(19,506)	(19,335)	(15,172)
Distribution to noncontrolling interest	(1,945)	(1,631)	—	(1,089)	(1,945)	(1,631)
Net cash from financing activities	(1,684,540)	(613,546)	(331,494)	(1,536,565)	(1,684,540)	(613,546)
Effect of exchange rate changes on cash and cash equivalents	(51,982)	(17,402)	19,852	1,559	(51,982)	(17,402)
Change in cash and cash equivalents	305,439	200,901	297,300	(521,248)	305,439	200,901
Cash and cash equivalents at beginning of period	1,728,692	1,527,791	1,230,491			
	2	1	91	2,034,131	1,728,692	1,527,791
Cash and cash equivalents at end of period	2,034,131	1,728,691	1,527,791			
	\$ 1	\$ 2	\$ 91	\$ 1,512,883	\$ 2,034,131	\$ 1,728,692
Supplemental Cash Flow Information:						
Cash paid for income taxes	\$ 566,533	\$ 442,549	\$ 239,849	\$ 356,380	\$ 566,533	\$ 442,549

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. | Basis of Presentation

Expeditors International of Washington, Inc. (the "Company") is a non-asset-based provider of global logistics services operating through a worldwide network of offices and exclusive or non-exclusive agents. The Company's customers include retailing and wholesaling, electronics, high technology, industrial and manufacturing companies around the world.

International trade is influenced by many factors, including economic and political conditions in the United States and abroad, currency exchange rates, laws and policies relating to tariffs, trade restrictions, foreign investments and taxation. Periodically, governments consider a variety of changes to tariffs and trade restrictions and accords. The Company cannot predict the outcome of ongoing proposals or negotiations, nor can the Company predict the effects adoption of any such proposal will have on the Company's business. Doing business in foreign locations also subjects the Company to a variety of risks and considerations not normally encountered by domestic enterprises. In addition to being influenced by governmental policies and inter-governmental disputes concerning international trade, the Company's business may also be affected by political developments and changes in government personnel or policies as well as economic turbulence, natural disasters and pandemics, political unrest and security concerns in the nations and on the shipping lanes in which it does business and the future impact that these events may have on international trade, oil prices and security costs.

The consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The consolidated financial statements include the accounts of the Company and its subsidiaries stated in U.S. dollars, the Company's reporting currency. In addition, the consolidated financial statements also include the accounts of operating entities where the Company maintains a parent-subsidary relationship through unilateral control over assets and operations together with responsibility for payment of all liabilities, notwithstanding a lack of technical majority ownership of the subsidiary's common stock.

All significant intercompany accounts and transactions have been eliminated in consolidation. All dollar amounts in the notes are presented in thousands except for per share data or unless otherwise specified. **Certain prior year amounts on the consolidated statements of earnings and consolidated statements of cash flows have been reclassified to conform to the current year presentation.**

B. | Cash Equivalents

All highly liquid investments with a maturity of three months or less at date of purchase are considered to be cash equivalents.

C. | Accounts Receivable

Effective January 1, 2020, the Company adopted a new accounting standard update related to the measurement of credit losses on financial instruments. The Company determined that this new guidance is applicable to its accounts receivable, which are short term and for which the Company has not historically experienced significant credit losses. The adoption had an immaterial effect on the Company's consolidated financial statements and disclosures. The Company adopted this standard using the modified retrospective transition method resulting in a \$6 million adjustment to the opening balance of retained earnings and an \$8 million reduction to the opening balance of allowance for credit loss.

The A valuation allowance reduces **a financial asset's the accounts receivable** balance for credit losses expected to be incurred over the **assets assets'** contractual term. The Company's trade accounts receivable present similar credit risk characteristics and the allowance for credit loss is estimated on a collective basis, using a credit loss-rate method that uses historical credit loss information and considers the current economic environment. Additional allowances may be necessary in

the future if changes in economic conditions are significant enough to affect expected credit losses. The Company has recorded an allowance for credit loss in the amounts of \$9,466 6,550 and \$6,686 9,466 as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Additions and write-offs have not been significant in the periods presented.

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D. | Long-Lived Assets, Depreciation and Amortization

Property and equipment are recorded at cost and are depreciated or amortized on the straight-line method over the shorter of the assets' estimated useful lives or lease terms. Useful lives for major categories of property and equipment are as follows:

Buildings and land improvements	30 to 40 years
Building improvements	3 to 10 years
Furniture, fixtures, equipment and purchased software	3 to 10 years

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Expenditures for maintenance, repairs, and replacements of minor items are charged to earnings as incurred. Major upgrades and improvements that extend the life of the asset are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income for the period.

For the years ended December 31, 2022 December 31, 2023 and 2021, 2022, the Company performed the required goodwill annual impairment test during the fourth quarter and determined that no impairment had occurred.

E. | Leases

The Company determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. All ROU assets and lease liabilities are recognized at the commencement date at the present value of lease payments over the lease term. ROU assets are adjusted for lease incentives and initial direct costs. The lease term includes renewal options exercisable at the Company's sole discretion when the Company is reasonably certain to exercise that option. As the Company's leases generally do not have an implicit rate, the Company uses an estimated incremental borrowing rate based on market information available at the commencement date to determine the present value. Certain of our leases include variable payments, which may vary based upon changes in facts or circumstances after the start of the lease. The Company excludes variable payments from ROU assets and lease liabilities to the extent not considered fixed, and instead expenses variable payments as incurred. Lease expense is recognized on a straight-line basis over the lease term and is included in rent and occupancy expenses on the consolidated statement of earnings.

Additionally, the Company elected to apply the short-term lease exemption for leases with a non-cancelable period of twelve months or less and has chosen not to separate non-lease components from lease components and instead to account for each as a single lease component.

F. | Revenues and Revenue Recognition

The Company provides global logistics services, including air and ocean freight consolidation and forwarding, customs brokerage, warehousing and distribution, purchase order management, vendor consolidation, time-definite transportation services, temperature-controlled transit, cargo insurance, specialized cargo monitoring and tracking and other logistics solutions. As a non-asset-based carrier, the Company does not own transportation assets.

The Company derives its revenues by entering into agreements that are generally comprised of a single performance obligation, which is that freight is shipped for and received by the customer. Each performance obligation is comprised of one or more of the Company's services. The Company's three principal services are the revenue categories presented in the Consolidated Statements of Earnings: 1) airfreight services, 2) ocean freight and ocean services, and 3) customs brokerage and other services. The most significant drivers of changes in gross revenues and related transportation expenses are volume, sell rates and buy rates. Volume has a similar effect on the change in both gross revenues and related transportation expenses in each of the Company's three primary sources of revenue.

The major portion of the Company's air and ocean freight revenues are generated by purchasing transportation services on a volume basis from direct (asset-based) carriers and then reselling that space to customers on a retail basis. The rate billed to our customers (the sell rate) is recognized as revenues and the rate we pay to the carrier (the buy rate) is recognized in operating expenses as the directly related cost of transportation and other expenses.

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Revenue is recognized upon transfer of control of promised services to customers, which occurs over time. The Company has determined that in general each shipment transaction or service order constitutes a separate contract with the customer. However, when the Company provides multiple services to a customer, different contracts may be present for different services. The Company combines the contracts, which form a single performance obligation, and accounts for the contracts as a single contract when certain criteria are met.

The Company typically satisfies its performance obligations as services are rendered over time. A typical shipment would include services rendered at origin, such as pick-up and delivery to port, freight services from origin to destination port and destination services, such as customs clearance and final delivery. The Company measures the performance of its obligations as services are completed over the life of a shipment, including services at origin, freight and destination.

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This method of measurement of progress depicts the pattern of the Company's actual performance under the contracts with the customer. There are no significant judgments involved in measuring the progress of the performance obligations. Amounts allocated to the services for each performance obligation are typically based on standalone selling prices. The Company does not have significant variable consideration in its contracts. Taxes assessed concurrently with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenues.

Typically, the transaction price for each of the Company's services are quoted as separate components; however, customers on occasion will request an all-inclusive rate for a set of services known in the industry as "door-to-door service." This means that the customer is billed a single rate for all services from pickup at origin to delivery at destination. In these instances, the transaction price is allocated to each service on a relative selling price basis.

The Company fulfills nearly all of its performance obligations within a one to two month-period and contracts with customers have an original expected duration of less than one year. The Company generally has an unconditional right to consideration when the services are initiated or soon thereafter. The amount due from the customer is recorded as accounts receivable. The amounts related to services that are not yet completed at the reporting date are presented as contract liabilities, with corresponding direct costs to fulfill the performance obligation that will be satisfied in the future presented as deferred contract costs. The Company generally does not incur incremental costs to obtain the contract with the customer. The Company may incur costs to fulfill the contract with the customers, such as set-up costs. However, the amount incurred is insignificant to the Company's consolidated financial statements.

The Company evaluates whether amounts billed to customers should be reported as revenues on a gross or net basis. Generally, revenue is recorded on a gross basis when the Company is primarily responsible for fulfilling the promise to provide the services, when it assumes the risk of loss, when it has discretion in setting the prices for the services to the customers, and when the Company has the ability to direct the use of the services provided by the third party. In most cases the Company acts as an indirect carrier. When acting as an indirect carrier, the Company issues a House Airway Bill (HAWB), a House Ocean Bill of Lading (HOBL) or a House **Seaway Bill Sea Waybill** to customers as the contract of carriage. In turn, when the freight is physically tendered to a direct carrier, the Company receives a contract of carriage known as a Master Airway Bill for airfreight shipments and a Master Ocean Bill of Lading for ocean shipments. When revenue is recorded on a net basis, the amounts earned are determined using a fixed fee, a per unit of activity fee or a combination thereof. For revenues earned in other capacities, for instance, when the Company does not issue a HAWB, a HOBL, or a House **Seaway Bill Sea Waybill** or otherwise act solely as an agent for the shipper, only the commissions and fees earned for such services are included in revenues. In these transactions, the Company is not a principal and report only commissions and fees earned in revenues.

The Company disaggregates its revenues by its three primary service categories in the consolidated financial statements: airfreight, ocean freight and ocean services and customs brokerage and other. Revenues by geographic location are presented within business segment information in Note 10.

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G. | Income Taxes

Income taxes are accounted for under the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, the tax effect of loss carryforwards and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company uses a two-step approach to recognizing and measuring uncertain income tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating its tax positions and estimating our tax benefits, which may require periodic adjustments and which may not match the ultimate future outcome. The Company recognizes interest expense related to unrecognized tax benefits or underpayment of income taxes in interest expense and recognizes penalties in operating expenses.

U.S. corporate income tax laws and regulations include a territorial tax framework and provisions for Global Intangible Low-Taxed Income (GILTI) under which taxes on foreign income are imposed on the excess of a deemed return on tangible assets of certain foreign subsidiaries, Base Erosion and Anti-Abuse Tax (BEAT) under which taxes are imposed on certain base eroding payments to affiliated foreign companies as well as U.S. income tax deductions for Foreign-derived intangible income (FDII). The Company treats BEAT and GILTI as discrete adjustments as components of current income tax expense.

Earnings of the Company's foreign subsidiaries are not considered to be indefinitely reinvested outside of the United States.

H | Net Earnings Attributable to Shareholders per Common Share

Diluted earnings attributable to shareholders per share is computed using the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential common shares represent outstanding stock options, stock purchase rights and unvested restricted stock units. Basic earnings attributable to shareholders per share is calculated using the weighted average number of common shares outstanding without taking into consideration dilutive potential common shares outstanding.

I. | Stock Plans

The Company maintains several equity incentive plans under which the Company has granted stock options, director restricted stock, restricted stock units (RSUs), performance stock units (PSUs) and employee stock purchase rights to employees or directors. The Company recognizes stock compensation expense based on the fair value of awards granted to employees and directors under the Company's Amended and Restated 2017 Omnibus Plan and employee stock purchase rights plans. This expense, adjusted for expected performance and forfeitures, is recognized in net earnings on a straight-line basis over the service periods as salaries and related costs on the consolidated statements of earnings. Expense for PSUs is recognized over the service period when it is probable the performance goal will be achieved and based on the most probable outcome of performance conditions at the reporting date. RSUs and PSUs awarded to certain employees meeting specific retirement eligibility criteria at the time of grant are expensed immediately, as there is no substantive service period associated with those awards.

J. | Foreign Currency

Foreign currency amounts attributable to foreign operations have been translated into U.S. dollars using year-end exchange rates for assets and liabilities, historical rates for equity, and weighted average rates for revenues and expenses. Currency fluctuations are a normal operating factor in the conduct of the Company's business and foreign exchange transaction gains and losses are included in revenues and operating expenses. Also, the Company is exposed to foreign currency exchange fluctuations on monetary assets and liabilities denominated in currencies that are not the local functional currency. Foreign exchange gains and losses on such balances are recognized in net earnings within customs brokerage and other services costs. Net foreign currency losses in 2023, 2022 and 2021 and 2020 were \$14,943, \$1,616, \$11,806, and \$25,398 11,806, respectively.

The Company follows a policy of accelerating international currency settlements to manage its foreign exchange exposure. Accordingly, the Company enters into foreign currency hedging transactions only in limited locations where there are regulatory or commercial limitations on the Company's ability to move money freely. Such hedging activity during 2023, 2022, 2021 and 2020, 2021 was insignificant. The Company had no foreign currency derivatives outstanding at December 31, 2022, December 31, 2023 and 2021, 2022.

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K. | Comprehensive Income

Comprehensive income consists of net earnings and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net earnings. For the Company, these consist of foreign currency translation gains and losses, net of related income tax effects and comprehensive income or loss attributable to the noncontrolling interests. Upon the complete or substantially complete liquidation of the Company's investment in a foreign entity, cumulative translation adjustments are recorded as reclassification adjustments in other comprehensive income and recognized in net earnings.

Accumulated other comprehensive loss consisted entirely of foreign currency translation adjustments, net of related income tax effects, as of December 31, 2022, December 31, 2023 and 2021, 2022.

L. | Segment Reporting

The Company is organized functionally in geographic operating segments. Accordingly, management focuses its attention on revenues, directly related cost of transportation and other expenses for each of the Company's three primary sources of revenue, salaries and other operating expenses, operating income, identifiable assets, capital expenditures, depreciation and amortization and equity generated in each of these geographical areas when evaluating the effectiveness of geographic management. Transactions among the Company's various offices are conducted using the same arms-length pricing methodologies the Company uses when its offices transact business with independent agents. Certain costs are allocated among the segments based on the relative value of the underlying services, which can include allocation based on actual costs incurred or estimated cost plus a profit margin.

M. | Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The Company uses estimates primarily in the following areas: accounts receivable valuation, accrual of costs related to ancillary services the Company performs, typically at the destination location, self-insured liabilities, accrual of various tax liabilities, accrual of loss contingencies, including estimates for ongoing and potential claims as a result of the downtime caused by the cyber-attack, calculation of share-based compensation expense and estimates related to determining the lease term and discount rate when measuring ROU assets and lease liabilities. See Note 11 for further information on estimates related

N. | Recent Accounting Pronouncements

Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (FASB) issued an Accounting Standard Update (ASU) which makes improvements to reportable segment disclosures, by requiring, among other things, the disclosure in interim periods about a reportable segment's profit or loss and assets that are currently required annually, and disclosures of significant segment expenses and profit and loss measures provided to the cyber-attack. Actual results could be materially different from chief operating decision maker. The ASU does not change how the estimated provisions Company identifies its operating segments. The Company expects to adopt this standard effective January 1, 2024 in its 2024 annual report on Form 10-K and accruals recorded, for interim periods starting on January 1, 2025, including retrospective presentation to all prior periods presented in the financial statements. The Company is currently evaluating the impact of this ASU on its segment disclosures and expects no impact on its consolidated financial statements, cash flows and financial condition.

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Improvements to Income Tax Disclosures

In December 2023, the FASB issued an ASU which expands income tax disclosures by requiring the disclosure, on an annual basis, of a tabular rate reconciliation using both percentages and currency amounts, broken out by nature and jurisdiction to the extent those items exceed a specified threshold. In addition, disclosure is required of income taxes paid, net of refunds received, disaggregated by federal, state/local, and foreign and by jurisdiction if the amount is at least 5% of total income tax payments, net of refunds received. This standard will become effective for the Company on January 1, 2025. The Company may apply this ASU prospectively by providing the revised disclosures for the period ending December 31, 2025 and continuing to provide the pre-ASU disclosures for the prior periods or may apply the amendments retrospectively by providing the revised disclosures for all period presented. The Company expects this ASU to only impact its disclosures with no impacts to its consolidated financial statements, cash flows and financial condition.

NOTE 2. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments, other than cash, consist primarily of cash equivalents, accounts receivable, accounts payable and accrued expenses. The carrying value of these financial instruments approximates their fair value.

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Cash and cash equivalents consist of the following:

	December 31, 2022		December 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents:				
Cash and overnight deposits	\$ 1,038,903	\$ 1,038,903	\$ 1,241,565	\$ 1,241,565
Corporate commercial paper	977,887	978,325	423,261	423,279
Time deposits and money market funds	17,341	17,341	63,866	63,866

Total cash and cash equivalents	\$	2,034,131	\$	2,034,569	\$	1,728,692	\$	1,728,710
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	December 31, 2023		December 31, 2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents:				
Cash and overnight deposits	\$ 601,207	\$ 601,207	\$ 1,038,903	\$ 1,038,903
Corporate commercial paper	854,929	856,033	977,887	978,325
Time deposits and money market funds	56,747	56,747	17,341	17,341
Total cash and cash equivalents	\$ 1,512,883	\$ 1,513,987	\$ 2,034,131	\$ 2,034,569

The fair value of corporate commercial paper and time deposits is based on the use of market interest rates for identical or similar assets (Level 2 fair value measurement).

NOTE 3. PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

	2022	2021
Land	\$ 139,635	\$ 147,310
Buildings and leasehold improvements	505,525	494,797
Furniture, fixtures, equipment and purchased software	420,485	382,676
Construction in progress	4,029	4,764
Property and equipment, at cost	1,069,674	1,029,547
Less accumulated depreciation and amortization	567,758	541,677
Property and equipment, net	\$ 501,916	\$ 487,870

	2023	2022
Land	\$ 143,068	\$ 139,635
Buildings and leasehold improvements	519,129	505,525
Furniture, fixtures, equipment and purchased software	412,195	420,485
Construction in progress	2,306	4,029
Property and equipment, at cost	1,076,698	1,069,674
Less accumulated depreciation and amortization	597,473	567,758
Property and equipment, net	\$ 479,225	\$ 501,916

NOTE 4. LEASES

The Company enters into lease agreements primarily for office and warehouse space in all districts where it conducts business. As of December 31, 2022, all of the Company's leases are operating leases. Lease terms are either on a month-to-month basis or terminate at various times through 2040. The Company also has

two long-term operating lease arrangements to use land, for which the usage rights were entirely prepaid. Usage rights for those arrangements are recognized in rent expense over the lease terms up to 2057.

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Lease cost is recorded under rent and occupancy expenses in the consolidated statements of earnings and is comprised of the following for the year-ended December 31:

	2022	2021	2020	2023	2022	2021
Operating lease cost	\$ 107,858	\$ 98,219	\$ 91,436	\$ 123,411	\$ 107,858	\$ 98,219
Variable lease cost	47,553	39,607	26,857	50,508	47,553	39,607
Total lease cost	\$ 155,411	\$ 137,826	\$ 118,293	\$ 173,919	\$ 155,411	\$ 137,826

Variable lease cost includes short-term lease expenses, which are insignificant.

Maturities of lease liabilities as of December 31, 2022 December 31, 2023 are as follows:

2023	\$ 112,010
2024	97,113
2025	88,513
2026	71,776
2027	56,552
Thereafter	159,363
Total minimum lease payments	585,327
Less imputed interest	66,862
Lease liability	\$ 518,465

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2024	\$ 119,565
2025	112,117
2026	93,952
2027	73,521
2028	55,430

Thereafter	150,445
Total minimum lease payments	605,030
Less imputed interest	77,297
Lease liability	\$ 527,733

As of **December 31, 2022** **December 31, 2023**, the Company had \$**101.90** million in operating lease obligations with maturities through 2034 for several office and warehouse locations not included in the lease liabilities, as the lease had not yet commenced.

The weighted-average remaining lease term and weighted-average discount rate are as follows:

	2022	2021	2023	2022
Weighted-average remaining lease term (in years)	7.10	7.45	6.68	7.10
Weighted-average discount rate	3.63 %	3.71 %	4.34 %	3.63 %

Other information related to the Company's operating leases are as follows:

	2022	2021	2020	2023	2022	2021
Right-of-use assets obtained in exchange for new operating lease liabilities	151,6	117,4	109,5			
	\$ 54	\$ 09	\$ 15	\$ 105,888	\$ 151,654	\$ 117,409
Cash paid for amounts included in the measurement of lease liabilities	106,7	95,80	90,10			
	\$ 72	\$ 4	\$ 1	\$ 120,793	\$ 106,772	\$ 95,804

NOTE 5. SHAREHOLDERS' EQUITY

A. | Stock Repurchase Plan

The Company has a Discretionary Stock Repurchase Plan, originally approved by the Board of Directors in November 2001 and amended from time to time, under which management as of **December 31, 2022** **December 31, 2023** is authorized to repurchase shares down to **150,000** **140,000** shares of common stock outstanding. The maximum number of shares available for repurchase under this plan will increase as the total number of outstanding shares increases. On **February 20, 2023** **February 19, 2024**, the Board of Directors amended the plan to further authorize repurchases down to **140,000** **130,000** shares. This authorization has no expiration date.

Cumulative shares of common stock repurchased since inception of the above plan and a previous now expired plan were **137,498** **149,644**.

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B. | Omnibus Incentive Plan

On May 5, 2020, the shareholders approved the Company's Amended and Restated 2017 Omnibus Incentive Plan (Amended 2017 Plan), which made available 5,500 shares of the Company's common stock in aggregate to be issued under any award type allowed by the Amended 2017 Plan. The RSUs granted in 2023, 2022 2021 and 2020 2021 generally vest annually over three years based on continued employment and are settled upon vesting in shares of the Company's common stock on a one-for-one basis.

The Amended 2017 Plan also provides for annual equity awards to non-employee directors. The Amended 2017 Plan provides for an annual grant of equity awards to each participant with a fair market value that may not exceed \$600, or \$800 with respect to the Chairman of the Board. Restricted shares granted to non-employee directors in 2023, 2022 2021 and 2020 2021 vest at the time of grant and there were no unvested restricted shares as of December 31, 2022 December 31, 2023. In 2022, 2023, 16 14 fully vested RSUs restricted shares with a weighted average grant date fair value per share of \$102.65 113.24 were granted to non-employee directors.

The following table summarizes information about RSUs and restricted shares:

	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2021	794	\$ 89.74
RSUs granted	372	\$ 102.65
RSUs vested	(439)	\$ 85.37
RSUs forfeited	(20)	\$ 93.24
Nonvested at December 31, 2022	707	\$ 99.09

	Number of shares	Weighted average grant date fair value
Nonvested at December 31, 2022	707	\$ 99.09
RSUs granted	365	\$ 113.28
RSUs vested	(410)	\$ 94.54
RSUs forfeited	(20)	\$ 105.11
Nonvested at December 31, 2023	642	\$ 109.78

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In 2023, 2022 2021 and 2020, 2021, the Company also awarded 84 78, 75 84 and 95 75 PSUs, respectively, under the Amended 2017 Plan. Nonvested PSUs include performance conditions to be finally measured based on financial results at December 31, 2023 December 31, 2024 and 2024, 2025. The final number of PSUs will be determined using an adjustment factor of up to 2 times or down to 0.5 of the targeted PSU grant, depending on the degree of achievement of the designated performance targets. If the minimum performance thresholds are not achieved, no shares will be issued. Each PSU will convert to one share of the Company's common stock upon vesting.

At December 31, 2022 December 31, 2023, there were 161 164 shares of nonvested PSUs at target levels, with a weighted-average grant date fair value of \$107.58 113.54. At December 31, 2022 December 31, 2023, 197 114 PSUs with a grant date fair value of \$72.90 113.71 became vested based on satisfaction of performance goals but had not settled.

RSUs and PSUs granted under the Amended 2017 Plan have dividend equivalent rights, which entitle holders of RSUs and PSUs to the same dividend value per share as holders of common stock. Dividend equivalent rights are subject to the same vesting and other terms and conditions as the corresponding unvested RSUs and PSUs and are accumulated and paid in shares when the underlying awards is released.

At December 31, 2022 December 31, 2023, there are approximately 2,041 1,577 shares available for grant under the Amended 2017 Plan.

When restrictions on employee RSUs or PSUs lapse the Company derives a tax deduction in certain countries based on the fair market value of the award upon vesting and subject to the limits allowed under each jurisdiction's tax regulations. Until vesting, a deferred tax asset is recognized and measured based on the fair value of the award at the date of grant (consistent with measurement for stock compensation expense). Any excess or shortfall in the tax deduction resulting from the difference between fair market value of the award between the date of grant and the date of vesting is recognized in income tax expense upon vesting.

C. | Stock Option Plans

Prior to 2017, the Company granted stock options under stock option plans approved annually by shareholders. Those plans generally allowed for the grant of qualified and non-qualified grants and outstanding options expire no more than ten years from the date of grant. All options were fully vested as of December 31, 2020. No additional shares can be granted under any of the Company's stock option plans other than the Amended 2017 Plan.

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Upon the exercise of non-qualified stock options and disqualifying dispositions of incentive stock options, the Company derives a tax deduction measured by the excess of the market value over the option price at the date of exercise or disqualifying disposition. The portion of the benefit from the deduction, which equals the estimated fair value of the options (previously recognized as compensation expense) is recorded as a credit to the deferred tax asset for non-qualified stock options and is recorded as a credit to current tax expense for any disqualified dispositions of incentive stock options. For disqualifying dispositions, when the amount of the tax deduction is less than the cumulative amount of compensation expense recognized for the award, the amount credited to current tax expense is limited to the tax benefit associated with the tax deduction.

The following table summarizes information about stock options:

	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual life	Aggregate intrinsic value
Outstanding at December 31, 2021	2,329	\$ 44.07		
Options granted	—	\$ —		
Options exercised	(539)	\$ 41.48		

Options canceled	(6)	\$	41.53		
Outstanding at December 31, 2022	1,784	\$	44.86	2.29	\$ 105,400
Exercisable at December 31, 2022	1,784	\$	44.86	2.29	\$ 105,400

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	Number of shares	Weighted average exercise price per share	Weighted average remaining contractual life	Aggregate intrinsic value
Outstanding at December 31, 2022	1,784	\$ 44.86		
Options granted	—	\$ —		
Options exercised	(640)	\$ 42.15		
Options canceled	(9)	\$ 35.39		
Outstanding at December 31, 2023	1,135	\$ 46.46	1.66	\$ 91,645
Exercisable at December 31, 2023	1,135	\$ 46.46	1.66	\$ 91,645

D. | Stock Purchase Plan

In May 2002, the shareholders approved the Company's 2002 Employee Stock Purchase Plan (the 2002 Plan), which became effective August 1, 2002. As last amended in May 2019, the Company's 2002 Plan provides for 15,305 shares of the Company's common stock to be reserved for issuance upon exercise of purchase rights granted to employees who elect to participate through regular payroll deductions beginning August 1 of each year. The purchase rights are exercisable on July 31 of the following year at a price equal to the lesser of (1) 85% of the fair market value of the Company's stock on the last trading day in July or (2) 85% of the fair market value of the Company's stock on the first trading day in August of the preceding year. A total of 14,174 14,814 shares have been issued under the 2002 Plan since inception and \$32,458 25,125 has been withheld from employees at December 31, 2022 December 31, 2023 in connection with the plan year ending July 31, 2023 July 31, 2024.

E. | Share-Based Compensation Expense

The fair value of employee stock purchase rights granted under the 2002 Plan is estimated on the date of grant using the Black-Scholes Model with the following assumptions:

	For the years ended December 31,		
	2022	2021	2020
Dividend yield	1.30 %	1.10 %	1.40 %
Volatility	29 %	20 %	32 %
Risk-free interest rates	3.02 %	0.08 %	0.15 %
Expected life (years)	1	1	1
Weighted average fair value	\$ 27.07	\$ 28.55	\$ 23.26

For the years ended December 31,

	2023	2022	2021
Dividend yield	1.20 %	1.30 %	1.10 %
Volatility	28 %	29 %	20 %
Risk-free interest rates	5.37 %	3.02 %	0.08 %
Expected life (years)	1	1	1
Weighted average fair value	\$ 31.56	\$ 27.07	\$ 28.55

The Company's expected volatility assumptions are based on the historical volatility of the Company's stock over a period of time commensurate to the expected life. The expected life assumption is based on the one-year offering period. The risk-free interest rate for the expected term of the option is based on the corresponding yield curve in effect at the time of grant for U.S. Treasury bonds having the same term as the expected life of the option. The expected dividend yield is based on the Company's historical experience. The forfeiture assumption used to calculate compensation expense is primarily based on historical pre-vesting employee forfeiture patterns.

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The compensation expense for employee RSUs and PSUs is based on the fair market value of the Company's share of common stock on the date of grant. RSUs and PSUs awarded in 2023, 2022, 2021 and 2020 2021 were granted at a weighted-average grant date fair value of \$102.65 113.28, \$113.82 102.65 and \$74.00 113.82, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 was approximately \$46 million, \$34 million \$82 million and \$117 82 million, respectively.

As of December 31, 2022 December 31, 2023, the total unrecognized compensation cost related to stock awards is \$52 53 million and the weighted average period over which that cost is expected to be recognized is 1.6 1.7 years.

Shares issued as a result of stock option exercises, restricted stock awards, vested RSUs, vested PSUs and employee stock plan purchases are issued as new shares outstanding by the Company.

NOTE 6. BASIC AND DILUTED EARNINGS PER SHARE

Diluted earnings attributable to shareholders per share is computed using the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential shares represent outstanding stock options, including purchase options under the Company's employee stock purchase plan and unvested RSUs. Basic earnings attributable to shareholders per share is calculated using the weighted average number of common shares outstanding without taking into consideration dilutive potential common shares outstanding.

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The following table reconciles the numerator and the denominator of the basic and diluted per share computations for earnings attributable to shareholders.

	Net earnings attributable to shareholders	Weighted average shares	Earnings per share
2022			
Basic earnings attributable to shareholders	\$ 1,357,399	163,010	\$ 8.33
Effect of dilutive potential common shares	—	1,417	—
Diluted earnings attributable to shareholders	\$ 1,357,399	164,427	\$ 8.26
2021			
Basic earnings attributable to shareholders	\$ 1,415,492	169,145	\$ 8.37
Effect of dilutive potential common shares	—	2,105	—
Diluted earnings attributable to shareholders	\$ 1,415,492	171,250	\$ 8.27
2020			
Basic earnings attributable to shareholders	\$ 696,140	168,333	\$ 4.14
Effect of dilutive potential common shares	—	2,563	—
Diluted earnings attributable to shareholders	\$ 696,140	170,896	\$ 4.07

	Net earnings attributable to shareholders	Weighted average shares	Earnings per share
2023			
Basic earnings attributable to shareholders	\$ 752,883	149,141	\$ 5.05
Effect of dilutive potential common shares	—	1,045	—
Diluted earnings attributable to shareholders	\$ 752,883	150,186	\$ 5.01
2022			
Basic earnings attributable to shareholders	\$ 1,357,399	163,010	\$ 8.33
Effect of dilutive potential common shares	—	1,417	—
Diluted earnings attributable to shareholders	\$ 1,357,399	164,427	\$ 8.26
2021			
Basic earnings attributable to shareholders	\$ 1,415,492	169,145	\$ 8.37
Effect of dilutive potential common shares	—	2,105	—
Diluted earnings attributable to shareholders	\$ 1,415,492	171,250	\$ 8.27

In 2022, Potential common shares of 771 and 1,072 potential common shares were excluded from the computation of diluted earnings per share because the effect would have been antidilutive. Antidilutive in 2023 and 2022, respectively. Substantially all outstanding potential common shares in 2021 and 2020 were dilutive.

NOTE 7. INCOME TAXES

Income tax expense (benefit) includes the following components:

	Federal	State	Foreign	Total
2022				
Current	\$ 149,840	\$ 63,140	\$ 295,546	\$ 508,526
Deferred	(27,904)	(5,336)	—	(33,240)
	<u>\$ 121,936</u>	<u>\$ 57,804</u>	<u>\$ 295,546</u>	<u>\$ 475,286</u>
2021				
Current	\$ 126,840	\$ 54,484	\$ 328,137	\$ 509,461
Deferred	(3,981)	291	—	(3,690)
	<u>\$ 122,859</u>	<u>\$ 54,775</u>	<u>\$ 328,137</u>	<u>\$ 505,771</u>
2020				
Current	\$ 37,551	\$ 18,432	\$ 193,996	\$ 249,979
Deferred	8,440	(69)	—	8,371
	<u>\$ 45,991</u>	<u>\$ 18,363</u>	<u>\$ 193,996</u>	<u>\$ 258,350</u>

	Federal	State	Foreign	Total
2023				
Current	\$ 87,461	\$ 24,481	\$ 174,223	\$ 286,165
Deferred	(20,795)	(2,121)	—	(22,916)
	<u>\$ 66,666</u>	<u>\$ 22,360</u>	<u>\$ 174,223</u>	<u>\$ 263,249</u>
2022				
Current	\$ 149,840	\$ 63,140	\$ 295,546	\$ 508,526
Deferred	(27,904)	(5,336)	—	(33,240)
	<u>\$ 121,936</u>	<u>\$ 57,804</u>	<u>\$ 295,546</u>	<u>\$ 475,286</u>
2021				
Current	\$ 126,840	\$ 54,484	\$ 328,137	\$ 509,461
Deferred	(3,981)	291	—	(3,690)

	\$	122,859	\$	54,775	\$	328,137	\$	505,771
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The components of earnings before income taxes are as follows:

	2022	2021	2020
United States	\$ 987,186	\$ 823,009	\$ 325,009
Foreign	848,705	1,101,607	631,555
	<u>\$ 1,835,891</u>	<u>\$ 1,924,616</u>	<u>\$ 956,564</u>

	2023	2022	2021
United States	\$ 512,682	\$ 987,186	\$ 823,009
Foreign	502,346	848,705	1,101,607
	<u>\$ 1,015,028</u>	<u>\$ 1,835,891</u>	<u>\$ 1,924,616</u>

Income tax expense differs from amounts computed by applying the United States Federal income tax rate of 21% when compared to earnings before income taxes as a result of the following:

	2022	2021	2020
Computed "expected" tax expense	\$ 385,537	\$ 404,169	\$ 200,879
Increase (decrease) in income taxes resulting from:			
Effect of foreign taxes	32,293	46,644	48,584
State income taxes, net of Federal income tax benefit	45,665	43,272	14,507
Nondeductible executive compensation	8,019	8,981	4,324
Stock compensation expense, net	454	(6,238)	(8,461)
Other, net	3,318	8,943	(1,483)
	<u>\$ 475,286</u>	<u>\$ 505,771</u>	<u>\$ 258,350</u>

	2023	2022	2021
Computed "expected" tax expense	\$ 213,156	\$ 385,537	\$ 404,169
Increase (decrease) in income taxes resulting from:			
Effect of foreign taxes	27,711	32,293	46,644
State income taxes, net of Federal income tax benefit	17,665	45,665	43,272
Nondeductible executive compensation	4,965	8,019	8,981
Stock compensation expense, net	(1,321)	454	(6,238)
Other, net	1,073	3,318	8,943
	<u>\$ 263,249</u>	<u>\$ 475,286</u>	<u>\$ 505,771</u>

In 2023, 2022, 2021 and 2020, 2021, the Company also benefited from U.S. Federal tax credits totaling \$41.6 24.1 million, \$27.9 41.6 million, and \$16.7 27.9 million, respectively, principally because of withholding taxes related to the Company's foreign operations, as well as U.S. income tax deductions benefits for

Foreign-derived intangible income (FDII) FDI of \$16.2 million, \$41.7 million, \$22.6 million, and \$10.0 22.6 million, respectively. The Company's effective tax rate in 2021 and 2020 benefited from significant share-based compensation deductions. These amounts were offset by the effect of higher foreign tax rates of the Company's international subsidiaries, when compared to the U.S. Federal income tax rate of 21%, as well as certain expenses that are no longer deductible under the 2017 Tax Act, including certain executive compensation in excess of amounts allowed. The Company treats BEAT and GILTI as components of current income tax expense. For the years 2023, 2022 2021 and 2020, 2021, there was no BEAT expense and GILTI expense was insignificant.

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The tax effects of temporary differences and tax credits that give rise to significant portions of deferred tax assets and deferred tax liabilities are as follows:

Years ended December 31,	2022	2021
Deferred Tax Assets:		
Deductible stock compensation expense, net	\$ 9,707	\$ 11,291
Operating lease liabilities	72,506	67,065
Capitalized R&D expenses	23,246	—
Accrued third party obligations, deductible for taxes upon economic performance	9,601	6,504
Excess of financial statement over tax depreciation	10,280	9,182
Foreign currency translation adjustments	12,184	8,729
Retained liability for cargo claims	1,592	1,430
Provision for credit losses on accounts receivable	3,550	2,168
Total gross deferred tax assets	142,666	106,369
Deferred Tax Liabilities:		
Unremitted foreign earnings, net of related foreign tax credits	36,542	41,560
Operating lease assets	68,675	64,080
Total gross deferred tax liabilities	105,217	105,640
Net deferred tax assets	\$ 37,449	\$ 729

Years ended December 31,	2023	2022
Deferred Tax Assets:		
Deductible stock compensation expense, net	\$ 7,199	\$ 9,707
Operating lease liabilities	75,659	72,506
Capitalized R&D expenses	39,723	23,246

Accrued third party obligations, deductible for taxes upon economic performance	10,878	9,601
Excess of financial statement over tax depreciation	12,532	10,280
Foreign currency translation adjustments	15,400	12,184
Retained liability for cargo claims	1,040	1,592
Provision for credit losses on accounts receivable	856	3,550
Total gross deferred tax assets	163,287	142,666
Deferred Tax Liabilities:		
Unremitted foreign earnings, net of related foreign tax credits	28,275	36,542
Operating lease assets	71,322	68,675
Total gross deferred tax liabilities	99,597	105,217
Net deferred tax assets	\$ 63,690	\$ 37,449

Based on management's review of the Company's tax positions, the Company had no significant unrecognized tax benefits as of **December 31, 2022** **December 31, 2023** and **2021, 2022**.

The Company is subject to taxation in various states and many foreign jurisdictions including the People's Republic of China, including Hong Kong, Taiwan, Vietnam, India, Mexico, **Brazil**, Canada, Netherlands and the United Kingdom. The Company believes that its tax positions, including intercompany transfer pricing policies, are reasonable and consistent with established transfer pricing methodologies and norms. The Company is under, or may be subject to, audit or examination and assessments by the relevant authorities in respect to these and any other jurisdictions primarily for years 2009 and thereafter. Sometimes audits result in proposed assessments where the ultimate resolution could result in significant additional tax, penalties and interest payments being required. The **Indian tax authority (ITA)** has asserted that additional tax applies principally related to transfer pricing and transactions between and amongst the Company and its Indian subsidiary and the applicability to an Indian service tax applicable to ocean and air imports and exports. We believe that ITA's positions are without merit, we are defending our position vigorously in Indian courts. If these matters are adversely resolved, we would recognize significant additional tax expense, including interest and penalties. The Company establishes liabilities when, despite its belief that the tax **return filing** positions are appropriate and consistent with tax law, it concludes that it may not be successful in realizing the tax position. In evaluating a tax position, the Company determines whether it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position and in consultation with qualified legal and tax advisors.

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The total amount of the Company's tax contingencies may increase in **2023, 2024**. In addition, changes in state, federal, and foreign tax laws, **and changes**, including transfer pricing and changes in interpretations of these laws may increase the Company's existing tax contingencies. The timing of the resolution of income tax examinations can be highly uncertain, and the amounts ultimately paid including interest and penalties, if any, upon resolution of the issues raised by

the taxing authorities may differ from the amounts recorded. It is reasonably possible that within the next twelve months the Company may or its subsidiaries will undergo further audits and examinations by various tax authorities and possibly may reach resolution related to income tax and indirect tax examinations in one or more jurisdictions. These assessments or settlements could result in changes to the Company's contingencies related to positions on tax filings in future years. The estimate of any ultimate tax liability contains assumptions based on experiences, judgments about potential actions by taxing jurisdictions as well as judgments about the likely outcome of issues that have been raised by the taxing jurisdiction. The Company cannot currently provide an estimate of the range of possible outcomes. Any interest and penalties expensed in relation to the underpayment of income taxes were insignificant for the years ended December 31, 2022, December 31, 2023, 2021, 2022, and 2020, 2021. The Company has no liability as of December 31, 2023, for the 15% corporate alternative minimum tax based on financial statement income (BMT), which became effective in 2023 in the U.S. under the Inflation Reduction Act. Some elements of the Inflation Reduction Act could be impacted by further legislative action or Treasury which could impact the estimates of the amounts the Company would record for BMT in the future. Additionally, some elements of the recorded impacts of enacted tax laws and regulation could be impacted by further legislative action as well as additional interpretations and guidance issued by the Internal Revenue Service or Treasury in the U.S. and by similar governmental bodies in jurisdictions outside of the U.S.

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NOTE 8. COMMITMENTS

A. | Unconditional Purchase Obligations

The Company enters into short-term unconditional purchase obligations with asset-based providers reserving space on a guaranteed basis. The pricing of these obligations varies to some degree with market conditions. Historically, the Company has met these obligations in the normal course of business within one year. In the regular course of business, the Company also enters into agreements with service providers to maintain or operate equipment, facilities or software that can be longer than one year. We also regularly have contractual obligations for specific projects related to improvements of our owned or leased facilities and information technology infrastructure. Purchase obligations outstanding as of December 31, 2022, December 31, 2023, totaled \$150.90 million.

B. | Employee Benefits

The Company has employee savings plans under which the Company provides a discretionary matching contribution. In 2023, 2022, 2021, and 2020, 2021, the Company's contributions under the plans were \$24,774, 24,241, \$22,587, 24,774, and \$20,713, 22,587, respectively.

C. | Credit Arrangements

Certain of the Company's foreign subsidiaries maintain bank lines of credit for short-term working capital purposes. A few of these credit lines are supported by standby letters of credit issued by a United States bank or guarantees issued by the Company to the foreign banks issuing the credit line. At December 31, 2022, December 31, 2023, and 2022 borrowings under these credit lines were \$57,778, 53,068 and \$57,778, respectively. At December 31, 2023, the Company was contingently liable for approximately \$77,528, 87,393 under outstanding standby letters of credit and guarantees. At December 31, 2022, December 31, 2023, the Company was in compliance with all restrictive covenants of these credit lines and the associated credit facilities.

The standby letters of credit and guarantees relate to obligations of the Company's foreign subsidiaries for credit extended in the ordinary course of business by direct carriers, primarily airlines, and for duty and tax deferrals available from governmental entities responsible for customs and value-added-tax (VAT) taxation. The total underlying amounts due and payable for transportation and governmental excise taxes are properly recorded as obligations in the books of the respective foreign subsidiaries, and there would be no need to record additional expense in the unlikely event the parent company were to be required to perform.

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NOTE 10. BUSINESS SEGMENT INFORMATION

Financial information regarding 2023, 2022, 2021 and 2020 operations by the Company's designated geographic areas is as follows:

[illegible]

[illegible]

Depreciation	3																			
and	5	1	1	4	1	9	2													
amortization	,	,	,	,	,	,	,													
	4	8	1	6	9	6	5		57											
	6	9	2	8	6	4	7		,3											
	\$ 1	2	3	2	6	0	4	—	38	\$ 35,461	1,892	1,123	4,682	1,966	9,640	2,574	—		57,338	
Equity	2																			
	,																			
	2			2	1	2	1													
	4	3	5	7	3	6	4													
	6	1	6	4	6	3	5		3,											
	,	,	,	,	,	,	,	(4	11											
	4	1	4	7	9	2	2	0,	3,											
	1	3	1	0	4	7	6	62	53											
	\$ 7	2	6	3	4	8	9	4)	5	\$ 2,246,417	31,132	56,416	274,703	136,944	263,278	145,269	(40,624)		3,113,535	
2021																				
Revenues	4			6	2	2														
	,			,	,	,														
	3	4	2	3	0	2	8													
	4	4	0	6	4	5	6													
	4	0	9	3	6	8	5		16											
	,	,	,	,	,	,	,		,5											
	8	2	1	0	5	9	5	(4	23											
	2	2	6	5	6	1	0	,7	,5											
	\$ 5	6	1	4	9	1	9	38)	17	\$ 4,344,825	440,226	209,161	6,363,054	2,046,569	2,258,911	865,509	(4,738)		16,523,517	
Directly	2			5	1	1														
related cost	,			,	,	,														
of	4	2	1	2	6	5	6													
transportation	9	4	2	9	6	5	7													
and other	1	5	5	5	6	8	5		12											
expenses 1	,	,	,	,	,	,	,		,0											
	9	8	9	6	7	7	3	(1	58											
	4	4	4	1	9	0	0	,9	,1											
	\$ 7	2	0	2	2	5	3	86)	55	\$ 2,491,947	245,842	125,940	5,295,612	1,666,792	1,558,705	675,303	(1,986)		12,058,155	

Salaries and other operating expenses ²	1																	
	,																	
	0	1		5	2	4	1											
	1	2	5	1	0	9	4											
	9	3	7	5	4	4	3		2,									
	,	,	,	,	,	,	,		55									
	2	1	7	7	5	7	5	(2	6,									
	3	4	7	0	7	6	8	,7	03									
	\$ 6	7	9	3	4	0	1	44)	6	\$ 1,019,236	123,147	57,779	515,703	204,574	494,760	143,581	(2,744)	2,556,036
Operating income	8																	
	3	7	2	5	7	0	4											
	3	1	5	1	5	5	6		1,									
	,	,	,	,	,	,	,		90									
	6	2	4	7	2	4	6		9,									
	4	3	4	3	0	4	2		32									
	\$ 2	7	2	9	3	6	5	(8)	6	\$ 833,642	71,237	25,442	551,739	175,203	205,446	46,625	(8)	1,909,326
Identifiable assets at period end	3																	
	,																	
	6	2	1	5	5	0	3											
	9	6	2	8	7	8	5											
	9	5	2	7	2	9	0		7,									
	,	,	,	,	,	,	,	(7	60									
	7	8	3	6	9	9	8	9,	9,									
	4	7	2	5	8	6	4	46	92									
	\$ 8	2	7	9	0	3	3	3)	9	\$ 3,699,748	265,872	122,327	1,587,659	572,980	1,089,963	350,843	(79,463)	7,609,929
Capital expenditures	1																	
	9																	
	,																	
	5	9	4	7	0	5	9		36									
	2	8	7	8	5	0	1		,2									
	\$ 7	3	1	6	7	7	6	—	47	\$ 19,527	983	471	1,786	2,057	9,507	1,916	—	36,247
Depreciation and amortization	2																	
	9	1	1	5	1	9	2											
	,	,	,	,	,	,	,											
	8	7	0	0	9	2	3		51									
	2	8	7	4	6	2	8		,3									
	\$ 6	0	9	7	5	8	7	—	12	\$ 29,826	1,780	1,079	5,047	1,965	9,228	2,387	—	51,312

[illegible]

Operating	3			3	1				
income	3	3	1	4	0	8	2		
	0	4	4	8	1	7	2		
	,	,	,	,	,	,	,		94
	9	8	8	2	7	4	3		0,
	6	6	0	6	1	8	6	(3	43
	\$ 8	5	0	8	6	9	1	0)	7
Identifiable	2								
assets at	,								
period end	5	1		8	2	7	2		
	3	8	8	7	7	5	4		
	2	6	5	6	2	2	0		4,
	,	,	,	,	,	,	,	(1	92
	3	2	0	8	1	5	9	8,	7,
	2	0	8	5	0	8	8	64	50
	\$ 4	4	5	6	6	9	4	5)	3
Capital	3								
expenditures	1	1		2	2	6	2		
	,	,		,	,	,	,		
	6	8	5	2	2	3	6		47
	0	8	6	0	6	9	2		,5
	\$ 4	6	4	2	4	4	9	—	43
Depreciation	3								
and	7	1	1	4	1	8	1		
amortization	,	,	,	,	,	,	,		
	0	9	1	9	8	0	8		56
	8	4	9	6	7	2	7		,9
	\$ 1	6	4	1	6	9	2	—	59
Equity	1								
	,								
	9			2	1	1	1		
	2	6	3	4	2	9	1		
	8	7	2	1	1	6	4		2,
	,	,	,	,	,	,	,	(3	66
	9	2	2	1	4	6	3	8,	3,
	4	4	7	5	1	3	6	80	22
	\$ 5	3	3	5	1	7	9	6)	7

1. Directly related cost of transportation and other expenses totals operating expenses from airfreight services, ocean freight and ocean services and customs brokerage and other service

shown in the consolidated statements of earnings.

2. Salaries and other operating expenses totals salaries and related, rent and occupancy, depreciation and amortization, selling and promotion and other as shown in the consolidated statement of earnings.
3. In 2022, Other North America operating income includes charges of \$22 million related to non-income tax contingencies.

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Other than the United States, only the People's Republic of China, including Hong Kong, represented more than 10% of the Company's total revenue, total operating income, total identifiable assets or equity in any period presented as noted in the table below.

	2022	2021	2020
Revenues	27%	31%	29%
Operating income	19%	22%	29%
Identifiable assets at year end	10%	17%	14%
Equity	7%	4%	6%

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	2023	2022	2021
Revenues	18%	27%	31%
Operating income	17%	19%	22%
Identifiable assets at year end	8%	10%	17%
Equity	5%	7%	4%

NOTE 11. CYBER-ATTACK

On February 20, 2022, management determined that in the first quarter of 2022, the Company was the subject of a targeted cyber-attack. Upon discovering the incident, the Company cyber-attack, which resulted in having to shut down most of its connectivity, operating and accounting systems globally for a period of approximately three weeks to manage the safety of its overall global systems environment and initiated its cybersecurity incident response plan. The Company's security teams, supplemented by commercial cybersecurity experts and in collaboration with law enforcement, worked to remediate this cyber-attack. The Company undertook extensive efforts to identify, contain, eradicate and methodically recover from this attack as rapidly as possible. The Company had limited ability to conduct operations for a period of approximately three weeks including but not limited to arranging for shipments of freight or managing customs and distribution activities for its customers' shipments and performing accounting functions. The Company's teams worked to maintain its business operations and minimize the impact on its employees, customers and operating partners, including regulatory agencies. The Company continues to incorporate learnings from the cyber-attack environment.

In 2022 the Company has incurred, as a result of its inability to timely process and move shipments through ports during the downtime, approximately \$47 million in estimated incremental demurrage charges, net of recoveries, where the Company has direct liability for this obligation. These costs are recorded in customs brokerage and other services expenses.

Additionally, principally in the first quarter, the The Company incurred investigation, recovery, and remediation expenses, including costs to recover its operational and accounting systems and to enhance cybersecurity protections. These costs are primarily comprised of various consulting services including cybersecurity experts, outside legal advisors, and other IT professional expenses. The Company also recorded estimated liabilities for potential shipment-related claims. In 2022, the total amount recorded for these items estimated potential shipment-related claims was approximately \$18 million and is million. These costs are recorded in other operating expenses. The Company did not incur significant capital expenditures

In 2023, incremental charges recorded related to the cyber-attack were insignificant. Since the cyber-attack, the company incurred cumulative additional expenses of \$59 million, net of recoveries and adjustments to prior estimates, and experienced a loss of revenues that cannot be quantified as a result of the cyber-attack.

The Company may incur additional expenses which could include third-party expenses, increased information services costs, or indemnities to customers. When the Company's operating systems were down, many customers worked with other providers to meet their logistics needs, resulting in lower shipment volumes in the first quarter and to a lesser extent in the second quarter for which the financial impact on revenues and operating income cannot be quantified. Such costs and the ongoing impacts from the downtime caused by the cyber-attack are not expected to have further material adverse impact on the Company's business. The Company is unable to estimate the ultimate direct and indirect financial impacts of this cyber-attack. attack.

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

ANNUAL REPORT

ON

FORM 10-K

FOR FISCAL YEAR ENDED

December 31, 2022 2023

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

EXHIBITS

Exhibit

Number	Description
21.1	Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	Incentive Compensation Recovery Policy
	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline
101.INS	XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation With Embedded Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document Documents
104	The cover page from the Company's Yearly Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 , has been formatted in Inline XBRL

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Subsidiary (1)	State or Country of Organization
----------------	----------------------------------

Beijing Kang Jie Kong International Cargo Agent Co., Ltd.	People's Republic of China
Cargo Signal Solutions, LLC	Washington
E.I. Freight (U.S.A.), Inc.	Illinois
EIF Sdn Bhd	Malaysia
Expeditors (Bangladesh), Ltd.	Bangladesh
Expeditors (China) Co., Ltd.	People's Republic of China
Expeditors (Malaysia) Sdn Bhd	Malaysia
Expeditors (Portugal) Transitarios Internacionais, Lda.	Portugal
Expeditors (Thailand) Ltd. (2)	Thailand
Expeditors Aduanas Peru S.A.C.	Peru
Expeditors Argentina S.A.	Argentina
Expeditors Assurance of Vermont, Inc.	Vermont
Expeditors Cambodia Ltd.	Cambodia
Expeditors Canada, Inc.	Canada
Expeditors Cargo Insurance Brokers Agente de Seguros, S.A. de C.V.	Mexico
Expeditors Cargo Insurance Brokers B.V.	Netherlands
Expeditors Cargo Insurance Brokers, Inc.	Washington
Expeditors Chile Transportes Internacionales Limitada	Chile
Expeditors de Colombia Ltda.	Colombia
Expeditors Denmark ApS	Denmark
Expeditors Dominicana SAS	Dominican Republic
Expeditors Egypt S.A.E.	Egypt
Expeditors Finland Oy	Finland
Expeditors Guatemala S.A.	Guatemala
Expeditors Hong Kong Limited	China
Expeditors International - Lebanon (s.a.l.)	Lebanon
Expeditors International (India) Pvt. Ltd.	India
Expeditors International (NZ) Ltd.	New Zealand
Expeditors International (Puerto Rico) Inc.	Puerto Rico
Expeditors International (UK) Ltd.	United Kingdom
Expeditors International B.V.	Netherlands
Expeditors International Bahrain (SPC)	Bahrain

Expeditors International Cargo Co. Ltd.	Saudi Arabia
Expeditors International CR s.r.o.	Czech Republic
Expeditors International de Mexico, S.A. de C.V.	Mexico
Expeditors International de Uruguay S.A.	Uruguay
Expeditors International do Brasil Ltda.	Brazil
Expeditors International E.I. (Switzerland) Sagl	Switzerland

Expeditors International España, S.A.	Spain
Expeditors International Forwarding and Clearing (Abu Dhabi) LLC	United Arab Emirates
Expeditors International Forwarding and Clearing, LLC	United Arab Emirates
Expeditors International France S.A.S.	France
Expeditors International GmbH	Germany
Expeditors International Hellas A.E.	Greece
Expeditors International Hungary Kft	Hungary
Expeditors International Italia srl	Italy
Expeditors International-Jordan	Jordan
Expeditors International Company W.L.L. (3)	Kuwait
Expeditors International Norway AS	Norway
Expeditors International NV	Belgium
Expeditors International Ocean, Inc.	Delaware
Expeditors International Pakistan (Private) Limited (4)	Pakistan
Expeditors International Pty. Limited	Australia
Expeditors International Romania S.R.L.	Romania
Expeditors International SA (Proprietary) Limited	South Africa
Expeditors International Sverige AB	Sweden
Expeditors International Tasimacılık ve Ticaret As (5)	Türkiye

Expeditors International Trading (Shanghai) Co., Ltd.	People's Republic of China
Expeditors Ireland Limited	Ireland
Expeditors Japan KK	Japan
Expeditors Korea Ltd.	South Korea
Expeditors Lithuania, UAB	Lithuania
Expeditors LLC	Oman
Expeditors Mar y Tierra S.A.	Costa Rica
Expeditors Panama Logistics Services, Inc.	Panama
Expeditors Peru SAC	Peru
Expeditors Philippines, Inc.	Philippines
Expeditors Polska Sp. z o. o.	Poland
Expeditors Qatar LLC	Qatar
Expeditors Singapore Pte Ltd	Singapore
Expeditors Speditionsges.m.b.H.	Austria
Expeditors Taiwan Co., Ltd.	Taiwan
Expeditors TradeWin, LLC	Washington
Expeditors Vietnam Company Limited	Vietnam
P.T. PT Expeditors Indonesia	Indonesia

-
- (1) For purposes of this list, if Expeditors owns directly or indirectly a controlling interest in the voting securities of any entity or if Expeditors has unilateral control over assets and operations of any entity, such entity is deemed to be a subsidiary. Except as otherwise noted, Expeditors has 100% controlling interest in subsidiary operations. With respect to certain companies, shares of voting securities in the names of nominees and qualifying shares in the names of directors are included in Expeditors' ownership percentage. The names of other subsidiaries have been omitted from the above list because, considered in the aggregate, they would constitute a significant subsidiary. Each subsidiary does business in its own name and in the name of Expeditors.
- (2) Expeditors has 99.5% controlling interest in subsidiary.
- (3) Expeditors has 61% 49% controlling interest in subsidiary.
- (4) Expeditors has 80% controlling interest in subsidiary.
- (5) Expeditors has 75% controlling interest in subsidiary.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statement (No. 33-67066) on Form S-1 and the registration statements (Nos. 333-189093, 333-196057, 333-204753, 333-211424, 333-218037, 333-23516, 333-231516, and 333-238225) on Form S-8 of our reports dated March 1, 2023 February 23, 2024, with respect to the consolidated financial statements of Expeditors International of Washington, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Seattle, Washington

March 1, 2023 February 23, 2024

EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Jeffrey S. Musser, certify that:

1. I have reviewed this annual report on Form 10-K of Expeditors International of Washington, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange 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 have:
- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision 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 annual 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 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) Disclosed in this annual 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 the 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: **March 1, 2023** February 23, 2024

/s/ JEFFREY S. MUSSER

Jeffrey S. Musser

President, Chief Executive Officer and Director

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Bradley S. Powell, certify that:

- 1. I have reviewed this annual report on Form 10-K of Expeditors International of Washington, Inc.;
- 2. Based on my knowledge, this annual 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 annual report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange 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 have:
- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision 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 annual 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 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) Disclosed in this annual 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 the 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: **March 1, 2023** February 23, 2024

/s/ BRADLEY S. POWELL

Bradley S. Powell

Senior Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Expeditors International of Washington, Inc. (the "Company") on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Jeffrey S. Musser, President, Chief Executive Officer and Director of the Company, and Bradley S. Powell, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 1, 2023 February 23, 2024

/s/ Jeffrey S. Musser

Jeffrey S. Musser

President, Chief Executive Officer and Director

March 1, 2023 February 23, 2024

/s/ Bradley S. Powell

Bradley S. Powell

Senior Vice President and Chief Financial Officer

EXHIBIT 97

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

INCENTIVE COMPENSATION RECOVERY POLICY

1. Introduction.

The Board of Directors of Expeditors International of Washington, Inc. together with its subsidiaries (the “**Company**”) believes that it is in the best interests of the Company and its shareholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's compensation philosophy. The Board has therefore adopted this policy, which provides for the recovery of erroneously awarded incentive compensation in the event that the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirements under the federal securities laws (the “**Policy**”). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), related rules and the listing standards of New York Stock Exchange or any other securities exchange on which the Company's shares are listed in the future.

2. Administration.

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee (the “**Committee**”), in which case, all references herein to the Board shall be deemed references to the Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

3. Covered Executives.

Unless and until the Board determines otherwise, for purposes of this Policy, the term “**Covered Executive**” means a current or former employee who is or was identified as a World-Wide Senior Manager of the Company.¹

This Policy covers Incentive Compensation received by a person after beginning service as a Covered Executive and who served as a Covered Executive at any time during the performance period for that Incentive Compensation.

4. Recovery: Accounting Restatement.

In the event the Company is required to prepare an accounting restatement of its financial statements filed with the Securities and Exchange Commission (the "SEC") due to the Company's material noncompliance with any financial reporting requirements under the federal securities laws (including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period) (an "Accounting Restatement"), the Company will recover reasonably promptly

1 World-Wide Senior Managers will include, at minimum, the executive officers identified by the Company pursuant to Item 401(b) of Regulation S-K of the Exchange Act.

any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, including transition periods resulting from a change in the Company's fiscal year as provided in Rule 10D-1 of the Exchange Act. Incentive Compensation is deemed "received" in the Company's fiscal period during which the financial reporting measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period. The determination of the time when the Company is "required" to prepare an Accounting Restatement shall be made in accordance with applicable SEC and national securities exchange rules and regulations.

(a) Definition of Incentive Compensation.

For purposes of this Policy, "Incentive Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a "financial reporting measure" (as defined in paragraph (b) below), including, for example, bonuses or awards under the Company's short and long-term incentive plans, grants and awards under the Company's equity incentive plans, and contributions of such bonuses or awards to the Company's deferred compensation plans or other employee benefit plans that are not tax-qualified plans. For avoidance of doubt, Incentive Compensation that is deferred (either mandatorily or voluntarily) under the Company's non-qualified deferred compensation plans, as well as any matching amounts and earnings thereon, are subject to this Policy. Incentive Compensation does not include awards which are granted, earned and vested without regard to attainment of financial reporting measures, such as time-vesting awards, discretionary awards and awards based wholly on subjective standards, strategic measures or operational measures.

(b) Financial Reporting Measures.

Financial reporting measures are those that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements (including non-GAAP financial measures) and

any measures derived wholly or in part from such financial measures. For the avoidance of doubt, financial reporting measures include stock price and total shareholder return. A measure need not be presented within the financial statements or included in a filing with the SEC to constitute a financial reporting measure for purposes of this Policy.

(c) Excess Incentive Compensation: Amount Subject to Recovery.

The amount(s) to be recovered from the Covered Executive will be the amount(s) by which the Covered Executive's Incentive Compensation for the relevant period(s) exceeded the amount(s) that the Covered Executive otherwise would have received had such Incentive Compensation been determined based on the restated amounts contained in the Accounting Restatement. All amounts shall be computed without regard to taxes paid.

For Incentive Compensation based on financial reporting measures such as stock price or total shareholder return, where the amount of excess compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Board will calculate the amount to be reimbursed based on a reasonable estimate of the effect of the Accounting Restatement on such financial reporting measure upon which the Incentive Compensation was received. The Company will maintain documentation of that reasonable estimate and will provide such documentation to the applicable national securities exchange.

(d) **Method of Recovery.**

The Board will determine, in its sole discretion, the method(s) for recovering reasonably promptly excess Incentive Compensation hereunder.

Such methods may include, without limitation:

- (i) requiring reimbursement of Incentive Compensation previously paid;
- (ii) forfeiting any Incentive Compensation contribution made under the Company's deferred compensation plans;
- (iii) offsetting the recovered amount from any compensation or Incentive Compensation that the Covered Executive may earn or be awarded in the future;
- (iv) some combination of the foregoing; or
- (v) taking any other remedial and recovery action permitted by law, as determined by the Board.

2. No Indemnification or Advance.

Subject to applicable law, the Company shall not indemnify, including by paying or reimbursing for premiums for any insurance policy covering any potential losses, any Covered Executives against the loss of any erroneously awarded Incentive Compensation, nor shall the Company advance any costs or expenses to any Covered Executives in connection with any action to recover excess Incentive Compensation.

3. Interpretation.

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the SEC or any national securities exchange on which the Company's securities are listed.

4. Effective Date.

The effective date of this Policy is October 2, 2023 (the "Effective Date"). This Policy applies to Incentive Compensation received by Covered Executives on or after the Effective Date that results from attainment of a financial reporting measure based on or derived from financial information for any fiscal period ending on or after the Effective Date. In addition, this Policy is intended to be and will be incorporated as an essential term and condition of any Incentive Compensation agreement, plan or program that the Company establishes or maintains on or after the Effective Date.

5. Amendment and Termination.

The Board may amend this Policy from time to time in its discretion, and shall amend this Policy as it deems necessary to reflect changes in regulations adopted by the SEC under Section 10D of the Exchange Act and to comply with any rules or standards adopted by the securities exchange on which the Company's shares are currently listed or any other securities exchange on which the Company's shares are listed in the future.

6. Other Recovery Rights.

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement or similar agreement relating to Incentive Compensation entered into on or after the Effective Date shall, as a condition to the grant of

any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any (i) other remedies or rights of compensation recovery that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, or similar agreement relating to Incentive Compensation, unless any such agreement expressly prohibits such right of recovery, and (ii) any other legal remedies available to the Company. The provisions of this Policy are in addition to (and not in lieu of) any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable laws.

7. Impracticability.

The Company shall recover any excess Incentive Compensation in accordance with this Policy, except to the extent that certain conditions are met and the Board has determined that such recovery would be impracticable, all in accordance with Rule 10D-1 of the Exchange Act and the securities exchange on which the Company's shares are currently listed or any other securities exchange on which the Company's shares are listed in the future.

8. Successors.

This Policy shall be binding upon and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives.

DISCLAIMER

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