

REFINITIV

## DELTA REPORT

### 10-K

LSTR - LANDSTAR SYSTEM INC

10-K - DECEMBER 28, 2024 COMPARED TO 10-K - DECEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 2433

■ CHANGES	356
■ DELETIONS	910
■ ADDITIONS	1167

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form10-K

(Mark One)

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

For the Fiscal Year Ended December 30, December 28, 20242023

Or

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

For the transition period fromto\_\_\_\_\_

Commission File Number:0-21238

Landstar System, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

06-1313069

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

13410 Sutton Park Drive South

Jacksonville, Florida

(Address of principal executive offices)

32224

(Zip Code) 32224

(Zip Code)

(904)398-9400

(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	LSTR	NASDAQ

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 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, an non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule12b-2of the Exchange Act. (Check

one):

Large accelerated filer	<input checked="" type="checkbox"/>	<input 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 voting stock held by non-affiliates of the registrant was ~~\$6,856,148,000~~ ~~\$6,488,715,000~~ (based on the per share closing price on **July 1, 2023** **June 29, 2024**, the last business day of the Company's second fiscal quarter, as reported on the NASDAQ Global Select Market). In making this calculation, the registrant has assumed, without admitting for any purpose, that all directors and executive officers of the registrant, and no other persons, are affiliates.

The number of shares of the registrant's common stock, par value \$0.01 per share (the "Common Stock"), outstanding as of the close of business on **January 26, 2024** **January 24, 2025** was ~~35,716,673~~ ~~35,316,073~~.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following document are incorporated by reference in this Form 10-K as indicated herein:

Document	Part of 10-K Into Which Incorporated
Proxy Statement relating to Landstar System, Inc.'s Annual Meeting of Stockholders scheduled to be held on <b>May 7, 2024</b> <b>May 16, 2025</b>	Part III

#### LANDSTAR SYSTEM, INC.

#### 2023 2024 ANNUAL REPORT ON FORM 10-K

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#### **PART I**

##### **Item 1. Business**

###### **Introduction**

Landstar System, Inc. was incorporated in January 1991 under the laws of the State of Delaware and has been a publicly held company since its initial public offering in March 1993. The principal executive offices of Landstar System, Inc. (collectively with its subsidiaries and other affiliated companies referred to herein as "Landstar" or the "Company," unless the context otherwise requires) is located at 13410 Sutton Park Drive South, Jacksonville, Florida 32224 and its telephone number is (904) 398-9400. The Company makes available free of charge through its website its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements on Schedule 14A and any amendments to those reports filed or furnished pursuant to Section 13(a) and 15(d) of the Exchange Act as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission ("SEC"). The Company's website is [www.landstar.com](http://www.landstar.com). The SEC maintains a website at <http://www.sec.gov> that contains the Company's current and periodic reports, proxy and information statements and other information filed electronically with the SEC.

###### **Description of Business**

Landstar is a technology-enabled, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third party capacity providers and employees. The Company offers services to its customers across multiple transportation modes, with the ability to arrange for individual shipments of freight to comprehensive third party logistics solutions to meet all of a customer's transportation needs. Landstar provides services principally throughout the United States and to a lesser extent in Canada and Mexico, and between the United States and Canada, Mexico and other countries around the world. The Company's services emphasize safety, information coordination and customer service and are delivered through a network of ~~over 1,000~~ approximately 1,050 independent commission sales agents and over ~~85,000~~ 78,000 third party capacity providers, primarily truck capacity providers, linked together by a series of digital technologies which are provided and coordinated by the Company. The nature of the Company's business is such that a significant portion of its operating costs varies directly with revenue.

Landstar markets its integrated transportation management solutions primarily through independent commission sales agents and exclusively utilizes third party capacity providers to transport customers' freight. ~~Independent~~ Landstar's independent commission sales agents enter into contractual arrangements with the Company and are responsible for locating freight, making that freight available to Landstar's capacity providers and coordinating the transportation of the freight with customers and capacity providers. The Company's third party capacity providers consist of independent contractors who provide truck capacity to the Company under exclusive lease arrangements (the "BCO Independent Contractors"), unrelated trucking companies who provide truck capacity to the Company under

non-exclusive contractual arrangements (the "Truck Brokerage Carriers"), air cargo carriers, ocean cargo carriers and railroads. Through this network of agents and capacity providers linked together by Landstar's ecosystem of digital technologies, Landstar operates an integrated transportation management solutions business primarily throughout North America with revenue of ~~\$5.3 billion~~<sup>\$4.8 billion</sup> during the most recently completed fiscal year. The Company reports the results of two operating segments: the transportation logistics segment and the insurance segment.

#### **Transportation Logistics Segment**

The transportation logistics segment provides a wide range of integrated transportation management solutions. Transportation services are provided by Landstar's "Operating Subsidiaries": Landstar Ranger, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Gemini, Inc., Landstar Transportation Logistics, Inc., Landstar Global Logistics, Inc., Landstar Express America, Inc., Landstar Canada, Inc., Landstar Metro, S.A.P.I. de C.V., and Landstar Blue, LLC. Transportation services offered by the Company include truckload, less-than-truckload and other truck transportation, rail intermodal, air cargo, ocean cargo, expedited ground and air delivery of time-critical freight, heavy-haul/specialized, cold chain/temperature-controlled, U.S.-Canada and U.S.-Mexico cross-border, intra-Mexico, intra-Canada, project cargo and customs brokerage. Examples of the industries serviced by the transportation logistics segment include automotive parts and assemblies, consumer durables, building products, metals, chemicals, foodstuffs, heavy machinery, retail, electronics and military equipment. In addition, the transportation logistics segment provides transportation services to other transportation companies, including third party logistics and less-than-truckload service providers. The independent commission sales agents market services provided by the transportation logistics segment. Billings for freight transportation services are typically charged to customers on a per shipment basis for the physical transportation of freight and are referred to as transportation revenue. See "Notes to Consolidated Financial Statements" for the amount of revenue from external customers and measure of profit and total assets attributable to the transportation logistics segment for the last three fiscal years.

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**Truck Transportation Services.** The transportation logistics segment's truck transportation services include a full array of truckload transportation for a wide range of commodities and, to a lesser degree, less-than-truckload and other truck transportation services. A significant portion of the Company's truckload services is priced in the spot market and delivered over irregular or non-repetitive routes, while approximately 25% of the Company's fiscal year ~~2023~~<sup>2024</sup> truck transportation revenue was generated by BCO Independent Contractors utilizing Landstar provided trailing equipment, which frequently is used on more routine, regular routes. The Company utilizes a broad assortment of equipment, including dry and specialty vans of various sizes, unsided/platform trailers (including flatbeds, drop decks and specialty trailers) and temperature-controlled vans. Available truck transportation services also include short-to-long haul movement of containers by truck and expedited ground and dedicated power-only truck capacity. During fiscal year ~~2023~~<sup>2024</sup>, revenue generated by BCO Independent Contractors and Truck Brokerage Carriers was 38% and ~~53%~~<sup>52%</sup>, respectively, of consolidated revenue. Also, during fiscal year ~~2023~~<sup>2024</sup>, truck transportation revenue generated via van equipment and unsided/platform trailing equipment was ~~57%~~<sup>56%</sup> and ~~31%~~<sup>33%</sup>, respectively, of truck transportation revenue and less-than-truckload and other truck transportation revenue was 2% and ~~10%~~<sup>8%</sup>, respectively, of truck transportation revenue. The Company's truck transportation services contributed 90% of consolidated revenue in fiscal year 2024, 91% of consolidated revenue in fiscal year 2023 and 89% of consolidated revenue in fiscal year 2022 and 91% of consolidated revenue in fiscal year 2021.

**Rail Intermodal Services.** The transportation logistics segment's rail intermodal services operate with contracts with Class 1 domestic and Canadian railroads, certain short-line railroads and most major asset-based intermodal equipment providers, including agreements with stacktrain operators and container and trailing equipment companies. In addition, the transportation logistics segment's rail intermodal services operate with contracts with a vast network of local trucking companies that handle pick-up and delivery of rail freight. These contracts provide the transportation logistics segment the ability to transport freight via rail throughout the United States, Canada and Mexico. The transportation logistics segment's rail intermodal service capabilities include trailer on flat car, container on flat car, box car and railcar. The transportation logistics segment's rail intermodal services contributed 2% of consolidated revenue in each of fiscal years ~~2024, 2023~~ 2022 and ~~2021~~<sup>2022</sup>.

**Air and Ocean Services.** The transportation logistics segment provides domestic and international air services and ocean services to its customers. The Company executes international air freight transportation as an International Air Transport Association ("IATA") certified Indirect Air Carrier ("IAC") and international ocean freight transportation as an Ocean Transportation Intermediary ("OTI") licensed by the Federal Maritime Commission ("FMC") as a non-vessel operating common carrier ("NVOCC") and ocean freight forwarder. Through its network of independent commission sales agents, relationships within a global network of foreign transportation intermediaries and contracts with a number of airlines and ocean lines, the transportation logistics segment provides efficient and cost effective door-to-door transportation to most points in the world for a vast array of cargo types such as over-sized break bulk, consolidations, full container loads, less-than container loads and refrigerated freight. The transportation logistics segment's air and ocean services contributed 6% of

consolidated revenue in fiscal year 2024, 5% of consolidated revenue in fiscal year 2023 and 8% of consolidated revenue in fiscal year 2022 and 5% of consolidated revenue in fiscal year 2021, 2022.

#### **Insurance Segment**

The insurance segment is comprised of Signature Insurance Company ("Signature"), a wholly owned offshore insurance subsidiary, and Risk Management Claim Services, Inc. ("RMCS"). The insurance segment provides risk and claims management services to certain of Landstar's Operating Subsidiaries. In addition, it reinsures certain risks of the Company's BCO Independent Contractors and provides certain property and casualty insurance **directly** and **reinsurance** to certain of Landstar's Operating Subsidiaries. Revenue at the insurance segment represents reinsurance premiums from third party insurance companies that provide insurance programs to BCO Independent Contractors where all or a portion of the risk of loss is ultimately borne by Signature. Revenue at the insurance segment represented approximately 1% of the Company's consolidated revenue in each of fiscal years 2024, 2023 2022 and 2021, 2022. See "Notes to Consolidated Financial Statements" for the amount of revenue from external customers and measure of profit and total assets attributable to the insurance segment for the last three fiscal years.

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#### **Factors Significant to the Company's Operations**

Management believes the following factors are particularly significant to the Company's operations:

##### **Agent Network**

The Company's primary day-to-day contact with its customers is through its network of independent commission sales agents and, to a lesser extent, through employees of the Company. The typical Landstar independent commission sales agent maintains a relationship with a number of shippers and services these shippers utilizing the Company's digital technologies and extensive network of third party capacity that provides various modes of transportation services to the Company. The Company provides assistance to the agents in developing additional relationships with shippers and enhancing agent and Company relationships with larger shippers through the Company's field employees, located throughout the United States and Canada. The Operating Subsidiaries provide programs to support the agents' operations and tools and data to assist agents in establishing pricing for freight hauled by the various modes of transportation available to the agents. It is important to note that the Operating Subsidiaries, and not the Company's agents, contract directly with customers and generally assume the related credit risk and potential liability for freight losses or damages when the Company is providing transportation services as a motor carrier.

Management believes the Company has more independent commission sales agents than any other asset-light integrated transportation management solutions company in the United States. Landstar's vast network of independent commission sales agent locations provides the Company regular contact with shippers at the local level and the capability to be highly responsive to shippers' changing needs. The Company's large network of available capacity provides independent commission sales agents with the resources needed to service both large and small shippers. Through its agent network, the Company offers smaller shippers a level of service comparable to that typically enjoyed only by larger customers. Examples include the ability to provide transportation services on short notice, multiple pick-up and delivery points, automated information flow, access to specialized equipment, spotted van trailers and drop-and-hook operations. While the majority of the agents in the Company's network arrange truck transportation services for shippers, a number of the Company's agents specialize in certain types of freight and transportation services (such as oversized or heavy loads and/or rail, air and international freight transportation). Each independent commission sales agent has the opportunity to market all of the services provided by the transportation logistics segment.

The independent commission sales agents use a variety of digital technologies provided by the Company to service the requirements of shippers. For truckload services, the Company's independent commission sales agents primarily use a Landstar proprietary software which enables agents cloud-based platform to enter available freight, dispatch capacity and process most administrative tasks and then communicate that information to Landstar and its capacity providers through cloud-based applications. The Company's cloud-based available truck information system platform provides a listing of available truck capacity to the Company's independent commission sales agents. The Company also offers independent commission sales agents a variety of proprietary pricing, operational and financial tools via web or mobile applications. For modes of transportation other than truckload, the independent commission sales agents utilize both proprietary and third party information technology applications provided by the Company.

Commissions to agents are based on contractually agreed-upon percentages of (i) revenue, (ii) revenue less the cost of purchased transportation, or (iii) revenue less a contractually agreed upon percentage of revenue retained by Landstar and the cost of purchased transportation (the "retention contracts"). Commissions to agents as a percentage of consolidated revenue vary directly with fluctuations in the percentage of consolidated revenue generated by the various modes of transportation and reinsurance

premiums and, in general, vary inversely with changes in the amount of purchased transportation as a percentage of revenue on services provided by Truck Brokerage Carriers, railroads, air cargo carriers and ocean cargo carriers. Commissions to agents are recognized over the freight transit period as the performance obligation to the customer is completed.

The Company had 524,485 and 625,524 agents that each generated at least \$1 million in Landstar revenue (the "Million Dollar Agents") during fiscal years 2023, 2024 and 2022, 2023, respectively. Landstar revenue from the Million Dollar Agents in the aggregate represented 95%, 94% and 97% of consolidated revenue in 2023, 2024 and 2022, 2023, respectively. Included among the Company's Million Dollar Agents, the Company had 87,811 independent sales agencies that generated at least \$10 million in Landstar revenue during the 2023, 2024 fiscal year, which in aggregate comprised approximately 68% of Landstar's consolidated revenue. Management believes that the majority of the Million Dollar Agents choose to represent the Company exclusively. Historically, the Company has experienced very few terminations of its Million Dollar Agents, whether such terminations are initiated by the agent or the Company. Annual terminations of Million Dollar Agents have typically been less than 3% of the total number of Million Dollar Agents.

### **Third Party Capacity**

The Company relies exclusively on independent third parties for its hauling capacity other than for trailing equipment owned or leased by the Company and utilized primarily by the BCO Independent Contractors. These third party transportation capacity providers consist of BCO Independent Contractors, Truck Brokerage Carriers, air and ocean cargo carriers and railroads. Landstar's use of capacity provided by third parties allows it to maintain a lower level of capital investment, resulting in lower fixed costs and a higher return on invested capital. During fiscal year 2023, 2024, revenue generated by BCO Independent Contractors, Truck Brokerage Carriers and railroads represented approximately 38%, 53% and 2%, respectively, of the Company's consolidated revenue. Collectively, revenue generated by air and ocean cargo carriers represented approximately 5% of the Company's consolidated revenue during fiscal year 2023, 2024. Historically, variable contribution margin (defined as variable contribution, which is defined as revenue less variable costs of revenue, divided by revenue) generated from freight hauled by BCO Independent Contractors has been greater than that from freight hauled by other third party capacity providers. However, the Company's insurance and claims costs, depreciation costs and other operating costs are incurred primarily in support of BCO Independent Contractor capacity. In addition, as further described in the "Corporate Services" section that follows, the Company incurs significantly higher selling, general and administrative costs in support of BCO Independent Contractor capacity as compared to the other modes of transportation. Purchased transportation costs are recognized over the freight transit period as the performance obligation to the customer is completed.

*BCO Independent Contractors.* Management believes the Company has the largest fleet of truckload BCO Independent Contractors in the United States. BCO Independent Contractors provide truck capacity to the Company under exclusive lease arrangements. Each BCO Independent Contractor operates under the motor carrier operating authority issued by the U.S. Department of Transportation ("DOT") to Landstar's Operating Subsidiary to which such BCO Independent Contractor provides services and has leased his or her equipment. The Company's network of BCO Independent Contractors provides marketing, operating, customer service, safety, freight security, recruiting and retention advantages to the Company.

The Company's BCO Independent Contractors are compensated primarily based on a contractually agreed-upon percentage of revenue generated by loads they haul. This percentage generally ranges from 62% to 70% where the BCO Independent Contractor provides only a tractor and 73% to 77% where the BCO Independent Contractor provides both a tractor and trailing equipment. The BCO Independent Contractor must pay substantially all of the expenses of operating his/her equipment, including driver wages and benefits, fuel, physical damage insurance, maintenance, highway use taxes and debt service, if applicable. The Company passes 100% of fuel surcharges billed to customers for freight hauled by BCO Independent Contractors to its BCO Independent Contractors. During fiscal year 2023, 2024, the Company billed customers \$324 million in fuel surcharges and passed 100% of such fuel surcharges to the BCO Independent Contractors. These fuel surcharges are excluded from revenue and the cost of purchased transportation.

The Company maintains an ecosystem of digital technologies and applications through which BCO Independent Contractors can view a comprehensive listing of the Company's available freight, allowing them to consider rate, size, origin and destination when planning trips. The Company's LandstarOne™ mobile application provides BCO Independent Contractors information on loading opportunities as well as fueling station locations, retail fuel prices, fuel prices net of Landstar-arranged discounts and applicable state fuel tax credits, and equipment inspection site locations. The Landstar Contractors' Advantage Purchasing Program ("LCAPP") leverages Landstar's purchasing power to provide discounts to eligible BCO Independent Contractors when they purchase equipment, fuel, tires and other items. In addition, Landstar Contractor Financing, Inc. provides a source of funds at competitive interest rates to the BCO Independent Contractors to purchase trailing equipment.

The number of trucks provided to the Company by BCO Independent Contractors was 9,809 8,843 at December 30, 2023 December 28, 2024, compared to 11,281 9,809 at December 31, 2022 December 30, 2023. At December 30, 2023 December 28, 2024, approximately 97% of the trucks provided by BCO Independent Contractors were provided by BCO Independent Contractors who provided five or fewer trucks to the Company. The number of trucks provided by BCO Independent Contractors fluctuates daily as a result of truck recruiting and truck terminations. More The Company recruited fewer trucks were recruited in fiscal year 2023 2024 than in fiscal year 2022 but 2023. The Company also terminated fewer trucks terminated were higher in fiscal year 2023 2024 than in fiscal year 2022, 2023. However, the decrease in the number of trucks recruited was larger than the decrease in the number of trucks terminated, resulting in an overall net decrease of 1,472 966 trucks during fiscal year 2023, 2024. Landstar's BCO Independent Contractor truck turnover was approximately 35% in fiscal year 2024, compared to 41% in fiscal year 2023, compared to 29% in fiscal year 2022, 2023. Approximately 34% 32% of 2023 2024 turnover was attributable to BCO Independent Contractors who had been with the Company for less than one year. Management believes the factors that have historically favorably impacted turnover include the Company's extensive agent network, the quantity and quality of available freight, the proprietary technology-based tools the Company makes available to BCO Independent Contractors to empower them to manage their businesses, the Company's programs to reduce the operating costs of its BCO Independent Contractors and Landstar's reputation for quality, safety, service, reliability and financial strength. Decreasing Increasing

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revenue per load on a sequential basis historically has had an unfavorable a favorable impact on BCO Independent Contractor turnover. During fiscal year 2023, 2024, revenue per load on loads hauled by BCO Independent Contractors sequentially decreased quarter to quarter throughout increased in the entire year, second, third and fourth fiscal quarters.

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*Truck Brokerage Carriers.* At December 30, 2023 December 28, 2024, the Company maintained a database of over 76,000 70,000 approved Truck Brokerage Carriers who provide truck capacity to the Company. Truck Brokerage Carriers provide truck capacity to the Company under non-exclusive contractual arrangements and each operates under its own DOT-issued motor carrier operating authority. Truck Brokerage Carriers are paid either a negotiated rate for each load hauled or, to a lesser extent, a contractually agreed-upon fixed rate per load. The Company recruits, approves, establishes contracts with and tracks safety ratings and service records of these third party trucking companies. In addition to providing additional capacity to the Company, the use of Truck Brokerage Carriers enables the Company to pursue different types and quality of freight such as short-haul traffic, less-than-truckload and, in certain instances, lower-priced freight that generally would not be desirable to the Company's BCO Independent Contractors.

The Company maintains an ecosystem of digital technologies and applications through which Truck Brokerage Carriers can view a listing of the Company's freight that is available to them. The Landstar Savings Plus Program leverages Landstar's purchasing power to provide discounts to eligible Truck Brokerage Carriers when they purchase fuel and equipment and provides the Truck Brokerage Carriers with an electronic payment option.

*Railroads and Air and Ocean Cargo Carriers.* The Company has contracts with Class 1 domestic and Canadian railroads, certain short-line railroads and domestic and international airlines and ocean lines. These relationships allow the Company to pursue the freight best serviced by these forms of transportation capacity. Railroads and ocean cargo carriers are paid either a negotiated rate for each load hauled or a contractually agreed-upon fixed rate per load. Air cargo carriers are generally paid a negotiated rate for each load hauled. The Company also contracts with other third party capacity providers, such as air charter service providers, when required by specific customer needs.

#### **Trailing Equipment**

The Company offers its customers a large and diverse fleet of trailing equipment. The following table illustrates the mix of the trailing equipment as of December 30, 2023 December 28, 2024, either provided by the BCO Independent Contractors or owned or leased by the Company and made available primarily to BCO Independent Contractors. The Company also provides power-only services, as reported in other truck transportation revenue, utilizing trailing equipment generally provided by the shipper or other third party. In general, Truck Brokerage Carriers utilize their own trailing equipment when providing transportation services on behalf of Landstar. Power-only and Truck Brokerage Carrier trailing equipment is not included in the following table:

<b>Trailers by Type</b>	
Van	15,046 14,788
Unsided/platform, including flatbeds, step decks, drop decks and low boys	2,780 2,718
Temperature-controlled	191 161

Total	<b>18,017</b>	<b>17,667</b>
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Specialized services offered by the Company include those provided by a large fleet of flatbed platform trailers and multi-axle trailers capable of hauling extremely heavy or oversized loads. Management believes the Company, along with its network of capacity providers, offers one of the largest fleets of heavy/specialized trailing equipment in North America.

At December 30, 2023 December 28, 2024, 14,270 14,225 of the trailers available to the BCO Independent Contractors were owned by the Company and 319 184 were rented. In addition, at December 30, 2023 December 28, 2024, 3,428 3,258 trailers were provided by the BCO Independent Contractors. Approximately 25% of Landstar's truck transportation revenue was generated on Landstar-provided trailing equipment during fiscal year 2023 2024.

#### **Customers**

The Company's customer base is highly diversified and dispersed across many industries, commodities and geographic regions. The Company's top 100 customers accounted for approximately 46% and 44%, respectively, of consolidated revenue during both fiscal years 2023 2024 and 2022 2023. Management believes that the Company's overall size, ecosystem of digital technologies and applications, geographic coverage, access to equipment and diverse service capability offer the Company significant competitive marketing and operating advantages. These advantages allow the Company to meet the needs of even the largest shippers. Larger shippers often consider reducing the number of authorized carriers they use in favor of a small number of "core carriers," such as the Company,

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whose size and diverse service capabilities enable these core carriers to satisfy most of the shippers' transportation

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needs. The Company's national account customers include the United States Department of Defense and many of the companies included in the Fortune 500. Large shippers also use third party logistics providers ("3PLs") to outsource the management and coordination of their transportation needs. 3PLs and other transportation companies also utilize the Company's available transportation capacity to satisfy their obligations to their shippers. There were 11 10 transportation service providers, including 3PLs, included in the Company's top 25 customers for fiscal year 2023 2024. Management believes the Company's network of agents and third party capacity providers allows it to efficiently attract and service smaller shippers which may not be as desirable to other large transportation providers (see above under "Agent Network"). No customer accounted for more than 4% 7% of the Company's 2023 2024 revenue.

#### **Technology**

Landstar focuses on providing integrated transportation management solutions which emphasize customer service and information coordination among its independent commission sales agents, customers, capacity providers and employees. The Company continues to focus on identifying, purchasing or developing and implementing software applications and tools which are designed to: (i) assist Landstar independent commission sales agents in efficiently sourcing capacity, pricing transportation services and managing and analyzing the performance of their independent businesses, (ii) assist customers in meeting their transportation needs, (iii) assist third party capacity providers in identifying desirable freight opportunities and operating their independent businesses, and (iv) improve operational and administrative efficiency throughout the Company. Landstar intends to continue to improve and enhance its technologies to meet the total needs of its agents, customers and third party capacity providers and remains engaged in various multi-year projects aimed at increasing efficiencies, primarily through technology, at Landstar and across our agent and third party capacity network.

Management believes leadership in the development, operation and support of an ecosystem of digital technologies and applications is an ongoing part of providing high quality service. The Company has engaged in a multi-year effort to implement a comprehensive strategy focused on the long-term development of leading edge digital tools to empower participants in our network to succeed in the technology-driven transportation logistics marketplace. As part of the execution a result of this strategy, the Company has launched offers the following tools to participants within our network:

- Agent Landstar TMS: A cloud-based platform for truckload freight agent workflow.
- Blue TMS: A cloud-based platform built specifically to service the truckload brokerage contract services market.

- Analytics: A suite of business intelligence applications powered by Microsoft Power BI for independent sales agents and BCO Independent Contractors to access information and identify trends in their businesses.
- **Pricing: Pricing Tools:** Landstar-proprietary pricing tools application developed with data scientists using historical Company information and third party pricing data to provide independent commission sales agents with near real time market data.
  - **LandstarOne™:** Mobile application available to BCO Independent Contractors and third party motor carriers providing a one-stop location for available loading opportunities as well as fueling station locations, retail fuel prices, fuel prices net of Landstar-arranged discounts and applicable state fuel tax credits, and equipment inspection site locations.
  - **LandstarOne™:** Mobile application available to BCO Independent Contractors and third party motor carriers providing a one-stop location for available loading opportunities as well as fueling station locations, retail fuel prices, fuel prices net of Landstar-arranged discounts and applicable state fuel tax credits, and equipment inspection site locations.
- Clarity: Landstar's proprietary freight tracking tool that incorporates geo-locational data from, among other sources, electronic logging devices, trailer tracking devices and third party data aggregators.
  - **Agent and Capacity Portals:** New and improved cloud-based portals built to provide a single on-ramp to a multitude of applications, tools and information available to Landstar independent agents and capacity providers.
  - **Agent and Capacity Portals:** New and improved cloud-based portals built to provide a single on-ramp to a multitude of applications, tools and information available to Landstar independent agents and capacity providers.
- Trailer Tools: Applications empowering independent commission sales agents through the automation of the Company's trailer request and trailer pool management processes.
- Credit: Application that automates the process for independent commission sales agents to request customer credit.

Since the launch of this initiative in 2016, the Company has invested approximately \$158 million \$192 million in this strategic development effort, including approximately \$35 million \$34 million and \$33 million, \$35 million, respectively, in fiscal years 2023 2024 and 2022, 2023.

The Company's information technology systems used in connection with its operations are located in Jacksonville, Florida and, to a lesser extent, in Rockford, Illinois. In addition, the Company utilizes several third party data centers throughout the U.S. Landstar relies, in the regular course of its business, on the proper operation of its information technology systems.

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#### **Corporate Services**

The Company provides many administrative support services to its network of independent commission sales agents, third party capacity providers and customers. Management believes that the mobile and digital applications purchased or developed and maintained by the Company and its administrative support services provide operational and financial advantages to its independent commission sales agents, third party capacity providers and customers. These, in turn, enhance the operational and financial efficiency of all aspects of the network.

Administrative support services that provide operational and financial advantages to the network include customer contract administration, customer credit review and approvals, pricing, customer billing, accounts receivable collections, third party capacity settlement, operator and equipment safety and compliance management for our network of BCO Independent Contractors, insurance claims handling, coordination of vendor discount programs and third party capacity sourcing programs. Marketing and advertising strategies are also provided by the Company. The Company's practices of accepting customer credit risk and paying its agents and carriers promptly provides a significant competitive advantage to the Company in comparison to less capitalized competitors.

#### **Competition**

Landstar competes primarily in the transportation and logistics services industry with truckload carriers, third party logistics companies, digital freight brokers, intermodal transportation and logistics service providers, railroads, less-than-truckload carriers

and other asset-light transportation and logistics service providers. The transportation and logistics services industry is extremely competitive and fragmented.

Management believes that competition for freight transported by the Company is based on service, efficiency, safety, freight and freight rates, which are influenced significantly by the economic environment, particularly the amount of available transportation capacity and freight demand. Management believes that Landstar's overall size, service offerings and availability of a wide range of equipment, together with its geographically dispersed local independent agent network, present the Company with significant competitive advantages over many transportation and logistics service providers.

#### ***Self-Insured Claims***

Potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable. Landstar retains liability through a self-insured retention for commercial trucking claims up to \$5 million per occurrence. Effective May 1, 2019 May 1, 2023, the Company entered into a three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million (the "2019 Initial Excess Policy") with a third party insurance company. The Company subsequently extended the 2019 Initial Excess Policy for one additional policy year, from May 1, 2022 through April 30, 2023. For commercial trucking claims incurred on or after May 1, 2022 through April 30, 2023, the extended 2019 Initial Excess Policy provides for a limit for a single loss of \$5 million, with an aggregate limit of \$10 million for the policy period ended April 30, 2023. Effective May 1, 2023, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million (the "2023 Initial Excess Policy") with a third party insurance company. For commercial trucking claims incurred on or after May 1, 2023 through April 30, 2026, the 2023 Initial Excess Policy provides for an aggregate deductible of \$18 million over the thirty-six month term ending April 30, 2026. After payment of the deductible, the 2023 Initial Excess Policy provides for a limit for a single loss of \$5 million, with an aggregate limit of \$15 million for the thirty-six month term ending April 30, 2026.

The Company also maintains third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of \$10 million. These third party arrangements provide coverage on a per occurrence or aggregated basis. In recent years, Over the past decade, there has been a significant increase in the occurrence prevalence of trials in courts throughout the United States involving catastrophic injury and fatality claims against commercial motor carriers that have resulted in verdicts in excess of \$10 million. Within the transportation logistics industry, these verdicts are often referred to as "Nuclear Verdicts." The increase in Nuclear Verdicts has had a significant impact on the cost of commercial auto liability claims throughout the United States. Due to the increasing cost of commercial auto liability claims, the availability of excess coverage has significantly decreased, and the pricing associated with such excess coverage, to the extent available, has significantly increased. Since the annual policy year ended April 30, 2020, as compared to the annual policy year ending April 30, 2024 April 30, 2025, the Company experienced an increase of approximately \$21 million, or over 380%, in the premiums charged by third party insurance companies to the Company for excess coverage for commercial trucking liabilities in excess of \$10 million.

Moreover, the Company from year to year manages the level of its financial exposure to commercial trucking claims in excess of \$10 million, including through the use of additional self-insurance, deductibles, aggregate loss limits, quota shares and other arrangements with third party insurance companies, based on the availability of coverage within certain excess insurance coverage

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layers and estimated cost differentials between proposed premiums from third party insurance companies and historical and

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actuarially projected losses experienced by the Company at various levels of excess insurance coverage. For example, with respect to a single hypothetical claim in the amount of \$60 million incurred during the annual policy year ending April 30, 2024 April 30, 2025, the Company would have an aggregate financial exposure of approximately \$25 million.

Within the Company's third party insurance arrangements providing excess coverage for commercial trucking liabilities, structured arrangements with third party reinsurers within a specific loss layer may include provisions that require additional payments of premium in the event of unfavorable loss experience or a refund of premium in the event of favorable loss experience. With respect to one such three year commercial auto liability reinsurance arrangement relating to certain excess claims incurred between May 1, 2020 through April 30, 2023, it is anticipated that during the 2025 second fiscal quarter, the Company will receive a \$12,000,000 cash payment from a third party reinsurance provider in the form of a "no claims bonus" due to favorable loss experience during the policy period. The Company intends to record the receipt of this payment as a deferred gain on the balance sheet until such time as all underlying claims with exposure under the applicable excess layer insurance arrangement are resolved and the gain can be recognized.

Furthermore, the Company's third party insurance arrangements provide excess coverage up to an uppermost coverage layer, in excess of which the Company retains additional financial exposure. No assurances can be given that the availability of excess coverage for commercial trucking claims will not continue to deteriorate, that the pricing associated with such excess coverage, to the extent available, will not continue to increase, nor that insurance coverage from third party insurers for excess coverage of commercial trucking claims will even be available on commercially reasonable terms at certain levels. Moreover, the occurrence of a Nuclear Verdict, or the settlement of a catastrophic injury and/or fatality claim that could have otherwise resulted in a Nuclear Verdict, could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

Further, the Company retains liability of up to \$2,000,000 for each general liability claim, \$250,000 for each workers' compensation claim and \$250,000 for each cargo claim. In recent years, the amount of cargo theft throughout the freight transportation and logistics supply chain in the United States has significantly increased. The Company has experienced, and may continue to experience, increases in the amount of cargo theft, resulting in increased exposure to liability from cargo claims. In addition, under reinsurance arrangements by Signature of certain risks of the Company's BCO Independent Contractors, the Company retains liability of up to \$500,000, \$1,000,000 or \$2,000,000 with respect to certain occupational accident claims and up to \$750,000 with respect to certain workers' compensation claims. The Company's exposure to liability associated with accidents incurred by Truck Brokerage Carriers, railroads and air and ocean cargo carriers who transport freight on behalf of the Company is reduced by various legal defenses and other factors including the extent to which such carriers maintain their own insurance coverage. A material increase in the frequency or severity of accidents, cargo claims, including further increases in the amount of cargo theft, or workers' compensation claims or the material unfavorable development of existing claims could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

#### **Regulation**

Certain of the Operating Subsidiaries are considered motor carriers and/or brokers authorized to arrange for transportation services by motor carriers which are regulated by the Federal Motor Carrier Safety Administration (the "FMCSA") and by various state agencies. The FMCSA has broad regulatory powers with respect to activities such as motor carrier operations, practices, periodic financial reporting and insurance. Subject to federal and state regulatory authorities or regulation, the Company's capacity providers may transport most types of freight to and from any point in the United States over any route they select.

Interstate motor carrier operations are subject to safety requirements prescribed by the FMCSA. Each truck operator, whether working as a BCO Independent Contractor or for a Truck Brokerage Carrier, is required to have a commercial driver's license and may be subject to mandatory drug and alcohol testing. The FMCSA's commercial driver's license and drug and alcohol testing requirements have not adversely affected the Company's ability to source the capacity necessary to meet its customers' transportation needs.

Additionally, certain of the Operating Subsidiaries are licensed as Ocean Transportation Intermediaries by the U.S. Federal Maritime Commission as non-vessel-operating common carriers and/or as ocean freight forwarders. The Company's air transportation activities in the United States are subject to regulation by the U.S. Department of Transportation as an indirect air carrier. One of the Operating Subsidiaries is licensed by the U.S. Department of Homeland Security through the Bureau of U.S. Customs and Border Protection ("U.S. Customs") as a customs broker. The Company is also subject to regulations and requirements relating to safety and security promulgated by, among others, the U.S. Department of Homeland Security through U.S. Customs and the Transportation Security Administration, the Canada Border Services Agency and various state and local agencies and port authorities. In addition, because the U.S. government is one of the Company's customers, the Company must comply with and is affected by laws and regulations relating to doing business with the federal government.

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The transportation industry is subject to other potential regulatory and legislative changes (such as the possibility of more stringent environmental, climate change and/or safety/security regulations, limits on vehicle weight and size and regulations relating to the health and wellness of commercial truck operators) that may affect the economics of the industry by requiring changes in operating practices, by changing the demand for motor carrier services or the cost of providing truckload or other transportation or logistics services, or by adversely impacting the number of available commercial truck operators.

For a discussion of the risks associated with these laws and regulations, see Part I, Item 1A, "Risk Factors."

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#### **Seasonality**

Landstar's operations are subject to seasonal trends common to the trucking industry. Historically, truckload shipments for the quarter ending in March are typically lower than for the quarters ending in June, September and December. The COVID-19 global pandemic and related supply chain issues significantly disrupted these typical seasonal patterns. In particular, the Company's 2022 and 2023 fiscal year results did not reflect normal seasonal patterns. No assurances can be given regarding the extent to which or when trends common to the trucking industry, in general and to Landstar's operations, in particular, will return to more typical, pre-pandemic, seasonal patterns.

#### **Human Capital Resources**

We believe our employees are among our most important resources and are critical to our continued success. We focus significant attention on attracting and retaining talented and experienced individuals to manage and support our operations. To attract and retain top talent in our highly competitive industry, we have designed our compensation and benefits programs to provide a balanced and effective reward structure. Landstar seeks to compensate employees in a manner that is fair, consistent, and reflective of the external market and provides recognition for the achievement of individual goals, corporate objectives, and professional competencies while maintaining fiscal responsibility. Our short and long-term incentive programs are aligned with key business objectives and are intended to motivate strong performance. Our employees are eligible to participate in our medical, dental and vision programs, a 401(k) savings/retirement plan, flexible time-off, employer-provided life and disability insurance, our wellness program, our tuition reimbursement program, and an array of voluntary benefits designed to meet individual needs. We engage firms nationally recognized in the benefits area to objectively evaluate our programs and benchmark them against peers and other similarly situated organizations.

Landstar seeks to compensate employees in a manner that is fair, consistent, and reflective of the external market and provides recognition for the achievement of individual goals, corporate objectives, and professional competencies while maintaining fiscal responsibility. To help us achieve this goal, in 2021, Landstar completed a review of employee compensation that included the establishment of new pay grades and applicable salary ranges for all exempt positions. This review followed a similar review of employee compensation for all information technology positions completed in 2020 and a review of all non-exempt positions completed in 2019. Based on applicable pay grades, salary ranges and market data, Landstar completed an annual salary review for all positions in 2022 in conjunction with its annual review and salary adjustment process.

As of December 30, 2023 December 28, 2024, the Company and its subsidiaries employed 1,468 1,441 individuals. Three Two Landstar Ranger drivers (out of a Company total of approximately 9,809 8,843 drivers for BCO Independent Contractors) are members of the International Brotherhood of Teamsters. The turnover rate for Landstar employees located in the United States and Canada was 12% in 2024, 14% in 2023 and 17% in 2022 and 13% in 2021, 2022. The Company considers relations with its employees to be good.

The Company has identified the following employee-focused goals:

- Create and maintain an environment in which continuous improvement is encouraged and expected by everyone within the organization;
- Engage each Landstar employee in the Company's vision to inspire and empower entrepreneurs to succeed in the highly competitive, technology driven freight transportation industry; and
- Ensure that all Landstar employees fully understand the requirements of their job and the role their job plays within Landstar.

Landstar formally monitors employee satisfaction and engagement through periodic employee satisfaction and engagement surveys. The Company also uses employee roundtable and focus group discussions as well as exit interviews to monitor engagement and satisfaction.

Landstar provides comprehensive professional development opportunities to employees at all levels. Landstar's training and development department offers all employees the opportunity to participate in various learning tracks on topics including Leadership, Workplace Safety & Security, Customer Service and other core skills. Courses offered by the training and development department are delivered by Landstar's team of Association for Talent Development (ATD) certified trainers through both on-line and classroom settings.

At our core, Landstar is about providing opportunity to people qualified candidates and employees regardless of background. We do not tolerate racism or discriminatory behavior and strongly believe in diversity that diverse perspectives and inclusion. The Company reaffirms its commitment a collaborative culture lead to equal employment opportunity for all people, better business outcomes. The Company complies with all applicable federal and state laws pertaining to equal employment.

employment opportunity and affirmative action. It is our philosophy to treat our employees and applicants fairly without regard to race, color, sex, religion, national origin, disability, present, past, or future service in a branch of the uniformed services of the United States, citizenship, sexual orientation or gender identity. Our management teams and all of our employees are expected to exhibit and promote honest, ethical and respectful conduct in the workplace. All of our employees must adhere to a code of ethics and employee compliance code that set standards for appropriate behavior and includes required annual training.

As of the end of 2023, 2024, a majority of the Company's employees work remotely or on a hybrid basis.

#### Item 1A. Risk Factors

##### Operational Risks

*Increased severity or frequency of accidents and other claims or a material unfavorable development of existing claims.* As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Self-Insured Claims," potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable. Landstar retains liability through a self-insured retention for commercial trucking claims up to \$5 million per occurrence. Effective May 1, 2019 May 1, 2023, the Company entered into a three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million (the "2019 Initial Excess Policy") with a third party insurance company. The Company subsequently extended the 2019 Initial Excess Policy for one additional policy year, from May 1, 2022 through April 30, 2023. For commercial trucking claims incurred on or after May 1, 2022 through April 30, 2023, the extended 2019 Initial Excess Policy provides for a limit for a single loss of \$5 million, with an aggregate limit of \$10 million for the policy period ended April 30, 2023. Effective May 1, 2023, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million (the "2023 Initial Excess Policy") with a third party insurance company. For commercial trucking claims incurred on or after May 1, 2023 through April 30, 2026, the 2023 Initial Excess Policy provides for an aggregate deductible of \$18 million over the thirty-six month term ending April 30, 2026. After payment of the deductible, the 2023 Initial Excess Policy provides for a limit for a single loss of \$5 million, with an aggregate limit of \$15 million for the thirty-six month term ending April 30, 2026.

The Company also maintains third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of \$10 million. These third party arrangements provide coverage on a per occurrence or aggregated basis. In recent years, Over the past decade, there has been a significant increase in the occurrence prevalence of trials in courts throughout the United States involving catastrophic injury and fatality claims against commercial motor carriers that have resulted in verdicts in excess of \$10 million. Within the transportation logistics industry, these verdicts are often referred to as "Nuclear Verdicts." The increase in Nuclear Verdicts has had a significant impact on the cost of commercial auto liability claims throughout the United States. Due to the increasing cost of commercial auto liability claims, the availability of excess coverage has significantly decreased, and the pricing associated with such excess coverage, to the extent available, has significantly increased. Since the annual policy year ended April 30, 2020, as compared to the annual policy year ending April 30, 2024 April 30, 2025, the Company experienced an increase of approximately \$21 million, \$22 million, or over 380% 400%, in the premiums charged by third party insurance companies to the Company for excess coverage for commercial trucking liabilities in excess of \$10 million.

Moreover, the Company from year to year manages the level of its financial exposure to commercial trucking claims in excess of \$10 million, including through the use of additional self-insurance, deductibles, aggregate loss limits, quota shares and other arrangements with third party insurance companies, based on the availability of coverage within certain excess insurance coverage layers and estimated cost differentials between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage. For example, with respect to a single hypothetical claim in the amount of \$60 million incurred during the annual policy year ending April 30, 2024 April 30, 2025, the Company would have an aggregate financial exposure of approximately \$25 million. Furthermore, the Company's third party insurance arrangements provide excess coverage up to an uppermost coverage layer, in excess of which the Company retains additional financial exposure. No assurances can be given that the availability of excess coverage for commercial trucking claims will not continue to deteriorate, that the pricing associated with such excess coverage, to the extent available, will not continue to increase, nor that insurance coverage from third party insurers for excess coverage of commercial trucking claims will even be available on commercially reasonable terms at certain levels. Moreover, the occurrence of a Nuclear Verdict, or the settlement of a catastrophic injury and/or fatality claim that could have otherwise resulted in a Nuclear Verdict, could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

Further, the Company retains liability of up to \$2,000,000 for each general liability claim, \$250,000 for each workers' compensation claim and \$250,000 for each cargo claim. In recent years, the amount of cargo theft throughout the freight transportation and logistics supply chain in the United States has significantly increased. The Company has experienced, and may continue to experience, increases in the amount of cargo theft, resulting in increased exposure to liability from cargo claims. In addition, under reinsurance arrangements by Signature of certain risks of the Company's BCO Independent Contractors, the Company retains liability of up to \$500,000, \$1,000,000 or \$2,000,000 with respect to certain occupational accident claims and up to \$750,000 with respect to certain workers' compensation claims. The Company's exposure to liability associated with accidents incurred by Truck Brokerage Carriers, railroads and air and ocean cargo carriers who transport freight on behalf of the Company is reduced by various legal defenses and other factors including the extent to which such carriers maintain their own insurance coverage. A material increase in the frequency or severity of accidents, cargo claims, including further increases in the amount of cargo theft, or workers' compensation claims or the material unfavorable development of existing claims could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

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*Dependence on third party insurance companies.* The Company is dependent on a limited number of third party insurance companies to provide insurance coverage in excess of its self-insured retention amounts. Historically, the Company has maintained insurance coverage for commercial trucking claims in excess of its self-insured retention, up to various maximum amounts, with a limited number of third party insurance companies. In an attempt to manage the cost of insurance and claims, the Company has historically increased or decreased the level of its financial exposure to commercial trucking claims by increasing or decreasing its level of self-insured retention based on the estimated cost differential between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of self-insured retention. Similarly, in its excess insurance layers, the Company may increase or decrease the level of its financial exposure to commercial trucking claims, including through the use of additional self-insurance as well as deductibles, aggregate loss limits, quota shares and other arrangements with third party insurance companies, based on the estimated cost differential between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage. To the extent that the third party insurance companies propose increases to their premiums for coverage of commercial trucking claims, the Company may decide to pay such increased premiums or increase its financial exposure on an aggregate, per occurrence or other basis, including by increasing the amount of its self-insured retention. In fact, in recent years, several of the largest third party insurers providing excess coverage for commercial trucking claims in the United States announced that in light of increased severity trends related to the increase in losses attributable to unfavorable verdicts, they would no longer provide such coverage. Decisions by these third party insurers to exit this line of business have had a significant negative impact on the availability and pricing of excess coverage for commercial trucking claims in the United States. No assurances can be given that other third party insurers will not also decide to exit the market as a provider of excess coverage for commercial trucking claims in the United States, which could have a further negative effect on the availability and pricing of such coverage. Accordingly, no assurance can be given that insurance coverage from third party insurers for claims in excess of the Company's current self-insured retentions will continue to be available on commercially reasonable terms.

*Dependence on independent commission sales agents.* As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Agent Network," the Company markets its services primarily through independent commission sales agents. During fiscal year 2023, 524 2024, 485 agents generated revenue for Landstar of at least \$1 million \$1 million each, or in the aggregate approximately 95% 94% of Landstar's consolidated revenue. Included among these Million Dollar Agents, 87 81 agents generated at least \$10,000,000 of Landstar revenue during the 2023 2024 fiscal year, or in the aggregate approximately 68% 67% of Landstar's consolidated revenue. Of these larger agencies, one such Landstar independent commission sales agency, itself with a very diversified customer base, generated approximately \$53,000,000, \$470,000,000, or 10%, of Landstar's consolidated revenue and approximately 6% 5% of Landstar's consolidated variable contribution in fiscal year 2023, 2024.

A number of these larger agencies, including the largest of Landstar's independent commission sales agents by revenue, maintain administrative operations in countries outside of North America where the risks may be different than in the United States or Canada due to geopolitical, legal or other risks associated with maintaining administrative operations in such foreign jurisdictions. There can be no assurance regarding the potential disruption and impact adverse geopolitical developments in these foreign jurisdictions could have on the ability of certain large independent commission sales agents to generate and maintain administrative operations in support of significant amounts of Landstar revenue. As disclosed in a Current Report on Form 8-K filed by the Company on February 28, 2022, the largest Landstar independent commission sales agency by revenue referenced above, while based in the United States, has significant administrative operations located in Ukraine. The administrative operations of this agency were significantly disrupted during the onset of the Russian invasion of Ukraine. Ukraine and continue to be affected by the ongoing conflict. The Company also has another of its largest independent commission sales agencies, as measured by revenue, that is based in the United States but conducts a portion of its administrative operations in western Ukraine. Russian efforts to destroy

infrastructure throughout Ukraine has impacted the availability of electricity and other basic utilities at various times throughout the country. The priority for Landstar and both of these agencies is the safety and well-being of these agencies' Ukrainian workforces and their families. No assurances can be provided regarding the conflict between Russia and Ukraine and the extent of potential future operational disruption the conflict may have on either of these Landstar agencies and the related impact of these disruptions on the Company.

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Landstar competes with motor carriers and other third parties for the services of independent commission sales agents. Landstar has historically experienced very limited agent turnover in the number of its Million Dollar Agents. There can be no assurances, however, that Landstar will continue to experience very limited turnover of its Million Dollar Agents in the future. Landstar's contracts with its agents, including its Million Dollar Agents, are typically terminable without cause upon 10 to 30 days' notice by either party and generally contain significant but not unqualified restrictive covenants limiting the ability of a former agent to compete with Landstar for a specified period of time post-termination, and other restrictive covenants. The loss of some of the Company's Million Dollar Agents and/or a significant decrease in revenue generated by Million Dollar Agents could have a material adverse effect on Landstar, including its results of operations and revenue.

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*Dependence on third party capacity providers.* As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Third Party Capacity," Landstar does not own trucks or other transportation equipment other than trailing equipment and relies on third party capacity providers, including BCO Independent Contractors, Truck Brokerage Carriers, railroads and air and ocean cargo carriers, to transport freight for its customers. The Company competes with motor carriers and other third parties for the services of BCO Independent Contractors and other third party capacity providers. The market for qualified truck owner-operators and other third party truck capacity providers is very competitive among motor carriers, third party logistics companies and others and no assurances can be given that the Company will be able to maintain or expand the number of BCO Independent Contractors or other third party truck capacity providers. Additionally, the Company's third party capacity providers other than BCO Independent Contractors can be expected, under certain circumstances, to charge higher prices to cover increased operating expenses, such as any increases in the cost of fuel, labor, equipment or insurance, and the Company's operating income may decline without a corresponding increase in price to the customer. A significant decrease in available capacity provided by either the Company's BCO Independent Contractors or other third party capacity providers, or increased rates charged by other third party capacity providers that cannot be passed through to customers, could have a material adverse effect on Landstar, including its results of operations and revenue.

*Disruptions or failures in the Company's computer systems; cyber and other information security incidents.* As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Technology," the Company's information technology systems used in connection with its operations are located in Jacksonville, Florida and to a lesser extent in Rockford, Illinois. In addition, the Company utilizes several third party data centers throughout the United States. Landstar relies, in the regular course of its business, on the proper operation of its information technology systems to link its extensive network of customers, employees, agents and third party capacity providers, including its BCO Independent Contractors. Moreover, a majority of the Company's employees work remotely or on a hybrid basis. Although the Company has redundant systems for its critical operations, any significant disruption or failure of its technology systems or those of third party data centers on which it relies could significantly disrupt the Company's operations and impose significant costs on the Company. Moreover, it is critical that the data processed by or stored in the Company's information technology systems or otherwise in the Company's possession remain confidential, as it often includes confidential, proprietary and/or competitively sensitive information regarding our customers, employees, agents and third party capacity providers, key financial and operational results and statistics, and our strategic plans, including technology innovations, developments and enhancements. Cyber incidents that impact the security, availability, reliability, speed, accuracy or other proper functioning of these systems and data, including outages, computer viruses, break-ins and similar disruptions, could have a significant impact on our operations. Accordingly, information security and the continued development and enhancement of the controls and processes designed to protect our systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority for us. Our information systems and those of our ~~third-party~~ third party service providers have been, and will likely continue to be, targeted by or subject to viruses, malware or other malicious codes, unauthorized access, cyber-attacks, cyber frauds, ransomware or other unauthorized occurrences which jeopardize the confidentiality, integrity or availability of our information or information systems. Cybersecurity threats are rapidly evolving and those threats and the means for obtaining access to our systems are becoming increasingly sophisticated. Cybersecurity threats can originate from a wide variety of sources including terrorists, nation states, financially motivated actors, hacktivists, internal actors, or third parties, such as external service providers or other third parties who may use an external service provider as a conduit to access our systems, and the techniques used change frequently and often are not recognized until after they have been launched. The rapid evolution and increased

adoption of artificial intelligence technologies may intensify our cybersecurity risks including the deployment of artificial intelligence technologies by threat actors. Although we believe that we have robust security procedures and other safeguards in place, as threats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate any security vulnerabilities. At any given time, we face known and unknown cybersecurity risks and threats that are not fully mitigated, and we may discover vulnerabilities as we continuously work to enhance our cybersecurity risk management program. A significant incident, including system failure, security breach, disruption by malware or ransomware, or other damage, could interrupt or delay our operations, damage our reputation **with customers, agents, third party capacity providers, employees, vendors, investors or other stakeholders**, cause a loss of customers, agents and/or third party capacity providers, expose us to a risk of loss or litigation, and/or cause us to incur significant time and expense to remedy such an event, any of which could have a material adverse impact on our results of operations and financial condition.

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Although the Company maintains cybersecurity and business interruption insurance, the Company's insurance may not be adequate to cover all losses that may be incurred in the event of a significant disruption or failure of its information technology systems. In addition, cybersecurity and business interruption insurance could in the future become more expensive and difficult to maintain and may not be available on commercially reasonable terms or at all.

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*Dependence on key vendors.* As described above under "Dependence on third party insurance companies" and "Disruptions or failures in the Company's computer systems; cyber and other information security incidents," the Company is dependent on certain vendors, including third party insurance companies, third party data center providers, third party information technology application providers and third party payment disbursement providers. Any inability to negotiate satisfactory terms with one of these key vendors or any other significant disruption to or termination of a relationship with one of these key vendors could disrupt the Company's operations and impose significant costs on the Company.

*Adoption of artificial intelligence ("AI").* The adoption of AI and other emerging technologies may become significant to operating results in the future. While AI and other technologies may offer substantial benefits, they may also introduce additional risk. If we are unable to successfully adapt to, implement and utilize such emerging technologies as effectively as competitors, our results of operations may be negatively affected.

#### **Economic, Competitive and Industry Risks**

*Decreased demand for transportation services; U.S. trade relationships.* The transportation industry historically has experienced cyclical financial results as a result of slowdowns in economic activity, the business cycles of customers, and other economic factors beyond Landstar's control. If a slowdown in economic activity or a downturn in the Company's customers' business cycles causes a reduction in the volume of freight shipped by those customers, the Company's operating results could be materially adversely affected.

In addition, Landstar hauls a significant number of shipments that have either been imported into the United States or are destined for export from the United States. **There is significant uncertainty in the marketplace as to the potential actions of the U.S. government with respect to international trade policy and the potential for significant tariffs to be enacted, particularly with respect to trade between the United States and, respectively, Mexico, Canada and China.** Any decision by the U.S. government to adopt actions such as an increase in tariffs or customs duties, a border tax on imports, **an increase in customs duties or tariffs**, the renegotiation of U.S. trade agreements, **in particular, the United States-Mexico-Canada Agreement**, or any other action that could have a negative impact on international trade could cause a reduction in the volume of freight shipped by many Landstar customers. Any changes in tax and trade policies in the United States and corresponding actions by other countries, **including a retaliatory increase in tariffs on goods destined for export from the United States**, could adversely affect our financial performance.

*Substantial industry competition.* As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Competition," Landstar competes primarily in the transportation and logistics services industry. This industry is extremely competitive and fragmented. Landstar competes primarily with truckload carriers, intermodal transportation service providers, railroads, less-than-truckload carriers, third party logistics companies, digital freight brokers and other asset-light transportation and logistics service providers. Management believes that competition for the freight transported by the Company is based on service, efficiency, safety and freight rates, which are influenced significantly by the economic environment, particularly the amount of available transportation capacity and freight demand. In recent years, the use of technology and the implementation of technology-based innovations have become increasingly important to compete within the transportation and logistics industry. In particular, management believes leadership in the development, operation and support of an ecosystem of digital technologies and applications is an ongoing part of providing high quality service. The failure of the Company to maintain or enhance its technology ecosystem in response to changing

demands from customers, agents, and capacity providers could have a significant adverse impact on Landstar's ability to compete for customers, agents and capacity providers in the transportation and logistics industry.

In addition, competition in our industry, historically, has created downward pressure on freight rates. Many large shippers use 3PLs other than the Company to outsource the management and coordination of their transportation needs rather than directly arrange for transportation services with carriers. As noted above, there were 1110 transportation service providers, including 3PLs, included in the Company's top 25 customers for the fiscal year ended December 30, 2023 December 28, 2024. Usage by large shippers of 3PLs often provides carriers, such as the Company, with a less direct relationship with the shipper and, as a result, may increase pressure on freight rates while making it more difficult for the Company to compete primarily based on service and efficiency. A prolonged decrease in freight rates could have a material adverse effect on Landstar, including its revenue and operating income.

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#### Legal, Tax, Regulatory and Compliance Risks

*Status of independent contractors.* In recent For many years, the topic of the classification of individuals as employees or independent contractors has gained increased garnered significant attention among federal and state regulators as well as the plaintiffs' bar. Various legislative or regulatory proposals have been introduced at the federal and state levels that may affect the classification status of individuals as

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independent contractors or employees for either employment tax purposes (e.g., withholding, social security, Medicare and unemployment taxes) or other benefits available to employees (most notably, workers' compensation benefits). Recently, certain Certain states (most prominently, California) have seen experienced significant increased activity by tax and other regulators and numerous class action lawsuits filed against transportation companies that engage independent contractors.

There are many different tests and standards that may apply to the determination of whether a relationship is that of an independent contractor or one of employment. For example, different standards may be applied by the Internal Revenue Service, the U.S. Department of Labor, the National Labor Relations Board, state unemployment agencies, state departments of labor, state taxing authorities, the Equal Employment Opportunity Commission, state discrimination or disability benefit administrators and state workers compensation boards, among others. For federal tax purposes, most individuals are classified as employees or independent contractors based on a multi-factor "common-law" analysis rather than any definition found in the Internal Revenue Code or Internal Revenue Service regulations. In addition, under Section 530 of the Revenue Act of 1978, a taxpayer that meets certain criteria may treat an individual as an independent contractor for employment tax purposes if the taxpayer has been audited without being told to treat similarly situated workers as employees, if the taxpayer has received a ruling from the Internal Revenue Service or a court decision affirming the taxpayer's treatment of the individual as an independent contractor, or if the taxpayer is following a long-standing recognized practice.

The Company classifies its BCO Independent Contractors and independent commission sales agents as independent contractors for all purposes, including employment tax and employee benefits. There can be no assurance that legislative, judicial, administrative or regulatory (including tax) authorities will not introduce proposals or assert interpretations of existing rules and regulations that would change the employee/independent contractor classification of BCO Independent Contractors or independent commission sales agents doing business with the Company. On September 18, 2019, Certain states, most notably California, have enacted Assembly Bill (AB) 5 into law, laws codifying the strict "ABC" test for purposes of determining a worker's status as an independent contractor or employee under California that state's law. While new in California, versions Versions of the ABC test have existed in a number of other states over the years and have been challenged in various courts as violating the federal government's exclusive right to regulate trucking in certain areas of law and interstate commerce. The Company continues to monitor monitors these laws and analyze the impact of the new law, which became effective as of January 1, 2020, including what steps may be necessary or advisable to adapt to a changing legal and regulatory environment in California. The Company has BCO Independent Contractors, Truck Brokerage Carriers and independent commission sales agents who reside in and/or principally operate their business in California that could be impacted by AB 5 or similar laws, which could eventually affect our relationship with them. Additionally, the new law may have a significant impact on our Truck Brokerage Carriers based in California who utilize owner-operators to provide various types of transportation services such as drayage, regional or local delivery. Since the Company is neither incorporated nor headquartered in California and the vast majority of BCO Independent Contractors, Truck Brokerage Carriers and independent commission sales agents currently doing business with the Company reside and principally operate outside of California, we do not expect AB 5 to have a material impact on Landstar's overall network of BCO Independent Contractors, Truck Brokerage Carriers and independent commission sales agents environment. Nevertheless, there remains

significant uncertainty regarding many aspects of the new law, including how the laws will be interpreted and enforced by state and local governments as well as by courts.

Potential changes, if any, that could impact the legal classification of the independent contractor relationship between the Company and BCO Independent Contractors or independent commission sales agents could have a material adverse effect on Landstar's operating model. Further, the costs associated with any such potential changes could have a material adverse effect on the Company's results of operations and financial condition if Landstar were unable to pass through to its customers an increase in price corresponding to such increased costs. Moreover, class action litigation in this area against other transportation companies has resulted in significant damage awards and/or monetary settlements for workers who have been allegedly misclassified as independent contractors and the legal and other related expenses associated with litigating these cases can be substantial.

*Regulatory and legislative changes.* As noted above in Item 1, "Business — Factors Significant to the Company's Operations — Regulation," certain of the Operating Subsidiaries are motor carriers and/or property brokers authorized to arrange for transportation services by motor carriers which are regulated by the Federal Motor Carrier Safety Administration ("FMCSA"), an agency of the U.S. Department of Transportation, and by various state agencies. Several of the Operating Subsidiaries maintain a federal hazardous materials safety permit and, as a result, have an increased risk of compliance review by the FMCSA. Certain of the Operating Subsidiaries are licensed as Ocean Transportation Intermediaries by the U.S. Federal Maritime Commission as non-vessel-operating common carriers and/or as ocean freight forwarders. The Company's air transportation activities in the United States are subject to regulation by the U.S. Department of Transportation as an indirect air carrier. One of the Company's subsidiaries is licensed by the U.S. Department of Homeland Security through the Bureau of U.S. Customs and Border Protection ("U.S. Customs") as a customs broker. The Company is also subject to regulations and requirements relating to safety and security promulgated by, among others, the U.S. Department of Homeland Security through U.S. Customs and the Transportation Security Administration, the Canada Border Services Agency and various state and local agencies and port authorities.

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The transportation industry is subject to other potential regulatory and legislative changes (such as the possibility of more stringent environmental, climate change and/or safety/security regulations, limits on vehicle weight and size and regulations relating to the health and wellness of commercial truck operators) that may affect the economics of the industry by requiring changes in operating practices, by changing the demand for motor carrier services or the cost of providing truckload or other transportation or logistics services, or by adversely impacting the number of available commercial truck operators.

In particular, the FMCSA in recent years proposed a number of may propose regulatory changes that affect the operation of commercial motor carriers across the United States. It is difficult to predict in what form FMCSA regulations may be implemented, modified or enforced and what impact any such regulations may have on motor carrier operations or the aggregate number of trucks that provide hauling capacity to the Company. For example, in December 2010, the FMCSA introduced the Compliance Safety Accountability ("CSA") motor carrier oversight program. Under CSA, the FMCSA monitors seven Behavior Analysis and Safety Improvement Categories, or BASICs, under which a motor carrier may be evaluated against established threshold scores for each such BASIC. In the event a motor carrier has one or more BASIC scores that exceeds the applicable threshold, the motor carrier has an increased risk of roadside inspection and/or compliance review by FMCSA. Under the Fixing America's Surface Transportation Act, or the "FAST Act" signed into law on December 4, 2015, the FMCSA was required to engage the National Research Council to conduct a study of CSA and the Safety Measurement System ("SMS") utilized by the CSA program. As a result of the FAST Act, the FMCSA announced the removal of the BASIC scores from public view and that such scores are expected to remain hidden from public view while changes to CSA are considered. In 2018, the FMCSA announced significant anticipated changes to CSA that if enacted would be expected to have a material impact on the current program. As of the end of 2023, no such changes to CSA have yet been enacted. No assurances can be given with respect to the changes that may be made to the CSA program, or any replacement or supplemental program, in the future and what impact new or revised motor carrier oversight programs implemented by the FMCSA could have on the Company, its motor carrier operations or the aggregate number of trucks that provide hauling capacity to the Company.

*Regulations focused on diesel emissions and other air quality matters.* Focus on diesel emissions, climate change and related air quality matters has led to efforts by federal, state and local governmental agencies to support legislation and regulations to limit the amount of carbon emissions, including emissions created by diesel engines utilized in tractors such as those operated by the Company's BCO Independent Contractors and Truck Brokerage Carriers. Moreover, federal, state and local governmental agencies may also focus on regulation in relation to trailing equipment specifications in an effort to achieve, among other things, lower carbon emissions. For example, the California Air Resources Board ("CARB") has implemented regulations that restrict the ability of certain tractors and trailers from operating in California and that impose emission standards on nearly all diesel-fueled trucks with gross vehicle weight ratings in excess of 14,000 lbs. that operate in California. Moreover, these emission standards have become

increasingly stringent over time. As of January 1, 2023, nearly all diesel-fueled trucks with gross vehicle weight ratings in excess of 14,000 lbs. that operate in California are required to have a 2010 or newer model year engine. No assurances can be given with respect to the extent BCO Independent Contractors will choose to become CARB-compliant by purchasing a new or used CARB-compliant tractor, replacing the engine in their existing tractor with a CARB-compliant engine or performing an exhaust retrofit of their existing tractor by installing a particulate matter filter. Accordingly, many of the Company's BCO Independent Contractors may choose not to haul loads that would require travel within California, which could affect the ability of the Company to service customer freight needs for freight originating from, delivering to or traveling through California. Furthermore, increased regulation of tractor or trailing equipment specifications, including emissions created by diesel engines, could create substantial costs for the Company's third party capacity providers and, in turn, increase the cost of purchased transportation to the Company. An increase in the costs to purchase, lease or maintain tractor or trailing equipment or in purchased transportation cost caused by existing or new regulations without a corresponding increase in price to the customer could adversely affect Landstar, including its results of operations and financial condition.

*Regulations requiring the purchase and use of zero-emission vehicles ("ZEVs").* Currently, the long-haul trucking industry in North America is diesel-fuel based and long-haul trucking operations powered by electricity, natural gas, or hydrogen-based powertrains rather than diesel are not commercially feasible at scale in North America. Significant challenges remain with respect to the economic feasibility of these trucks and the further development of this technology is necessary considering power, torque, range, efficiency and other aspects of long-haul trucking operations. Moreover, the extensive nationwide charging/fueling infrastructure and maintenance network that would be necessary to support such operations does not exist. Nevertheless, federal, state and local governmental agencies may engage in efforts to support legislation and regulations mandating the transition of diesel-fuel based commercial motor vehicles, such as Class 8 tractors operated by the Company's BCO Independent Contractors

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and Truck Brokerage Carriers, to ZEVs. For example, CARB has adopted ~~two new regulations, a regulation~~, the Advanced Clean Trucks ("ACT") regulation ~~and the Advanced Clean Fleets ("ACF") regulation, that would mandate the transition of commercial trucking operations in California to ZEVs over time.~~

~~CARB's ACT regulation, as enacted, is intended to accelerate a large-scale transition to medium-and heavy-duty ZEVs. The regulation includes a manufacturer sales requirement and a reporting requirement that applies to large employers including retailers, manufacturers, brokers and others, as well as fleet owners with 50 or more trucks operating in California. The following states have also adopted the ACT regulation: Colorado, Maryland, Massachusetts, New Jersey, New Mexico, New York, Oregon, Rhode Island, Vermont and Washington.~~

~~CARB's ACF regulation is intended to work in conjunction with the ACT regulation to require the deployment of medium- and heavy-duty ZEVs in California. Components of the ACF regulation, as adopted by CARB, include the following requirements:~~

- ~~• Manufacturer sales mandate. Manufacturers would be required to sell only zero-emission medium- and heavy-duty vehicles in California starting in 2036.~~
- ~~• Drayage fleets. Beginning January 1, 2024, trucks must be required to be registered in the CARB Online System to conduct drayage activities in California. Any truck that is to conduct drayage activities in California and is added to the California fleet on or after January 1, 2024, is required to be a ZEV.~~
  - ~~• High priority fleets. High priority fleets (defined by the regulation to include an entity that owns, operates or directs vehicles in California and has \$50 million or more in total gross revenue or a fleet that owns, operates, or directs 50 or more vehicles in its California fleet) are required to either (i) purchase only ZEVs beginning 2024 and, starting January 1, 2025, remove internal combustion engine vehicles at the end of their minimum useful life as specified in the regulation or (ii) use the ZEV Milestones Option to phase-in ZEVs into their fleets to meet ZEV targets as a percentage of their total California fleet according to the following schedule:~~

Table A: ZEV Fleet Milestones by Milestone Group and Year

Percentage of vehicles that must be ZEVs	10%	25%	50%	75%	100%
Milestone Group 1: Box trucks, vans, buses with two axles, yard tractors, light-duty package delivery vehicles	2025	2028	2031	2033	2035 and beyond
Milestone Group 2: Work trucks, day cab tractors, buses with three axles	2027	2030	2033	2036	2039 and beyond
Milestone Group 3: Sleeper cab tractors and specialty vehicles	2030	2033	2036	2039	2042 and beyond

~~On October 16, 2023, the California Trucking Association (the "CTA") filed a lawsuit in the Eastern District of California challenging the ACF regulation as, among several alternative theories, preempted by federal law under the Federal Clean Air Act and the Federal Aviation Administration Authorization Act of 1994. The CTA seeks declaratory relief that the ACF regulation is invalid~~

and unenforceable as well as preliminary and permanent injunctive relief barring the implementation and enforcement of the ACF regulation. On December 27, 2023, CARB and the CTA reached an understanding that CARB will not take enforcement action as to the drayage or high priority fleet reporting requirements or registration prohibitions under the ACF regulation until U.S. EPA grants a preemption waiver under the federal Clean Air Act applicable to those regulatory provisions or determines a waiver is not necessary, and CTA agreed not to file a preliminary injunction motion seeking to enjoin enforcement of the challenged provision of the ACF regulation while the waiver request is pending before U.S. EPA. No assurances can be provided regarding whether U.S. EPA may grant a preemption waiver, when such a decision may be made or the CTA's litigation challenging the ACF regulation, including the timing of any proceedings relating to the litigation.

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To the extent that the ACF regulation remains in effect, no assurances can be given with respect to the extent BCO Independent Contractors will choose to become CARB-compliant by purchasing a ZEV. Accordingly, many of the Company's BCO Independent Contractors may not be permitted to haul loads that would require travel within California, which could negatively affect the ability of the Company to service customer freight needs for freight originating from, delivering to or traveling through California. Furthermore, mandates requiring the transition to ZEVs would create substantial costs for the Company's third party capacity providers and, in turn, increase the cost of purchased transportation to the Company. An increase in the costs to purchase, lease or maintain tractor equipment or in purchased transportation cost caused by existing or new regulations without a corresponding increase in price to the customer could adversely affect Landstar, including its results of operations and financial condition.

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Moreover, irrespective of the enactment of these types of regulations, no assurances can be provided that the technology advancements that will need to occur to make ZEVs commercially viable for long-haul trucking or the extensive nationwide charging/fueling infrastructure and maintenance network that would be necessary to support such operations will develop in the time frame that would be necessary to enable efforts to comply with legislative or regulatory mandates requiring the transition of diesel fuel-based vehicles to ZEVs. It is not expected that long-haul trucking operations powered by electricity, natural gas, or hydrogen-based powertrains rather than diesel will become commercially viable at scale throughout North America in the next five years. However, as various technology alternatives continue to develop and mature and investment in infrastructure continues, local or regional service in certain geographic areas utilizing Class 8 tractors powered by electricity, natural gas, or hydrogen-based powertrains may become commercially viable in such time frame. Landstar intends to continue to actively monitor developments in the trucking industry related to the design, manufacture, operation, and support of heavy-duty trucks powered by electricity, natural gas, or hydrogen-based powertrains in order to consider the implementation of initiatives involving those technologies, as those technologies and the related infrastructure needed to support them may mature in the future. An increase in costs to implement these initiatives without a corresponding increase in price to the customer could adversely affect Landstar, including its results of operations and financial condition.

#### General Risk Factors

*Potential changes in taxes.* From time to time, various legislative proposals are introduced to increase federal, state, or local taxes. The Company cannot predict whether, or in what form, any increase in corporate income tax rates, state tax rates, taxes related to the procurement of insurance, motor fuel tax rates or other tax rates applicable to the transportation services provided by the Company will be enacted and, if enacted, how such increased tax rates may impact the Company. As an example, for every 100 basis point increase in the U.S. corporate income tax rate, the Company would recognize a one-time tax charge of approximately \$1,100,000 \$800,000 in connection with revaluing its ending net deferred tax liabilities at December 30, 2023 December 28, 2024. With respect to potential increases in fuel and similar taxes, it is unclear whether or not the Company's Truck Brokerage Carriers would attempt to pass the increase on to the Company or if the Company will be able to reflect this potential increased cost of capacity, if any, in prices to customers. Any such increase in fuel taxes, without a corresponding increase in price to the customer, could have a material adverse effect on Landstar, including its results of operations and financial condition. Moreover, competition from other transportation service companies including those that provide non-trucking modes of transportation would likely increase if state or federal taxes on fuel were to increase without a corresponding increase in taxes imposed upon other modes of transportation.

On August 16, 2022, the Inflation Reduction Act was signed into law by President Biden. The Inflation Reduction Act establishes and established a one percent excise tax on stock repurchases made by publicly traded U.S. corporations. This provision was effective for tax years beginning after December 31, 2022. Accrued excise tax of \$348,000 \$717,000 was included in other current liabilities in the consolidated balance sheet at December 30, 2023 December 28, 2024. The excise tax could have an adverse effect on the Company's cash flows in future years.

*Intellectual property.* The Company uses both internally developed and purchased technology in conducting its business. Whether internally developed or purchased, it is possible that the use of these technologies could be claimed to infringe upon or violate the intellectual property rights of third parties. In the event that a claim is made against the Company by a third party for the infringement of intellectual property rights, any settlement or adverse judgment against the Company either in the form of increased costs of licensing or a cease and desist order in using the technology could have an adverse effect on the Company's business and its results of operations.

#### **Item 1B. Unresolved Staff Comments**

None.

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#### **Item 1C. Cybersecurity**

The Company recognizes the importance of assessing, identifying, and managing risks associated with cybersecurity threats. These risks include, among other things, operational risks; intellectual property theft; fraud; extortion; harm to employees, customers or the independent commission sales agents and third party capacity providers in our network; violation of privacy or security laws and other litigation and legal risk; and reputational risks. The Company has implemented cybersecurity processes, technologies, and controls to aid in its efforts to assess, identify, and manage such risks, including network and endpoint monitoring by a third party managed security services provider and Landstar IT professionals, access controls, vulnerability assessments, penetration testing, regular information security training for employees, and tabletop exercises to inform our IT professionals' risk identification and assessment.

Landstar maintains an Incident Response Plan that guides the actions the Company is to take in the event of a suspected or confirmed cybersecurity incident. The plan includes processes to triage, investigate, contain, and remediate the incident, and is designed to enable us to comply with applicable legal and regulatory obligations and mitigate financial and reputational damage. We also maintain a Business Continuity Plan, which provides procedures for maintaining the continuity of critical business processes in the event of business interruption, including any that involve cybersecurity incidents that may significantly impact our operations. Our cybersecurity risk management processes incorporate appropriate industry standards and are designed using the frameworks developed by National Institute of Standards and Technology ("NIST") as a guide.

Our enterprise risk management program reports at least quarterly to the Management Risk Committee and considers cybersecurity threat risks alongside other types of risks as part of our overall risk assessment process. The Management Risk Committee consists of those members of executive management of the Company with ultimate responsibility for the Company's enterprise risk management practices. Members of the Management Risk Committee regularly engage in discussions and meetings relating to cybersecurity risk management and strategy processes and the prevention, detection, mitigation and remediation of cybersecurity incidents. Members of our IT department collaborate with the Management Risk Committee, as necessary, to gather insights for identifying and assessing cybersecurity threats, their severity, and potential mitigations. Our cybersecurity risk management and strategy processes are led by the Chief Information Officer **who is a member of the Management Risk Committee**, and the Vice President of Network Services.

Services, who are each members of the Management Risk Committee

In particular, the Vice President of Network Services leads a team of IT professionals that includes individuals with significant cybersecurity expertise. The Vice President of Network Services has over **26** **27** years of experience in various roles with the Company as well as with the U.S. Army involving managing information security, developing cybersecurity strategy, implementing effective information and cybersecurity programs. The team of IT professionals led by the Vice President of Network Services includes individuals with relevant degrees and certifications, including Certified Information Security Systems Professional (CISSP), Certified Cyber Security Architect (CCSA), EC-Council Certified Ethical Hacker (CEH) GIAC Foundational Cybersecurity Technologies (GFACT), GIAC Certified Forensic Examiner (GCFE) Incident Handler Certification (GCIH), SANS Digital Forensics And Incident GIAC Security Essentials (GSEC), ITIL 4 Foundations, Qualys Certified Specialist - Vulnerability Management Detection & Response, (FOR408), CompTIA Microsoft Technology Associate: Security Fundamentals, Google Cloud Certified: Professional Cloud Security Engineer, Cisco Certified PenTest+, CyberOps Associate, Cisco Certified Network Associate (CCNA), CompTIA Security+, and CompTIA Certified Security+ Pentest+.

The Company also regularly engages with consultants, auditors, and other third parties, including by having an independent **third-party** **third party** Qualified Security Assessor review our cybersecurity program twice each year to help identify areas for continued focus and enhancement. These third parties analyze data on the interactions of users of our information technology resources, including employees, and conduct penetration tests and **vulnerability** scanning exercises to assess the performance of our cybersecurity controls, systems and processes.

Our cybersecurity risk management processes also address risks associated with our use of **third-party** **third party** service providers, including those who have access to our employee data or our systems that support customers and our network of independent commission sales agents and third party capacity providers. **Third-party** **Third party** risks are included within our enterprise risk management assessment program, as well as our cybersecurity-specific risk identification program. Cybersecurity considerations affect the selection and oversight of our **third-party** **third party** service providers. We perform diligence on **third-**

parties third parties that have access to our systems, data or facilities that house such systems or data, and continually monitor cybersecurity threats identified through such diligence. Additionally, we may require certain third parties to agree by contract to manage their cybersecurity risks in specified ways, and to agree to be subject to cybersecurity audits, which we conduct as appropriate.

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During the period covered by this Annual Report, the Company has not experienced any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, institutions like us, as well as our employees, service providers and other third parties, have experienced a significant increase in information security and cybersecurity risk in recent years and will likely continue to be the target of increasingly sophisticated cyber attacks. The Company describes whether and how risks from identified cybersecurity threats materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, under the heading "Disruptions or failures in the Company's computer systems; cyber and other information security incidents" included as part of our risk factor disclosure at Item 1A of this Annual Report on Form 10-K, which disclosures are incorporated by reference herein.

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Cybersecurity is an important part of our risk management processes and an area of focus for our Board and management. The Safety and Risk Committee of the Board is responsible for the oversight of risks from cybersecurity threats. At least semi-annually, the Management Risk Committee and, subsequently, the Safety and Risk Committee of the Board receives receive an overview of our cybersecurity threat risk management and strategy processes from the Chief Information Officer and the Vice President of Network Services. These sessions typically cover topics such as data security posture, results from third-party third party assessments, progress towards risk-mitigation-related goals, our incident response plan, cybersecurity vendors and products, and material risks from cybersecurity threats, incidents and developments, as well as the steps management has taken to respond to such risks. Material cybersecurity threat risks are also considered during separate Board and Board committee meeting discussions relating to matters such as enterprise risk management, IT strategy, internal controls over financial reporting and business continuity planning.

#### **Item 2. Properties**

The Company owns or leases various properties in the U.S., Canada and Mexico for the Company's operations and administrative staff that support its independent commission sales agents, BCO Independent Contractors and other third party capacity providers. The transportation logistics segment's primary facilities are located in Jacksonville, Florida and Rockford, Illinois. In addition, the Company's corporate headquarters are located in Jacksonville, Florida. The Company also maintains a key freight staging and transload facility in Laredo, Texas. The Jacksonville, Florida, Rockford, Illinois and Laredo, Texas facilities are owned by the Company. The Company also maintains a network of owned and leased field operations centers in the United States and Canada in support of the ongoing recruitment and retention of its BCO Independent Contractors. Management believes that Landstar's owned and leased properties are adequate for its current needs and that leased properties can be retained or replaced at an acceptable cost.

#### **Item 3. Legal Proceedings**

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Legal Proceedings".

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#### **Item 4. Mine Safety Disclosures**

Not applicable.

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## **PART II**

#### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Common Stock of the Company is listed and traded on the NASDAQ Global Select Market under the symbol "LSTR."

The reported last sale price per share of the Common Stock as reported on the NASDAQ Global Select Market on January 26, 2024 January 24, 2025 was \$197.11 \$173.04 per share. As of such date, Landstar had 35,716,673 35,316,073 shares of Common Stock outstanding and had 133,136 stockholders of record of its Common Stock. However, the Company estimates that it has a significantly greater number of stockholders because a substantial number of the Company's shares are held by brokers or dealers for their customers in street name.

Purchases of Equity Securities by the Company

The following table provides information regarding the Company's purchase of its Common Stock during the period from **October 1, 2023** **September 29, 2024** to **December 30, 2023** **December 28, 2024**, the Company's fourth fiscal quarter:

Fiscal Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Programs
September 30, 2023				2,910,339
Oct. 1, 2023 – Oct. 28, 2023	—	\$ —	—	2,910,339
Oct. 29, 2023 – Nov. 25, 2023	229,671	169.08	229,671	2,680,668
Nov. 26, 2023 – Dec. 30, 2023	—	—	—	3,000,000
<b>Total</b>	<b>229,671</b>	<b>\$ 169.08</b>	<b>229,671</b>	

Fiscal Period	Total Number of Shares Purchased	Average Price Paid Per Share <sup>(1)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares That May Yet Be Purchased Under the Programs
September 28, 2024				2,563,081
Sept. 29, 2024 – Oct. 26, 2024	—	\$ —	—	2,563,081
Oct. 27, 2024 – Nov. 23, 2024	15,100	178.96	15,100	2,547,981
Nov. 24, 2024 – Dec. 28, 2024	—	—	—	2,547,981
<b>Total</b>	<b>15,100</b>	<b>\$ 178.96</b>	<b>15,100</b>	

(1) The average price paid per share does not include the 1% excise tax on net stock repurchases, as applicable.

On December 7, 2021, the Landstar System, Inc. Board of Directors authorized the Company to purchase up to 1,912,824 shares of the Company's Common Stock from time to time in the open market and in privately negotiated transactions. On December 6, 2022, the Landstar System, Inc. Board of Directors authorized the Company to purchase up to 1,900,826 additional shares of the Company's Common Stock from time to time in the open market and in privately negotiated transactions. On December 4, 2023, the Landstar System, Inc. Board of Directors authorized the Company to purchase up to 319,332 additional shares of its Common Stock from time to time in the open market and in privately negotiated transactions under its share purchase program. As of **December 30, 2023** **December 28, 2024**, the Company had authorization to purchase in the aggregate up to **3,000,000** **2,547,981** shares of its Common Stock under these programs. No specific expiration date has been assigned to the December 7, 2021, December 6, 2022 or December 4, 2023 authorizations.

Equity Compensation Plan Information

The Company maintains a stock compensation plan for members of its Board of Directors, the 2022 Directors Stock Compensation Plan (the "2022 DSCP"), and an employee equity incentive plan, the 2011 Equity Incentive Plan (the "2011 EIP"). The following table presents information related to securities authorized for issuance under these plans at **December 30, 2023** **December 28, 2024**:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans	Number of Securities to be Issued Upon Exercise of Outstanding Options	
	Weighted-average Exercise Price of Outstanding Options	Outstanding Options		Weighted-average Exercise Price of Outstanding Options	Outstanding Options

Equity				
Compensation				
Plans				
Approved by				
Security				
Holders	0	0	3,201,405	0
Equity				
Compensation				
Plans Not				
Approved by				
Security				
Holders	0	0	0	0

Under the 2011 EIP, the issuance of (i) a non-vested share of Landstar Common Stock issued in the form of restricted stock and (ii) a share of Landstar Common Stock issued upon the vesting of a previously granted restricted stock unit each counts as the issuance of two securities against the number of securities available for future issuance. Included in the number of securities remaining available for future issuance under equity compensation plans were **187,260** **181,450** shares of Common Stock reserved for issuance under the 2022 DSCP.

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#### Financial Model Shareholder Returns

The following graph illustrates the return that would have been realized, assuming reinvestment of dividends, by an investor who invested \$100 in each of the Company's Common Stock, the Standard and Poor's 500 Stock Index and the Dow Jones Transportation Stock Index for the period commencing **December 29, 2018** **December 28, 2019** through **December 30, 2023** **December 28, 2024**.



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#### **Item 6.Reserved**

#### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

##### **Forward-Looking Statements**

The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this document that are not based on historical facts are "forward-looking statements." This Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of this Form 10-K contain forward-looking statements, such as statements which relate to Landstar's business objectives, plans, strategies and expectations. Terms such as "anticipates," "believes," "estimates," "intention," "expects," "plans," "predicts," "may," "should," "could," "will," the negative thereof and similar expressions are intended to identify forward-looking statements. Such statements are by nature subject to uncertainties and risks, including but not limited to: **the impact of the Russian conflict with Ukraine on the operations of certain independent commission sales agents, including the Company's largest such agent by revenue in the 2023 fiscal year;** an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; dependence on third party insurance companies; dependence on independent commission sales agents; dependence on third party capacity providers; **the impact of the Russian conflict with Ukraine on the operations of certain independent commission sales agents, including the Company's largest such agent by revenue in the 2024 fiscal year;** decreased demand for transportation services; U.S. trade relationships; substantial industry competition; disruptions or failures in the Company's computer systems; cyber and other information security incidents; dependence on key vendors; potential changes in taxes; status of independent contractors; regulatory and legislative changes; regulations focused on diesel emissions and other air quality matters; regulations requiring the purchase and use of zero-emission vehicles; intellectual property; and other operational, financial or legal risks or uncertainties detailed in this and Landstar's other SEC filings from time to time and described in Item 1A in this Form 10-K under the heading "Risk Factors." These risks and uncertainties could cause actual results or events to differ materially from historical results or those anticipated. Investors should not place undue reliance on such forward-looking statements and the Company undertakes no obligation to publicly update or revise any forward-looking statements.

##### **Introduction**

Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc. (collectively referred to herein with their subsidiaries and other affiliated companies as "Landstar" or the "Company"), is a technology-enabled, asset-light provider of integrated transportation management solutions delivering safe, specialized transportation services to a broad range of customers utilizing a network of agents, third party capacity providers and employees. The Company offers services to its customers across multiple transportation modes, with the ability to arrange for individual shipments of freight to comprehensive third party logistics solutions to meet all of a customer's transportation needs. Landstar provides services principally throughout the United States and to a lesser extent in Canada and Mexico, and between the United States and Canada, Mexico and other countries around the world. The Company's services emphasize safety, information coordination and customer service and are delivered through a network of over 1,000 approximately 1,050 independent commission sales agents and over 85,000 78,000 third party capacity providers, primarily truck capacity providers, linked together by a series of digital technologies which are provided and coordinated by the Company. The nature of the Company's business is such that a significant portion of its operating costs varies directly with revenue.

Landstar markets its integrated transportation management solutions primarily through independent commission sales agents and exclusively utilizes third party capacity providers to transport customers' freight. Landstar's independent commission sales agents enter into contractual arrangements with the Company and are responsible for locating freight, making that freight available to Landstar's capacity providers and coordinating the transportation of the freight with customers and capacity providers. The Company's third party capacity providers consist of independent contractors who provide truck capacity to the Company under exclusive lease arrangements (the "BCO Independent Contractors"), unrelated trucking companies who provide truck capacity to the Company under non-exclusive contractual arrangements (the "Truck Brokerage Carriers"), air cargo carriers, ocean cargo carriers and railroads. Through this network of agents and capacity providers linked together by Landstar's ecosystem of digital technologies, Landstar operates an integrated transportation management solutions business primarily throughout North America with revenue of \$5.3 billion \$4.8 billion during the most recently completed fiscal year. The Company reports the results of two operating segments: the transportation logistics segment and the insurance segment.

The transportation logistics segment provides a wide range of integrated transportation management solutions. Transportation services are provided by Landstar's "Operating Subsidiaries": Landstar Ranger, Inc., Landstar Inway, Inc., Landstar Ligon, Inc., Landstar Gemini, Inc., Landstar Transportation Logistics, Inc., Landstar Global Logistics, Inc., Landstar Express America, Inc., Landstar Canada, Inc., Landstar Metro, S.A.P.I. de C.V., and Landstar Blue, LLC. Transportation services offered by the Company include truckload, less-than-truckload and other truck transportation, rail intermodal, air cargo, ocean cargo, expedited ground and air

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delivery of time-critical freight, heavy-haul/specialized, cold chain/temperature-controlled, U.S.-Canada and U.S.-Mexico cross-border, intra-Mexico, intra-Canada, project cargo and customs brokerage. Examples of the industries serviced by the transportation logistics segment include automotive parts and assemblies, consumer durables, building products, metals, chemicals, foodstuffs, heavy machinery, retail, electronics and military equipment, equipment and general commodities. In addition, the transportation logistics segment provides transportation services to other transportation companies, including third party logistics and less-than-truckload service providers. The independent commission sales agents market services provided by the transportation logistics segment. Billings for freight transportation services are typically charged to customers on a per shipment basis for the physical transportation of freight and are referred to as transportation revenue. During fiscal year 2023, 2024, revenue generated by BCO Independent Contractors, Truck Brokerage Carriers and railroads represented approximately 38%, 53% 52% and 2%, respectively, of the Company's consolidated revenue. Collectively, revenue generated by air and ocean cargo carriers represented approximately 5% 6% of the Company's consolidated revenue during fiscal year 2023, 2024.

The insurance segment is comprised of Signature Insurance Company ("Signature"), a wholly owned offshore insurance subsidiary, and Risk Management Claim Services, Inc. The insurance segment provides risk and claims management services to certain of Landstar's Operating Subsidiaries. In addition, it reinsurance certain risks of the Company's BCO Independent Contractors and provides certain property and casualty insurance directly and reinsurance to certain of Landstar's Operating Subsidiaries. Revenue at the insurance segment represents reinsurance premiums from third party insurance companies that provide insurance programs to BCO Independent Contractors where all or a portion of the risk is ultimately borne by Signature. Revenue at the insurance segment represented approximately 1% of the Company's consolidated revenue for fiscal year 2023, 2024.

#### Changes in Financial Condition and Results of Operations

Management believes the Company's success principally depends on its ability to generate freight through its network of independent commission sales agents and to deliver freight safely and efficiently utilizing third party capacity providers. Management

believes the most significant factors to the Company's success include increasing revenue, sourcing capacity, empowering its network through technology-based tools and controlling costs, including insurance and claims.

#### Revenue

While customer demand, which is subject to overall economic conditions, ultimately drives increases or decreases in revenue, the Company primarily relies on its independent commission sales agents to establish customer relationships and generate revenue opportunities. Management's emphasis with respect to revenue growth is on revenue generated by independent commission sales agents who on an annual basis generate **\$1 million** or more of Landstar revenue. Management believes future revenue growth is primarily dependent on its ability to increase both the revenue generated by Million Dollar Agents and the number of Million Dollar Agents through a combination of recruiting new agents, increasing the revenue opportunities generated by existing independent commission sales agents and providing its independent commission sales agents with digital technologies they may use to grow revenue and increase efficiencies at their businesses. The following table shows the number of Million Dollar Agents, the average revenue generated by these agents and the percent of consolidated revenue generated by these agents during the past three fiscal years:

	Fiscal Years			Fiscal Years		
	2023	2022	2021	2024	2023	2022
Number of Million Dollar Agents	524	625	593	485	524	625
Average revenue generated per Million Dollar Agent	\$ 9,645,000	\$ 11,499,000	\$ 10,371,000	\$ 9,388,000	\$ 9,645,000	\$ 11,499,000
Percent of consolidated revenue generated by Million Dollar Agents	95%	97%	94%	94%	95%	97%

In fiscal year 2024, the change in the number of Million Dollar Agents was primarily attributable to agents who remained with the Company yet experienced lower year-over-year revenue that resulted in such agents moving below the Million Dollar Agent category due to the softer freight demand environment. Included among the Company's Million Dollar Agents in the 2024 fiscal year, the Company had 81 independent sales agencies that generated at least \$10 million in Landstar revenue. In fiscal year 2023, the change in the number of Million Dollar Agents was attributable to agents who remained with the Company yet experienced lower year-over-year revenue that resulted in such agents moving below the Million Dollar Agent category due to the softer freight demand environment. Included among the Company's Million Dollar Agents in the 2023 fiscal year, the Company had 87 independent sales agencies that generated at least \$10 million in Landstar revenue. In fiscal year 2022, the change in the number of Million Dollar Agents was attributable to new agents and existing agents who were not formerly Million Dollar Agents. Included among the Company's Million Dollar Agents in the 2022 fiscal year, the Company had 133 independent sales agencies that generated at least \$10 million in Landstar revenue.

The change in the number of Million Dollar Agents on a year-over-year basis is influenced by many factors and is not solely the result of terminations of contractual relationships between agents and the Company, whether such terminations are initiated by the agent or the Company. Such other factors include consolidations among agencies or transactions in connection with ownership

changes often due to retirement planning, estate planning or similar transitional matters. The change in the number of Million Dollar Agents on a year-over-year basis may also be affected by agents that remain with the Company yet experienced lower year-over-year

revenue that resulted in such agent moving below the Million Dollar Agent category. Historically, the Company has experienced very few terminations of its Million Dollar Agents, whether such terminations are initiated by the agent or the Company. Annual terminations of Million Dollar Agents have typically been less than 3% of the total number of Million Dollar Agents. Revenue from accounts formerly handled by terminated Million Dollar Agents is often retained by the Company as the customer may choose to transfer its account to an existing Landstar agent.

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Management monitors business activity by tracking the number of loads (volume) and revenue per load by mode of transportation. Revenue per load can be influenced by many factors other than a change in price. Those factors include the average length of haul, freight type, special handling and equipment requirements, fuel costs and delivery time requirements. For shipments involving two or more modes of transportation, revenue is generally classified by the mode of transportation having the highest cost for the load. The following table summarizes this information by trailer type for truck transportation and by mode for all others for the past three fiscal years:

	Fiscal Years			Fiscal Years		
	2023	2022	2021	2024	2023	
<u>Revenue generated through (in thousands):</u>						
Truck transportation						
Truckload:						
Van equipment	\$ 2,742,281	\$ 3,892,085	\$ 3,525,830	\$ 2,447,810	\$ 2,742,281	\$
Unsided/platform equipment	1,490,393	1,760,357	1,549,037	1,455,663	1,490,393	
Less-than-truckload	117,683	142,438	117,505	99,828	117,683	
Other truck transportation (1)	479,173	835,959	770,846	343,253	479,173	
Total truck transportation	4,829,530	6,630,839	5,963,218	4,346,554	4,829,530	
Rail intermodal	98,297	145,017	159,974	84,328	98,297	
Ocean and air cargo carriers	266,638	558,986	327,160	289,902	266,638	
Other (2)	108,857	101,720	87,216	98,461	108,857	
	<u>\$ 5,303,322</u>	<u>\$ 7,436,562</u>	<u>\$ 6,537,568</u>	<u>\$ 4,819,245</u>	<u>\$ 5,303,322</u>	<u>\$ 7,436,562</u>
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation						
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation						
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation						
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation						
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation						
Number of loads:						
	\$ 1,998,408	\$ 2,636,036	\$ 2,612,188	\$ 1,821,989	\$ 1,998,408	\$

Number of loads:

Number of loads:

Number of loads:

Truck transportation

Truckload:

Van equipment	1,259,578	1,496,247	1,422,734	1,170,772	1,259,578
Unsided/platform equipment	504,765	558,530	521,891	476,815	504,765
Less-than-truckload	175,650	191,233	183,975	153,253	175,650
Other truck transportation <sup>(1)</sup>	201,407	320,790	300,710	160,120	201,407
Total truck transportation	2,141,400	2,566,800	2,429,310	1,960,960	2,141,400
Rail intermodal	29,620	40,710	52,310	27,970	29,620
Ocean and air cargo carriers	32,820	41,850	41,450	34,440	32,820
	<u>2,203,840</u>	<u>2,649,360</u>	<u>2,523,070</u>	<u>2,023,370</u>	<u>2,203,840</u>
					<u>2,649,360</u>

Loads hauled via BCO Independent Contractors included in total truck transportation

Loads hauled via BCO Independent Contractors included in total truck transportation

Loads hauled via BCO Independent Contractors included in total truck transportation

Loads hauled via BCO Independent Contractors included in total truck transportation

898,610	1,027,480	1,039,630	814,150	898,610
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Revenue per load:

Revenue per load:

Revenue per load:

Revenue per load:

Truck transportation

Truckload:

Van equipment	\$ 2,177	\$ 2,601	\$ 2,478	\$ 2,091	\$ 2,177
Unsided/platform equipment	2,953	3,152	2,968	3,053	2,953
Less-than-truckload	670	745	639	651	670
Other truck transportation <sup>(1)</sup>	2,379	2,606	2,563	2,144	2,379
Total truck transportation	2,255	2,583	2,455	2,217	2,255
Rail intermodal	3,319	3,562	3,058	3,015	3,319
Ocean and air cargo carriers	8,124	13,357	7,893	8,418	8,124

Revenue per load on loads hauled via BCO Independent Contractors							
Revenue per load on loads hauled via BCO Independent Contractors							
Revenue per load on loads hauled via BCO Independent Contractors							
Revenue per load on loads hauled via BCO Independent Contractors	\$ 2,224	\$ 2,566	\$ 2,513	\$ 2,238	\$ 2,224	\$ 2,224	\$ 2,224
<u>Revenue by capacity type (as a % of total revenue):</u>							
<u>Revenue by capacity type (as a % of total revenue):</u>							
<u>Revenue by capacity type (as a % of total revenue):</u>							
<u>Revenue by capacity type (as a % of total revenue):</u>							
Truck capacity providers:							
BCO Independent Contractors	38%	35%	40%	38%	38%	38%	38%
Truck Brokerage Carriers	53%	54%	51%	52%	53%	53%	53%
Rail intermodal	2%	2%	2%	2%	2%	2%	2%
Ocean and air cargo carriers	5%	8%	5%	6%	5%	5%	5%
Other	2%	1%	1%	2%	2%	2%	2%

<sup>(1)</sup> Includes power-only, expedited, straight truck, cargo van, and miscellaneous other truck transportation revenue generated by the transportation logistics segment. Power-only refers to shipments where the Company furnishes a power unit and an operator but not trailing equipment, which is typically provided by the shipper or consignee.

<sup>(2)</sup> Includes primarily reinsurance premium revenue generated by the insurance segment and intra-Mexico transportation services revenue generated by Landstar Metro.

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## Expenses

### Purchased transportation

Also critical to the Company's success is its ability to secure capacity, particularly truck capacity, at rates that allow the Company to profitably transport customers' freight. The following table summarizes the number of available truck capacity providers as of the end of the three most recent fiscal years:

	Dec. 30, 2023	Dec. 31, 2022	Dec. 25, 2021	Dec. 28, 2024	Dec. 30, 2023	Dec. 31, 2022
BCO Independent Contractors	9,024	10,393	11,057	8,082	9,024	10,393
Truck Brokerage Carriers:						
Approved and active <sup>(1)</sup>	49,111	66,745	64,476	43,718	49,111	66,745
Other approved	27,524	30,999	25,870	26,527	27,524	30,999
	76,635	97,744	90,346	70,245	76,635	97,744

Total available truck capacity providers	85,659	108,137	101,403	78,327	85,659	108,137
Trucks provided by BCO Independent Contractors	9,809	11,281	11,864	8,843	9,809	11,281

(1) Active refers to Truck Brokerage Carriers who moved at least one load in the 180 days immediately preceding the fiscal year end.

Purchased transportation represents the amount a BCO Independent Contractor or other third party capacity provider is paid to haul freight. The amount of purchased transportation paid to a BCO Independent Contractor is primarily based on a contractually agreed-upon percentage of revenue generated by loads hauled by the BCO Independent Contractor. Purchased transportation paid to a Truck Brokerage Carrier is based on either a negotiated rate for each load hauled or, to a lesser extent, a contractually agreed-upon fixed rate per load. Purchased transportation paid to railroads and ocean cargo carriers is based on either a negotiated rate for each load hauled or a contractually agreed-upon fixed rate per load. Purchased transportation paid to air cargo carriers is generally based on a negotiated rate for each load hauled. Purchased transportation as a percentage of revenue for truck brokerage, rail intermodal and ocean cargo services is normally higher than that of BCO Independent Contractor and air cargo services. Purchased transportation is the largest component of costs and expenses and, on a consolidated basis, increases or decreases as a percentage of consolidated revenue in proportion to changes in the percentage of consolidated revenue generated through BCO Independent Contractors and other third party capacity providers and external revenue from the insurance segment, consisting of reinsurance premiums. Purchased transportation as a percent of revenue also increases or decreases in relation to the availability of truck brokerage capacity and with changes in the price of fuel on revenue generated from shipments hauled by Truck Brokerage Carriers. The Company passes 100% of fuel surcharges billed to customers for freight hauled by BCO Independent Contractors to its BCO Independent Contractors. These fuel surcharges are excluded from revenue and the cost of purchased transportation. Purchased transportation costs are recognized over the freight transit period as the performance obligation to the customer is completed.

#### *Commissions to agents*

Commissions to agents are based on contractually agreed-upon percentages of (i) revenue, (ii) revenue less the cost of purchased transportation, or (iii) revenue less a contractually agreed upon percentage of revenue retained by Landstar and the cost of purchased transportation (the "retention contracts"). Commissions to agents as a percentage of consolidated revenue vary directly with fluctuations in the percentage of consolidated revenue generated by the various modes of transportation and reinsurance premiums and, in general, vary inversely with changes in the amount of purchased transportation as a percentage of revenue on services provided by Truck Brokerage Carriers, railroads, air cargo carriers and ocean cargo carriers. Commissions to agents are recognized over the freight transit period as the performance obligation to the customer is completed.

#### *Other operating costs, net of gains on asset sales/dispositions*

Maintenance costs for Company-provided trailing equipment, the provision for uncollectible advances and other receivables due from BCO Independent Contractors and independent commission sales agents and **BCO Independent Contractor** recruiting and qualification costs **for BCO Independent Contractors** are the largest components of other operating costs. Also included in other operating costs are trailer rental costs and gains/losses, if any, on sales of Company-owned trailing equipment.

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#### *Insurance and claims*

With respect to insurance and claims cost, potential liability associated with accidents in the trucking industry is severe and occurrences are unpredictable.

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Landstar retains liability through a self-insured retention for commercial trucking claims up to **\$5 million** **\$5 million** per occurrence. Effective **May 1, 2019** **May 1, 2023**, the Company entered into a three year commercial auto liability insurance arrangement for losses incurred between **\$5 million** **\$5 million** and **\$10 million** (the "2019 Initial Excess Policy") with a third party insurance company. The Company subsequently extended the 2019 Initial Excess Policy for one additional policy year, from May 1, 2022 through April 30, 2023. For commercial trucking claims incurred on or after May 1, 2022 through April 30, 2023, the extended 2019 Initial Excess Policy provides

for a limit for a single loss of \$5 million, with an aggregate limit of \$10 million for the policy period ended April 30, 2023. Effective May 1, 2023, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million \$10 million (the "2023 Initial Excess Policy") with a third party insurance company. For commercial trucking claims incurred on or after May 1, 2023 through April 30, 2026, the 2023 Initial Excess Policy provides for an aggregate deductible of \$18 million \$18 million over the thirty-six month thirty-six-month term ending April 30, 2026. After payment of the deductible, the 2023 Initial Excess Policy provides for a limit for a single loss of \$5 million, \$5 million, with an aggregate limit of \$15 million \$15 million for the thirty-six month thirty-six-month term ending April 30, 2026.

The Company also maintains third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of \$10 million. \$10 million. These third party arrangements provide coverage on a per occurrence or aggregated basis. In recent years. Over the past decade, there has been a significant increase in the occurrence prevalence of trials in courts throughout the United States involving catastrophic injury and fatality claims against commercial motor carriers that have resulted in verdicts in excess of \$10 million. \$10 million. Within the transportation logistics industry, these verdicts are often referred to as "Nuclear Verdicts." The increase in Nuclear Verdicts has had a significant impact on the cost of commercial auto liability claims throughout the United States. Due to the increasing cost of commercial auto liability claims, the availability of excess coverage has significantly decreased, and the pricing associated with such excess coverage, to the extent available, has significantly increased. Since the annual policy year ended April 30, 2020, as compared to the annual policy year ending April 30, 2024 April 30, 2025, the Company experienced an increase of approximately \$21 million, \$22 million, or over 380% 400%, in the premiums charged by third party insurance companies to the Company for excess coverage for commercial trucking liabilities in excess of \$10 million. \$10 million.

Moreover, the Company from year to year manages the level of its financial exposure to commercial trucking claims in excess of \$10 million, \$10 million, including through the use of additional self-insurance, deductibles, aggregate loss limits, quota shares and other structured arrangements with third party insurance companies, based on the availability of coverage within certain excess insurance coverage layers and estimated cost differentials between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage. For example, with respect to a single hypothetical claim in the amount of \$60 million \$65 million incurred during the annual policy year ending April 30, 2024 April 30, 2025, the Company would have an aggregate financial exposure of approximately \$25 million. \$30 million.

Within the Company's third party insurance arrangements providing excess coverage for commercial trucking liabilities, structured arrangements with third party reinsurers within a specific loss layer may include provisions that require additional payments of premium in the event of unfavorable loss experience or a refund of premium in the event of favorable loss experience. With respect to one such three year commercial auto liability reinsurance arrangement relating to certain excess claims incurred between May 1, 2020 through April 30, 2023, it is anticipated that during the 2025 second fiscal quarter, the Company will receive a \$12,000,000 cash payment from a third party reinsurance provider in the form of a "no claims bonus" due to favorable loss experience with respect to claims incurred during the policy period. The Company intends to record the receipt of this payment as a deferred gain on the balance sheet until such time as all underlying claims with exposure under the applicable excess layer insurance arrangement are resolved and the gain can be recognized.

Furthermore, the Company's third party insurance arrangements provide excess coverage up to an uppermost coverage layer, in excess of which the Company retains additional financial exposure. No assurances can be given that the availability of excess coverage for commercial trucking claims will not continue to deteriorate, that the pricing associated with such excess coverage, to the extent available, will not continue to increase, nor that insurance coverage from third party insurers for excess coverage of commercial trucking claims will even be available on commercially reasonable terms at certain levels. Moreover, the occurrence of a Nuclear Verdict, or the settlement of a catastrophic injury and/or fatality claim that could have otherwise resulted in a Nuclear Verdict, could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

The Company does not allow for the recognition of a gain contingency within its consolidated financial statements prior to the settlement of the underlying events or contingencies associated with the gain contingency. As a result, the consideration related to a gain contingency is recorded in the consolidated financial statements during the period in which all underlying events or contingencies are resolved and the gain is realized.

Further, the Company retains liability of up to \$2,000,000 for each general liability claim, \$250,000 for each workers' compensation claim and \$250,000 for each cargo claim. In addition, under reinsurance arrangements by Signature of certain risks of the Company's BCO Independent Contractors, the Company retains liability of up to \$500,000, \$1,000,000 or \$2,000,000 with respect to certain occupational accident claims and up to \$750,000 with respect to certain workers' compensation claims. The Company's exposure to liability associated with accidents incurred by Truck Brokerage Carriers, railroads and air and ocean cargo carriers who transport

freight on behalf of the Company is reduced by various legal defenses and other factors including the extent to which such carriers maintain their own insurance coverage. A material increase in the frequency or severity of accidents, cargo claims or workers' compensation claims or the material unfavorable development of existing claims could have a material adverse effect on Landstar's cost of insurance and claims and its results of operations.

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#### *Selling, general and administrative*

During the 2023 2024 fiscal year, employee compensation and benefits accounted for approximately 61% 62% of the Company's selling, general and administrative costs. Employee compensation and benefits include wages and employee benefit costs as well as incentive compensation and stock-based compensation expense. Incentive compensation and stock-based compensation expense is highly variable in nature in comparison to wages and employee benefit costs.

#### *Depreciation and amortization*

Depreciation and amortization primarily relate to depreciation of trailing equipment and information technology hardware and software.

#### *Costs of revenue*

The Company incurs costs of revenue related to the transportation of freight and, to a much lesser extent, to reinsurance premiums received by Signature. Costs of revenue include variable costs of revenue and other costs of revenue. Variable costs of revenue include purchased transportation and commissions to agents, as these costs are entirely variable on a shipment-by-shipment basis. Other costs of revenue include fixed costs of revenue and semi-variable costs of revenue, where such costs may vary over time based on certain economic factors or operational metrics such as the number of Company-controlled trailers, the number of BCO Independent Contractors, the frequency and severity of insurance claims, the number of miles traveled by BCO Independent Contractors, or the number and/or scale of information technology projects in process or in-service to support revenue generating activities, rather than on a shipment-by-shipment basis. Other costs of revenue associated with the transportation of freight include: (i) other operating costs, primarily consisting of trailer maintenance, the provision for uncollectible advances and other receivables due from BCO Independent Contractors and independent commission sales agents and BCO Independent Contractor recruiting and qualification costs, as reported in the Company's Consolidated Statements of Income, (ii) transportation-related insurance premiums paid and claim costs incurred, included as a portion of insurance and claims in the Company's Consolidated Statements of Income, (iii) costs incurred related to internally developed software including ASC 350-40 amortization, implementation costs, hosting costs and other support costs utilized to support the Company's independent commission sales agents, third party capacity providers, and customers, included as a portion of depreciation and amortization and of selling, general and administrative in the Company's Consolidated Statements of Income; and (iv) depreciation on Company-owned trailing equipment, included as a portion of depreciation and amortization in the Company's Consolidated Statements of Income. Other costs of revenue associated with reinsurance premiums received by Signature are comprised of broker commissions and other fees paid related to the administration of insurance programs to BCO Independent Contractors and are included in selling, general and administrative in the Company's Consolidated Statements of Income. In addition to costs of revenue, the Company incurs various other costs relating to its business, including most selling, general and administrative costs and portions of costs attributable to insurance and claims and depreciation and amortization. Management continually monitors all components of the costs incurred by the Company and establishes annual cost budgets that, in general, are used to benchmark costs incurred on a monthly basis.

#### **Gross Profit, Variable Contribution, Gross Profit Margin and Variable Contribution Margin**

The following table sets forth calculations of gross profit, defined as revenue less costs of revenue, and gross profit margin, defined as gross profit divided by revenue, for the periods indicated. The Company refers to revenue less variable costs of revenue as "variable contribution" and variable contribution divided by revenue as "variable contribution margin". Variable contribution and variable contribution margin are each non-GAAP financial measures. The closest comparable GAAP financial measures to variable contribution and variable contribution margin are, respectively, gross profit and gross profit margin. The Company believes variable contribution and variable contribution margin are useful measures of the variable costs that we incur at a shipment-by-shipment level attributable to our transportation network of third-party third party capacity providers and independent commission sales agents in order to provide services to our customers. The Company believes variable contribution and variable contribution margin are important performance measurements and management considers variable contribution and variable contribution margin in evaluating the Company's financial performance and in its decision-making, such as budgeting for infrastructure, trailing equipment and selling, general and administrative costs.

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The reconciliations of gross profit to variable contribution and gross profit margin to variable contribution margin are each presented below:

	Fiscal Year			Fiscal Year		
	2023	2022	2021	2024	2023	2022
Revenue	\$ 5,303,322	\$ 7,436,562	\$ 6,537,568	\$ 4,819,245	\$ 5,303,322	\$ 7,436,562
Costs of revenue:						
Purchased transportation	4,068,262	5,804,017	5,114,667	3,745,241	4,068,262	5,804,017
Commissions to agents	462,668	614,865	507,209	392,751	462,668	614,865
Variable costs of revenue	4,530,930	6,418,882	5,621,876	4,137,992	4,530,930	6,418,882
Trailing equipment depreciation	31,319	36,653	35,204	27,950	31,319	36,653
Information technology costs	25,486	19,834	13,560	22,744	25,486	19,834
Insurance-related costs	(1)	116,069	127,605	109,387	115,764	116,069
Other operating costs	54,191	45,192	36,531	58,781	54,191	45,192
Other costs of revenue	227,065	229,284	194,682	225,239	227,065	229,284
Total costs of revenue	4,757,995	6,648,166	5,816,558	4,363,231	4,757,995	6,648,166
Gross profit	\$ 545,327	\$ 788,396	\$ 721,010	\$ 456,014	\$ 545,327	\$ 788,396
Gross profit margin	10.3%	10.6%	11.0%	9.5%	10.3%	10.6%
Plus: other costs of revenue	227,065	229,284	194,682	225,239	227,065	229,284
Variable contribution	\$ 772,392	\$ 1,017,680	\$ 915,692	\$ 681,253	\$ 772,392	\$ 1,017,680
Variable contribution margin	14.6%	13.7%	14.0%	14.1%	14.6%	13.7%

(1) Insurance-related costs in the table above include (i) other costs of revenue related to the transportation of freight that are included as a portion of insurance and claims in the Company's Consolidated Statements of Income and (ii) certain other costs of revenue related to reinsurance premiums received by Signature that are included as a portion of selling, general and administrative in the Company's Consolidated Statements of Income. Insurance and claims costs included in other costs of revenue relating to the transportation of freight primarily consist of insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight and the related cost of claims incurred under those programs, and, to a lesser extent, the cost of claims incurred under insurance programs available to BCO Independent Contractors that are reinsured by Signature. Other insurance and claims costs included in costs of revenue that are included in selling, general and administrative in the Company's Consolidated Statements of Income consist of brokerage commissions and other fees incurred by Signature relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by Signature.

In general, variable contribution margin on revenue generated by BCO Independent Contractors represents a fixed percentage due to the nature of the contracts that pay a fixed percentage of revenue to both the BCO Independent Contractors and independent commission sales agents. For revenue generated by Truck Brokerage Carriers, variable contribution margin may be either a fixed or variable percentage, depending on the contract with each individual independent commission sales agent. Variable contribution margin on revenue generated from shipments hauled by railroads, air cargo carriers, ocean cargo carriers and Truck Brokerage Carriers, other than those under retention contracts, is variable in nature, as the Company's contracts with independent commission sales agents provide commissions to agents at a contractually agreed upon percentage of the amount represented by revenue less purchased transportation for these types of shipments. Approximately 43% of the Company's consolidated revenue in fiscal year 2023 2024 was generated under transactions that pay a fixed percentage of revenue to the third party capacity provider and/or agents while 57% was generated under transactions that pay a variable percentage of revenue to the third party capacity provider and/or agents.

*Operating income as a percentage of gross profit and operating income as a percentage of variable contribution*

The following table presents operating income as a percentage of gross profit and operating income as a percentage of variable contribution. The Company's operating income as a percentage of variable contribution is a non-GAAP financial measure calculated as operating income divided by variable contribution. The Company believes that operating income as a percentage of variable contribution is useful and meaningful to investors for the following principal reasons: (i) the variable costs of revenue for a significant portion of the business are highly influenced by short-term market-based trends in the freight transportation industry, whereas other costs, including other costs of revenue, are much less impacted by short-term freight market trends; (ii) disclosure of this measure allows investors to better understand the underlying trends in the Company's results of operations; (iii) this measure is meaningful to

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investors' evaluations of the Company's management of costs attributable to operations other than the purely variable costs associated with purchased transportation and commissions to agents that the Company incurs to provide services to our customers; and (iv) management considers this financial information in its decision-making, such as budgeting for infrastructure, trailing equipment and selling, general and administrative costs.

	Fiscal Year			Fiscal Year		
	2023	2022	2021	2024	2023	2022
Gross profit	\$545,327	\$ 788,396	\$ 721,010	\$456,014	\$ 545,327	\$ 788,396
Operating income	\$344,149	\$ 571,083	\$ 505,668	\$248,907	\$ 344,149	\$ 571,083
Operating income as % of gross profit	63.1%	72.4%	70.1%	54.6%	63.1%	72.4%
Variable contribution						
Variable contribution						
Variable contribution						
Variable contribution	\$772,392	\$ 1,017,680	\$ 915,692	\$681,253	\$ 772,392	\$ 1,017,680
Operating income	\$344,149	\$ 571,083	\$ 505,668	\$248,907	\$ 344,149	\$ 571,083
Operating income as % of variable contribution	44.6%	56.1%	55.2%	36.5%	44.6%	56.1%

The decrease in operating income as a percentage of gross profit from fiscal year 2023 to fiscal year 2024, as well as from fiscal year 2022 to fiscal year 2023, resulted from the decrease of operating income decreasing at a more rapid percentage rate than the

decrease in gross profit, primarily due to the impact of the Company's fixed cost infrastructure, principally certain components of selling, general and administrative costs, in comparison to a smaller gross profit base.

The increase decrease in operating income as a percentage of gross profit variable contribution from fiscal year 2021 to fiscal year 2022 resulted from the decrease of operating income increasing at a more rapid percentage rate than the increase decrease in gross profit, as variable contribution, primarily due to the Company was able to scale our impact of the Company's fixed cost infrastructure, principally certain components of selling, general and administrative costs, across in comparison to a larger gross profit smaller variable contribution base.

The decrease in operating income as a percentage of variable contribution from fiscal year 2022 to fiscal year 2023 resulted from operating income decreasing at a more rapid percentage rate than the decrease in variable contribution, primarily due to the impact of the Company's fixed cost infrastructure, principally certain components of selling, general and administrative costs, in comparison to a smaller variable contribution base, partially offset by the impact of decreased incentive and equity compensation costs under the Company's variable compensation programs. The increase in operating income as a percentage of variable contribution from fiscal year 2021 to fiscal year 2022 resulted from operating income increasing at a more rapid percentage rate than the increase in variable contribution, as the Company was able to scale our fixed cost infrastructure, primarily certain components of selling, general and administrative costs, as well as certain components of our other costs of revenue, across a larger variable contribution base.

Also, as previously mentioned, the Company reports two operating segments: the transportation logistics segment and the insurance segment. External revenue at the insurance segment, representing reinsurance premiums, has historically been relatively consistent on an annual basis at 2% or less of consolidated revenue and generally corresponds directly with the number of trucks provided by BCO Independent Contractors. The discussion of cost line items in Management's Discussion and Analysis of Financial Condition and Results of Operations considers the Company's costs on a consolidated basis rather than on a segment basis. Management believes this presentation format is the most appropriate to assist users of the financial statements in understanding the Company's business for the following reasons: (1) the insurance segment has no other operating costs; (2) discussion of insurance and claims at either segment without reference to the other may create confusion amongst investors and potential investors due to intercompany arrangements and specific deductible programs that affect comparability of financial results by segment between various fiscal periods but that have no effect on the Company from a consolidated reporting perspective; (3) selling, general and administrative costs of the insurance segment comprise less than 10% of consolidated selling, general and administrative costs and have historically been relatively consistent on a year-over-year basis; and (4) the insurance segment has no depreciation and amortization.

#### ***Fiscal Year Ended December 28, 2024 Compared to Fiscal Year Ended December 30, 2023***

Revenue for fiscal year 2024 was \$4,819,245,000, a decrease of \$484,077,000, or 9%, compared to fiscal year 2023. Transportation revenue decreased \$474,838,000, or 9%. The decrease in transportation revenue was attributable to a decreased number of loads hauled of approximately 8% and decreased revenue per load of approximately 1% compared to fiscal year 2023. Reinsurance premiums were \$63,237,000 and \$72,476,000 for fiscal years 2024 and 2023, respectively. The decrease in revenue from reinsurance premiums was primarily attributable to a decrease in the average number of trucks provided by BCO Independent Contractors in fiscal year 2024 compared to fiscal year 2023.

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Truck transportation revenue generated by BCO Independent Contractors and Truck Brokerage Carriers (together, the "third party truck capacity providers") for fiscal year 2024 was \$4,346,554,000, representing 90% of total revenue, a decrease of \$482,976,000, or 10%, compared to fiscal year 2023. The number of loads hauled by third party truck capacity providers decreased approximately 8% in fiscal year 2024 compared to fiscal year 2023, and revenue per load on loads hauled by third party truck capacity providers decreased approximately 2% compared to fiscal year 2023.

The decrease in the number of loads hauled via truck compared to fiscal year 2023 was primarily due to a broad-based decrease in demand for the Company's truck transportation services. Loads hauled via other truck transportation services decreased 20%, less-than-truckload loadings decreased 13%, loads hauled via van equipment decreased 7% and loads hauled via unsided/platform equipment decreased 6% as compared to fiscal year 2023.

The decrease in revenue per load on loads hauled via truck was primarily due to a softer freight demand environment experienced during fiscal year 2024 and the impact of lower diesel fuel costs on loads hauled via Truck Brokerage Carriers. Revenue per load on loads hauled via other truck transportation services decreased 10%, on loads hauled via van equipment decreased 4% and on less-than-truckload loadings decreased 3%, while revenue per load on loads hauled via unsided/platform equipment increased 3% as compared to fiscal year 2023. The increase in revenue per load on loads hauled via unsided/platform equipment of 3% was favorably impacted by an increase in the percentage of revenue contributed by heavy/specialized equipment, which typically has a higher revenue per load.

Fuel surcharges billed to customers on revenue generated by BCO Independent Contractors are excluded from revenue. Fuel surcharges on Truck Brokerage Carrier revenue identified separately in billings to customers and included as a component of Truck Brokerage Carrier revenue were \$118,295,000 and \$147,691,000 in fiscal years 2024 and 2023, respectively. It should be noted that billings to many customers of the Company's truck brokerage services include a single all-in rate and do not separately identify fuel surcharges on loads hauled via Truck Brokerage Carriers. Accordingly, the overall impact of changes in fuel prices on revenue and revenue per load on loads hauled via truck is likely to be greater than that indicated.

Transportation revenue generated by rail intermodal, air cargo and ocean cargo carriers (collectively, the "multimode capacity providers") for fiscal year 2024 was \$374,230,000, or 8% of total revenue, an increase of \$9,295,000, or 3%, compared to fiscal year 2023. Revenue per load on revenue generated by multimode capacity providers increased approximately 3% in fiscal year 2024 compared to fiscal year 2023, while the number of loads hauled by multimode capacity providers was approximately the same in fiscal year 2024 compared to fiscal year 2023. Revenue per load on loads hauled via ocean increased 15%, while revenue per load on loads hauled via air and rail intermodal decreased 51% and 9%, respectively, during fiscal year 2024 as compared to fiscal year 2023. The increase in revenue per load on loads hauled by ocean was broad-based across many customers and reflected the impact of various geopolitical events on ocean shipping rates, generally. The decrease in revenue per load on loads hauled by air cargo carriers was primarily attributable to the impact of high value air loadings at one specific customer during fiscal year 2023. The decrease in revenue per load on loads hauled by rail intermodal was broad-based across many customers. Revenue per load on revenue generated by multimode capacity providers is influenced by many factors, including revenue mix among the various modes of transportation used, length of haul, complexity of freight, density of freight lanes, fuel costs and availability of capacity.

Purchased transportation was 77.7% and 76.7% of revenue in fiscal years 2024 and 2023, respectively. The increase in purchased transportation as a percentage of revenue was primarily due to an increased rate of purchased transportation on revenue generated by Truck Brokerage Carriers. Commissions to agents were 8.1% and 8.7% of revenue in fiscal years 2024 and 2023, respectively. The decrease in commissions to agents as a percentage of revenue was primarily attributable to an increased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers during fiscal year 2024.

Investment income was \$14,810,000 and \$10,141,000 in fiscal years 2024 and 2023, respectively. The increase in investment income was attributable to a higher average investment balance held by the insurance segment during fiscal year 2024 and higher average rates of return on investments in fiscal year 2024.

Other operating costs increased \$4,590,000 in fiscal year 2024 compared to fiscal year 2023. The increase in other operating costs compared to the prior year was primarily due to an increased provision for contractor bad debt and decreased gains on sales of operating property.

Insurance and claims decreased \$312,000 in fiscal year 2024 compared to fiscal year 2023. The decrease in insurance and claims expense compared to the prior year was primarily due to decreased BCO miles traveled during fiscal year 2024, partially offset by increased net unfavorable development of prior years' claims in fiscal year 2024. During the 2024 and 2023 fiscal years, insurance and claims costs included \$8,824,000 and \$6,058,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

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Selling, general and administrative costs increased \$5,909,000 in fiscal year 2024 as compared to fiscal year 2023. The increase in selling, general and administrative costs compared to prior year was primarily attributable to increased employee benefit costs, primarily attributable to increased medical and pharmacy costs under the self-insured portion of the Company's medical plan, the impact of Chief Executive Officer ("CEO") transition costs and an increased provision for incentive compensation, partially offset by decreased project consulting fees. Included in selling, general and administrative costs was incentive compensation expense of \$1,970,000 and \$591,000 for the 2024 and 2023 fiscal years, respectively.

Depreciation and amortization decreased \$1,415,000 in fiscal year 2024 compared to fiscal year 2023. The decrease in depreciation and amortization expense was primarily due to decreased trailing equipment depreciation, partially offset by increased depreciation on new and updated digital tools deployed for use by the Company's network of agents, capacity providers and employees.

Net interest and debt income increased \$1,473,000 in fiscal year 2024 compared to fiscal year 2023. The increase in interest and debt income was primarily attributable to increased interest income earned on cash balances held by the transportation logistics segment, partially offset by increased interest expense related to finance lease obligations.

The effective income tax rate was 23.0% for fiscal year 2024 and 24.0% for fiscal year 2023. The effective income tax rate was higher than the statutory federal income tax rate of 21% for fiscal year 2024 primarily attributable to state taxes, partially offset by federal research and development tax credits. The effective income tax rate was higher than the statutory federal income tax rate of 21% in fiscal

year 2023 primarily attributable to state income taxes and nondeductible executive compensation, partially offset by excess tax benefits realized on stock-based awards.

Net income was \$195,946,000, or \$5.51 per basic and diluted share, in fiscal year 2024. Net income was \$264,394,000, or \$7.36 per basic and diluted share, in fiscal year 2023.

#### **Fiscal Year Ended December 30, 2023 Compared to Fiscal Year Ended December 31, 2022**

Revenue for fiscal year 2023 was \$5,303,322,000, a decrease of \$2,133,240,000, or 29%, compared to fiscal year 2022. Transportation revenue decreased \$2,127,162,000, or 29%. During the Company's 2023 fiscal year, freight demand was soft throughout the year and culminated with an unusually weak peak season in the 2023 fourth quarter. The decrease in transportation revenue was attributable to a decreased number of loads hauled of approximately 17% and decreased revenue per load of

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approximately 15% compared to fiscal year 2022. Reinsurance premiums were \$72,476,000 and \$78,554,000 for fiscal years 2023 and 2022, respectively. The decrease in revenue from reinsurance premiums was primarily attributable to a decrease in the average number of trucks provided by BCO Independent Contractors in fiscal year 2023 compared to fiscal year 2022, partially offset by an increase in the aggregate value of equipment insured by BCO Independent Contractors under a physical damage program reinsured by Signature in fiscal year 2023 compared to fiscal year 2022. The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's fiscal year 2023 included fifty-two weeks of operations whereas fiscal year 2022 included fifty-three weeks of operations.

Truck transportation revenue generated by BCO Independent Contractors and Truck Brokerage Carriers (together, the "third party truck capacity providers") for fiscal year 2023 was \$4,829,530,000, representing 91% of total revenue, a decrease of \$1,801,309,000, or 27%, compared to fiscal year 2022. The number of loads hauled by third party truck capacity providers decreased approximately 17% in fiscal year 2023 compared to fiscal year 2022, and revenue per load on loads hauled by third party truck capacity providers decreased approximately 13% compared to fiscal year 2022.

The decrease in the number of loads hauled via truck compared to fiscal year 2022 was primarily due to a decrease in demand from the record high levels experienced in fiscal year 2022 for the Company's van services and power-only services included in other truck transportation services, which tend to be more correlated with U.S. consumer demand. Loads hauled via other truck transportation services decreased 37%, loads hauled via van equipment decreased 16%, loads hauled via unsided/platform equipment decreased 10% and less-than-truckload loadings decreased 8% as compared to fiscal year 2022.

The decrease in revenue per load on loads hauled via truck was primarily due to pricing pressure throughout fiscal year 2023 as industry-wide truck capacity was significantly more readily available as compared to fiscal year 2022, particularly during the 2022 first quarter during which pandemic-related supply chain disruption was at a high point, partially offset by an increased average length

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of haul during fiscal year 2023. Revenue per load on loads hauled via van equipment decreased 16%, on less-than-truckload loadings decreased 10%, on loads hauled by other truck transportation services decreased 9% and on loads hauled via unsided/platform equipment decreased 6% as compared to fiscal year 2022.

Fuel surcharges billed to customers on revenue generated by BCO Independent Contractors are excluded from revenue. Fuel surcharges on Truck Brokerage Carrier revenue identified separately in billings to customers and included as a component of Truck Brokerage Carrier revenue were \$147,691,000 and \$211,770,000 in fiscal years 2023 and 2022, respectively. It should be noted that billings to many customers of the Company's truck brokerage services include a single all-in rate and do not separately identify fuel surcharges on loads hauled via Truck Brokerage Carriers. Accordingly, the overall impact of changes in fuel prices on revenue and revenue per load on loads hauled via truck is likely to be greater than that indicated.

Transportation revenue generated by rail intermodal, air cargo and ocean cargo carriers (collectively, the "multimode capacity providers") for fiscal year 2023 was \$364,935,000, or 7% of total revenue, a decrease of \$339,068,000, or 48%, compared to fiscal year 2022. Revenue per load on revenue generated by multimode capacity providers decreased approximately 31% in fiscal year 2023 compared to fiscal year 2022, and the number of loads hauled by multimode capacity providers decreased approximately 24% over the same period. Revenue per load on loads hauled via ocean, air and rail intermodal decreased 40%, 35% and 7%, respectively, during fiscal year 2023 as compared to fiscal year 2022. The decrease in revenue per load on loads hauled by ocean and air cargo carriers was primarily related to the impact of global supply chain disruptions during the 2022 fiscal year, which were particularly acute with respect to international ocean and air freight. Revenue per load on revenue generated by multimode capacity providers is influenced by many factors, including revenue mix among the various modes of transportation used, length of haul, complexity of freight,

density of freight lanes, fuel costs and availability of capacity. The decrease in the number of loads hauled by multimode capacity providers was due to a 27% decrease in rail loadings, a 23% decrease in ocean loadings and a 19% decrease in air loadings. The 27% decrease in rail loadings and the 23% decrease in ocean loadings were both broad-based with particularly significant declines at a limited number of specific customers, while the 19% decrease in air loadings was primarily attributable to decreased loadings at one specific customer.

Purchased transportation was 76.7% and 78.0% of revenue in fiscal years 2023 and 2022, respectively. The decrease in purchased transportation as a percentage of revenue was primarily due to (i) a decreased rate of purchased transportation on revenue generated by Truck Brokerage Carriers and (ii) a decreased percentage of revenue generated by multimode capacity providers, which typically has a higher rate of purchased transportation than third party truck capacity providers. Commissions to agents were 8.7% and 8.3% of revenue in fiscal years 2023 and 2022, respectively. The increase in commissions to agents as a percentage of revenue was primarily attributable to a decreased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers during fiscal year 2023.

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Investment income was \$10,141,000 and \$3,162,000 in fiscal years 2023 and 2022, respectively. The increase in investment income was attributable to higher average rates of return on investments and a higher average investment balance held by the insurance segment during fiscal year 2023.

Other operating costs increased \$8,999,000 in fiscal year 2023 compared to fiscal year 2022. The increase in other operating costs compared to the prior year was primarily due to (i) increased trailing equipment maintenance costs as a result of the higher average age of the Company-owned trailer fleet and increased labor and parts costs charged by the Company's network of third party trailer maintenance facilities and (ii) an increased provision for contractor bad debt, partially offset by increased gains on sales of operating property.

Insurance and claims decreased \$11,594,000 in fiscal year 2023 compared to fiscal year 2022. The decrease in insurance and claims expense compared to the prior year was primarily due to decreased severity of current year trucking claims during fiscal year 2023, decreased net unfavorable development of prior years' claims in fiscal year 2023 and a decrease in BCO miles traveled in the 2023 fiscal year, partially offset by increased insurance premiums, primarily for commercial auto and excess liability coverage. During the 2023 and 2022 fiscal years, insurance and claims costs included \$6,058,000 and \$11,331,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

Selling, general and administrative costs decreased \$9,480,000 in fiscal year 2023 as compared to fiscal year 2022. The decrease in selling, general and administrative costs compared to prior year was primarily attributable to a decreased provision for incentive compensation, decreased stock-based compensation expense and a decreased provision for customer bad debt, partially offset by increased information technology costs and increased wages. Included in selling, general and administrative costs was incentive compensation expense of \$591,000 and \$16,507,000 for the 2023 and 2022 fiscal years, respectively, and stock-based compensation expense of \$4,282,000 and \$12,399,000 for the 2023 and 2022 fiscal years, respectively.

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Depreciation and amortization increased \$700,000 in fiscal year 2023 compared to fiscal year 2022. The increase in depreciation and amortization expense was primarily due to increased depreciation on new and updated digital tools deployed for use by the Company's network of agents, capacity providers and employees, partially offset by decreased trailing equipment depreciation.

The year-over-prior-year change in interest and debt (income) expense was \$7,566,000, with net interest and debt income of \$3,946,000 in fiscal year 2023 compared to net interest and debt expense of \$3,620,000 in fiscal year 2022. The increase in interest and debt (income) expense was primarily attributable to increased interest income earned on cash balances held by the transportation logistics segment, decreased interest expense related to finance lease obligations and decreased average borrowings on the Company's revolving credit facility, as the Company had no borrowings during the 2023 fiscal year.

The effective income tax rate was 24.0% for fiscal year 2023 and 24.1% for fiscal year 2022. The effective income tax rates for both fiscal years 2023 and 2022 were higher than the statutory federal income tax rate of 21% primarily attributable to state income taxes and nondeductible executive compensation, partially offset by excess tax benefits realized on stock-based awards.

Net income was \$264,394,000, or \$7.36 per basic and diluted share, in fiscal year 2023. Net income was \$430,914,000, or \$11.76 per basic and diluted share, in fiscal year 2022.

**Fiscal Year Ended December 31, 2022 Compared to Fiscal Year Ended December 25, 2021**

Revenue for fiscal year 2022 was \$7,436,562,000, an increase of \$898,994,000, or 14%, compared to fiscal year 2021. Transportation revenue increased \$892,297,000, or 14%. The increase in transportation revenue was attributable to increased revenue per load of approximately 8% and an increased number of loads hauled of approximately 5% compared to fiscal year 2021. During the Company's 2022 fiscal year, demand for the Company's truck transportation services was at all-time high levels during the 2022 first quarter, as supply chains exhibited significant disruption. The macroeconomic environment subsequently began to slow and supply chain congestion began to ease as year-over-year revenue growth decelerated during the 2022 second and third quarters as compared to the 2021 second and third quarters before turning negative in the 2022 fourth quarter as compared to the 2021 fourth quarter. Reinsurance premiums were \$78,554,000 and \$71,857,000 for fiscal years 2022 and 2021, respectively. The increase in revenue from reinsurance premiums was primarily attributable to (i) an increase in the aggregate value of equipment insured by BCO Independent Contractors under a physical damage program reinsured by Signature; (ii) participation levels among BCO Independent Contractors in certain occupational accident programs and workers' compensation programs and (iii) an increase in the average number of trucks provided by BCO Independent Contractors in fiscal year 2022 compared to fiscal year 2021. The Company's fiscal year ends each year on the last Saturday in December and, as such, the Company's fiscal year 2022 included fifty-three weeks of operations whereas fiscal year 2021 included fifty-two weeks of operations.

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Truck transportation revenue generated by third party truck capacity providers for fiscal year 2022 was \$6,630,839,000, representing 89% of total revenue, an increase of \$667,621,000, or 11%, compared to fiscal year 2021. The number of loads hauled by third party truck capacity providers increased approximately 6% in fiscal year 2022 compared to fiscal year 2021, and revenue per load on loads hauled by third party truck capacity providers increased approximately 5% compared to fiscal year 2021.

The increase in the number of loads hauled via truck compared to fiscal year 2021 was due to a broad-based increase in demand for the Company's truck transportation services during fiscal year 2022. Loads hauled via van equipment increased 5%, loads hauled via unsided/platform equipment increased 7%, less-than-truckload loadings increased 4% and loads hauled via other truck transportation services increased 7% as compared to fiscal year 2021. The year-over-year growth in the number of loads hauled via truck peaked in the 2022 first quarter, decelerated throughout the second and third quarters of fiscal year 2022, and turned negative in the 2022 fourth fiscal quarter. The number of loads hauled via truck were 20%, 10% and 1% above the corresponding period of 2021 in the first, second and third fiscal quarters, respectively. The number of loads hauled via truck during the 2022 fourth fiscal quarter was 6% below the 2021 fourth fiscal quarter, despite the extra week of operations in the 2022 fourth fiscal quarter.

The increase in revenue per load on loads hauled via truck was due to a tight truck capacity environment experienced during fiscal year 2022, in particular during the first fiscal quarter of fiscal year 2022, and the impact of higher diesel fuel costs on loads hauled via Truck Brokerage Carriers, partially offset by a decreased average length of haul during fiscal year 2022. As compared to fiscal year 2021, revenue per load on loads hauled via van equipment increased 5%, on loads hauled via unsided/platform equipment increased 6%, on less-than-truckload loadings increased 17% and on loads hauled by other truck transportation services increased 2%. The year-over-year growth in revenue per load on loads hauled via truck decelerated throughout fiscal year 2022, before turning negative in the 2022 fourth fiscal quarter. Revenue per load on loads hauled via truck was 22% and 10% above prior year in the first and second fiscal quarters, respectively; essentially flat in the 2022 third quarter as compared to the 2021 third quarter, and 7% below the prior year in the 2022 fourth fiscal quarter.

Fuel surcharges billed to customers on revenue generated by BCO Independent Contractors are excluded from revenue. Fuel surcharges on Truck Brokerage Carrier revenue identified separately in billings to customers and included as a component of Truck Brokerage Carrier revenue were \$211,770,000 and \$107,776,000 in fiscal years 2022 and 2021, respectively. It should be noted that billings to many customers of the Company's truck brokerage services include a single all-in rate that does not separately identify fuel surcharges on loads hauled via Truck Brokerage Carriers. Accordingly, the overall impact of changes in fuel prices on revenue and revenue per load on loads hauled via truck is likely to be greater than that indicated.

Transportation revenue generated by multimode capacity providers for fiscal year 2022 was \$704,003,000, or 9% of total revenue, an increase of \$216,869,000, or 45%, compared to fiscal year 2021. Revenue per load on revenue generated by multimode capacity providers increased approximately 64% in fiscal year 2022 compared to fiscal year 2021, while the number of loads hauled by multimode capacity providers decreased approximately 12% over the same period. Revenue per load on loads hauled by multimode capacity providers increased for all modes. Revenue per load on loads hauled via air, ocean and rail intermodal increased 118%, 56% and 16%, respectively, during fiscal year 2022 as compared to fiscal year 2021. The increase in revenue per load on loads hauled via air cargo carriers and ocean cargo carriers, in particular, was primarily related to ongoing disruptions in domestic and global supply chains and strong consumer demand. Revenue per load on revenue generated by multimode capacity providers is influenced by many factors, including revenue mix among the various modes of transportation used, length of haul, complexity of freight, density of freight lanes, fuel costs and availability of capacity. The decrease in the number of loads hauled by multimode capacity providers was due to a 22%

decrease in rail loadings and a 13% decrease in air loadings, partially offset by a 7% increase in ocean loadings. The 22% decrease in rail loadings was broad-based across several agencies and customers, and the 13% decrease in air loadings was entirely attributable to decreased loadings at one specific customer. The 7% increase in ocean loadings was due to a broad-based increase in demand across many customers for the Company's ocean services.

Purchased transportation was 78.0% and 78.2% of revenue in fiscal years 2022 and 2021, respectively. The decrease in purchased transportation as a percentage of revenue was primarily due to a decreased rate of purchased transportation on revenue generated by Truck Brokerage Carriers, partially offset by (i) an increased percentage of revenue generated by Truck Brokerage Carriers, which typically has a higher rate of purchased transportation than revenue generated by BCO Independent Contractors and (ii) an increased percentage of revenue generated by multimode capacity providers, which typically has a higher rate of purchased transportation than third party truck capacity providers. Commissions to agents were 8.3% and 7.8% of revenue in fiscal years 2022 and 2021, respectively. The increase in commissions to agents as a percentage of revenue was primarily attributable to a decreased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers during fiscal year 2022.

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Investment income was \$3,162,000 and \$2,857,000 in fiscal years 2022 and 2021, respectively. The increase in investment income was primarily attributable to higher average rates of return on investments during fiscal year 2022, partially offset by a lower average investment balance held by the insurance segment during fiscal year 2022.

Other operating costs increased \$8,661,000 in fiscal year 2022 compared to fiscal year 2021. The increase in other operating costs compared to the prior year was primarily due to (i) increased trailing equipment maintenance costs as a result of (x) increased labor and parts costs charged by the Company's network of third party trailer maintenance facilities; and (y) an increased average trailer fleet size during fiscal year 2022 and (ii) an increased provision for contractor bad debt, partially offset by increased gains on sales of operating property.

Insurance and claims increased \$20,372,000 in fiscal year 2022 compared to fiscal year 2021. The increase in insurance and claims expense compared to the prior year was primarily due to increased severity of current year trucking claims during fiscal year 2022, increased insurance premiums, primarily for commercial auto and excess liability coverage, and increased net unfavorable development of prior years' claims in the 2022 fiscal year. During fiscal years 2022 and 2021, insurance and claims costs included \$11,331,000 and \$9,708,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

Selling, general and administrative costs were essentially the same in fiscal year 2022 as compared to fiscal year 2021. In the 2022 fiscal year as compared to the 2021 fiscal year, the Company experienced increased wages, an increased provision for customer bad debt, increased travel and entertainment costs and the return of the Company's annual agent convention held in April 2022. These increases were offset by decreased stock-based compensation expense and a decreased provision for incentive compensation. Included in selling, general and administrative costs was stock-based compensation expense of \$12,399,000 and \$27,537,000 for fiscal years 2022 and 2021, respectively, and incentive compensation expense of \$16,507,000 and \$29,361,000 for fiscal years 2022 and 2021, respectively.

Depreciation and amortization increased \$7,844,000 in fiscal year 2022 compared to fiscal year 2021. The increase in depreciation and amortization expense was primarily due to increased depreciation on new and updated digital tools deployed for use by the Company's network of agents, capacity providers and employees, and to a lesser extent, in connection with increased trailing equipment depreciation.

Interest and debt expense in fiscal year 2022 decreased \$356,000 compared to fiscal year 2021. The decrease in interest and debt expense was primarily attributable to increased interest income earned on cash balances held by the transportation logistics segment, partially offset by increased average borrowings on the Company's revolving credit facility during fiscal year 2022, as the Company had no borrowings under its revolving credit facility during the 2021 period, and increased interest expense related to finance lease obligations. The Company had no borrowings under its revolving credit facility as of the end of fiscal year 2022.

The provisions for income taxes for fiscal years 2022 and 2021 were based on estimated annual effective income tax rates of 24.5% and 24.4%, respectively, adjusted for discrete events, such as benefits resulting from stock-based awards. The actual effective income tax rate for fiscal year 2022 was 24.1%, which was higher than the statutory federal income tax rate of 21%, primarily attributable to state taxes and nondeductible executive compensation, partially offset by excess tax benefits realized on stock-based awards. The actual effective income tax rate for fiscal year 2021 was 24.0%, higher than the statutory federal income tax rate of 21% primarily due to state taxes and nondeductible executive compensation, partially offset by excess tax benefits realized on stock-based awards. The actual effective income tax rate in fiscal year 2022 of 24.1% was lower than the estimated annual effective income tax rate of 24.5%, primarily due to excess tax benefits recognized on stock-based awards in fiscal year 2022. The actual effective income tax rate in fiscal year 2021

of 24.0% was lower than the 24.4% estimated annual effective income tax rate primarily due to excess tax benefits recognized on stock-based compensation arrangements in fiscal year 2021.

Net income was \$430,914,000, or \$11.76 per basic and diluted share, in fiscal year 2022. Net income was \$381,524,000, or \$9.98 per basic and diluted share, in fiscal year 2021.

#### Capital Resources and Liquidity

Working capital and the ratio of current assets to current liabilities were \$646,713,000 and 2.0 to 1, respectively, at December 28, 2024, compared with \$677,517,000 and 2.0 to 1, respectively, at December 30, 2023, compared with and \$561,255,000 and 1.6 to 1, respectively, at December 31, 2022, and \$512,917,000 and 1.5 to 1, respectively, at December 25, 2021. Landstar has historically operated with current ratios within the range of 1.5 to 1 to 2.0 to 1. Cash provided by operating activities was \$286,561,000, \$393,648,000, \$622,659,000, and \$276,740,000 \$622,659,000 in fiscal years 2024, 2023 and 2022, respectively. The decrease in cash flow provided by operating activities for fiscal year 2024 was primarily attributable to decreased net income and 2021, respectively, decreased favorable net working capital impacts in connection with decreased net receivables, defined as accounts receivable less accounts payable. The decrease in cash flow provided by operating activities for fiscal year 2023 was primarily attributable to decreased net income and decreased favorable net working capital impacts in connection with the timing of collections of receivables and payment of certain payables as compared to the 2022 fiscal year.

The increase Company declared and paid \$1.38 per share, or \$49,043,000 in the aggregate, in cash flow provided by operating activities for dividends during fiscal year 2022 was primarily attributable 2024, and during such period, also paid \$71,433,000 of dividends payable which were declared during fiscal year 2023 and included in current liabilities in the consolidated balance sheet at December 30, 2023. In addition, on December 9, 2024, the Company announced that its Board of Directors declared a special cash dividend of \$2.00 per share, or \$70,632,000 in the aggregate, payable on January 21, 2025 to favorable net working capital impacts stockholders of record of its Common Stock as of January 7, 2025. Dividends payable of \$70,632,000 related to this special dividend were included in connection with current liabilities in the timing of collections of receivables and payment of certain payables and increased net income as compared to the 2021 fiscal year.

consolidated balance sheet at December 28, 2024. The Company declared and paid \$1.26 per share, or \$45,276,000 in the aggregate, in cash dividends during fiscal year 2023, and during such period, also paid \$71,854,000 of dividends payable which were declared during fiscal year 2022 and included in current liabilities in the consolidated balance sheet at December 31, 2022. In addition, on December 4, 2023, the Company announced that its Board of Directors declared a special cash dividend of \$2.00 per share, or \$71,433,000 in the aggregate, payable on January 19, 2024 to stockholders of record of its Common Stock as of January 3, 2024. Dividends payable of \$71,433,000 related to this special dividend were included in current liabilities in the consolidated balance sheet at December 30, 2023. The Company declared and paid \$1.10 per share, or \$40,284,000 in the aggregate, in cash dividends during fiscal year 2022 and, during such period, also paid \$75,387,000 of dividends payable which were declared during fiscal year 2021 and included in current liabilities in the consolidated balance sheet at December 25, 2021. The Company declared and paid \$0.92 per share, or \$35,191,000 in the aggregate, in cash dividends during fiscal year 2021 and, during such period, also paid \$76,770,000 of dividends payable which were declared during fiscal year 2020 and included in current liabilities in the consolidated balance sheet at December 26, 2020. Since paying its first cash dividend in August 2005, the Company has paid approximately \$845,000,000 \$965,000,000 in cash dividends in the aggregate to its stockholders, inclusive of the \$2.00 per share special dividend paid on January 19, 2024 January 21, 2025.

During fiscal year 2024, the Company purchased 452,019 shares of its Common Stock at a total cost of \$82,117,000, including \$81,400,000 in cash purchases and accrued excise tax of \$717,000 which is included in other current liabilities in the consolidated balance sheet at December 28, 2024. During fiscal year 2023, the Company purchased 319,332 shares of its Common Stock at a total cost of \$54,267,000, including \$53,919,000 in cash purchases and accrued excise tax of \$348,000 which was included in other current liabilities in the consolidated balance sheet at December 30, 2023, and paid during fiscal year 2024. During fiscal year 2022, the Company purchased 1,900,826 shares of its Common Stock at a total cost of \$285,983,000. During fiscal year 2021, the Company purchased 733,854 shares of its Common Stock at a total cost of \$122,722,000. The Company has used cash provided by operating activities to fund the purchases. Since January 1997, the Company has purchased approximately \$2,254,000,000 \$2,335,000,000 of its Common Stock under programs authorized by the Board of Directors of the Company in open market and private block transactions. As of December 30, 2023 December 28, 2024, the Company may purchase in the aggregate up to 3,000,000 2,547,981 shares of its Common Stock under its authorized stock purchase programs. Long-term debt, including current maturities, was \$71,140,000 \$102,307,000 at December 30, 2023 December 28, 2024, compared to \$71,140,000 at December 30, 2023 and \$103,400,000 at December 31, 2022 and \$111,804,000 at December 25, 2021.

Shareholders' equity was \$983,923,000, \$972,439,000, or 93% of total capitalization (defined as long-term debt including current maturities plus equity), at December 30, 2023 December 28, 2024, compared to \$983,923,000, or 93% of total capitalization at December 30, 2023 and \$887,221,000, or 90% of total capitalization at December 31, 2022. The decrease in shareholders' equity was primarily the result of dividends declared by the Company and \$862,010,000, or 89% purchases of total capitalization at December 25, 2021, shares of the Company's Common Stock in fiscal year 2024, partially offset by net income. The increase in shareholders' equity in fiscal year 2023 was primarily the result of net income, partially offset by dividends declared by the Company and purchases of shares of the Company's common stock Common Stock in fiscal year 2023. The increase in shareholders' equity in fiscal year 2022 was primarily the result of net income, almost entirely offset by purchases of shares of the Company's Common Stock and dividends declared by the Company in fiscal year 2022.

On July 1, 2022, Landstar entered into a second amended and restated credit agreement with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent (the (as further amended as of June 21, 2024, the "Credit Agreement"). The Credit Agreement, which matures July 1, 2027, provides for borrowing capacity in the form of a revolving credit facility of \$300,000,000, \$45,000,000 of which may be utilized in the form of letters of credit. The Credit Agreement also includes an "accordion" feature providing for a possible increase of up to an aggregate amount of borrowing capacity of \$600,000,000.

The Credit Agreement contains a number of covenants that limit, among other things, the incurrence of additional indebtedness. The Company is required to, among other things, maintain a minimum fixed charge coverage ratio, as described in the Credit Agreement, and maintain a Leverage Ratio, as defined in the Credit Agreement, below a specified maximum. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company's capital stock to the extent there is a default under the Credit Agreement. In addition, the Credit Agreement under certain circumstances limits the amount of such cash dividends and other distributions to stockholders to the extent that, after giving effect to any payment made to effect such cash dividend or other distribution, the Leverage Ratio would exceed 2.5 to 1 on a pro forma basis as of the end of the Company's most

recently completed fiscal quarter. The Credit Agreement provides for an event of default in the event that, among other things, a person or group acquires 35% or more of the outstanding capital stock of the Company or obtains power to elect a majority of the Company's directors or the directors cease to consist of a majority of Continuing Directors, as defined in the Credit Agreement. None of these covenants are presently considered by management the Company to be materially restrictive to the Company's operations, capital resources or liquidity. The Company is currently in compliance with all of the debt covenants under the Credit Agreement.

At December 30, 2023 December 28, 2024, the Company had no borrowings outstanding and \$33,492,000 \$35,250,000 of letters of credit outstanding under the Credit Agreement. At December 30, 2023 December 28, 2024, there was \$266,508,000 \$264,750,000 available for future borrowings under the Credit Agreement and access to an additional \$300,000,000 under the Credit Agreement's "accordion" feature. In addition, the Company has \$77,054,000 \$74,321,000 in letters of credit outstanding as collateral for insurance claims that are secured by investments totaling \$85,616,000 \$82,579,000 at December 30, 2023 December 28, 2024. Investments, all of which are carried at fair value, include primarily investment-grade bonds, asset-backed securities and U.S. Treasury obligations commercial paper having maturities of up to five years. Fair value of investments is based primarily on quoted market prices. See "Notes to Consolidated Financial Statements" included herein for further discussion on measurement of fair value of investments.

Historically, the Company has generated sufficient operating cash flow to meet its debt service requirements, fund continued growth, both organic and through acquisitions, complete or execute share purchases of its Common Stock under authorized share purchase programs, pay dividends and meet working capital needs. As an asset-light provider of integrated transportation management solutions, the Company's annual capital requirements for operating property are generally for trailing equipment and information technology hardware and software. In addition, a significant portion of the trailing equipment used by the Company is provided by third party capacity providers, thereby reducing the Company's capital requirements. During fiscal years 2024, 2023 2022 and 2021, 2022, the Company acquired \$62,194,000, \$4,093,000 \$30,659,000 and \$48,674,000, \$30,659,000, respectively, of trailing equipment by entering into finance leases. During fiscal years 2024, 2023 2022 and 2021, 2022, the Company also purchased \$30,998,000, \$25,688,000 \$26,005,000 and \$23,261,000, \$26,005,000, respectively, of operating property. Included in the \$23,261,000 of purchases of operating property during the 2021 fiscal year was \$500,000 for which the Company accrued a corresponding liability in accounts payable as of December 26, 2020. Landstar anticipates acquiring either by purchase or lease financing approximately \$66,000,000 \$16,000,000 in new trailing equipment, primarily to replace older trailing equipment in fiscal year 2024, 2025. Landstar anticipates spending approximately \$19,000,000 \$14,000,000 on information technology hardware and software in fiscal year 2024, \$16,000,000 2025, \$12,000,000 of which relates to either building or buying software applications that enhance or add to the Company's technology ecosystem. In addition, Landstar anticipates spending approximately \$9,000,000 \$4,000,000 on buildings and improvements. improvements in fiscal year 2025.

On April 1, 2022, Landstar Investment Holdco, LLC, a newly formed Delaware LLC and wholly owned subsidiary of Landstar System Holdings, Inc., purchased Class A units of Cavvue, LLC for approximately \$4,999,000 in cash consideration. Cavvue, LLC is a privately held company focused on combining technology and road infrastructure to unlock the full potential of connected and autonomous vehicles.

Management believes that cash flow from operations combined with the Company's borrowing capacity under the Credit Agreement will be adequate to meet Landstar's debt service requirements, fund continued growth, both internal and through acquisitions, pay dividends, complete the authorized share purchase programs and meet working capital needs.

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#### Legal Proceedings

The Company is involved in certain claims and pending litigation arising from the normal conduct of business. Many of these claims are covered in whole or in part by insurance. Based on knowledge of the facts and, in certain cases, opinions of outside counsel, management believes that adequate provisions have been made for probable and reasonably estimable losses with respect to the resolution of all such claims and pending litigation and that the ultimate outcome, after provisions therefor, will not have a material adverse effect on the financial condition of the Company, but could have a material effect on the results of operations in a given quarter or year.

#### Critical Accounting Estimates

Landstar provides for the estimated costs of self-insured claims primarily on an actuarial basis. The amount recorded for the estimated liability for claims incurred is based upon the facts and circumstances known on the applicable balance sheet date. The ultimate resolution of these claims may be for an amount greater or less than the amount estimated by management the Company. The Company continually revises its existing claim estimates as new or revised information becomes available on the status of each claim. Historically, the Company has experienced both favorable and unfavorable development of prior years' claims estimates within its various programs. During fiscal years 2024, 2023 2022 and 2021, 2022, insurance and claims costs included \$8,824,000, \$6,058,000 \$11,331,000 and \$9,708,000 \$11,331,000 of net unfavorable adjustments to prior years' claims estimates, respectively. The unfavorable development of prior years'

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claims in the 2024, 2023 and 2022 fiscal year years was attributable in each year to several specific claims. The unfavorable development of prior years' claims in the 2022 fiscal year was attributable to several specific claims. The unfavorable development of prior years' claims in the 2021 fiscal year was primarily attributable to five claims. It is reasonably likely that the ultimate outcome of settling all outstanding claims will be more or less than the estimated claims liability at December 30, 2023 December 28, 2024, primarily due to the inherent difficulty in estimating the severity of commercial trucking claims and the potential judgment or settlement amount that may be incurred in connection with the resolution of such claims.

Significant variances from management's the Company's estimates for the ultimate resolution of self-insured claims could be expected to positively or negatively affect Landstar's earnings in a given quarter or year. However, management believes that the ultimate resolution of these items, given a range of reasonably likely outcomes, will not significantly affect the long-term financial condition of Landstar or its ability to fund its continuing operations.

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to changes in interest rates as a result of its financing activities, primarily its borrowings on its revolving credit facility, if any, and investing activities with respect to investments held by the insurance segment.

On July 1, 2022, Landstar entered into the Second Amended and Restated Credit Agreement (the as further amended as of June 21, 2024, the "Credit Agreement") with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent. The Credit Agreement, which matures July 1, 2027, provides for borrowing capacity in the form of a revolving credit facility of \$300,000,000, \$45,000,000 of which may be utilized in the form of letters of credit. The Credit Agreement also includes an "accordion" feature providing for a possible increase of up to an aggregate amount of borrowing capacity of \$600,000,000.

The revolving credit loans under the Credit Agreement as of December 30, 2023 December 28, 2024, at the option of Landstar, bear interest at (i) a forward-looking term rate based on the secured overnight financing rate plus 0.10% and an applicable margin ranging from 1.25% to 2.00%, or (ii) an alternate base rate plus an applicable margin ranging from 0.25% to 1.00%, in each case with the applicable margin determined based upon the Company's Leverage Ratio, as defined in the Credit Agreement, at the end of the most recent applicable fiscal quarter for which financial statements have been delivered. The revolving credit facility bears a commitment fee, payable in arrears, of 0.20% to 0.30%, based on the Company's Leverage Ratio at the end of the most recent applicable fiscal quarter for which

financial statements have been delivered. During all of fiscal **year** years 2024 and 2023 the entire fourth quarter of 2022 and as of both December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the Company had no borrowings outstanding under the Credit Agreement.

Long-term investments, all of which are available-for-sale and are carried at fair value, include primarily investment-grade bonds and asset-backed securities having maturities of up to five years. Assuming that the long-term portion of investments remains at \$92,100,000, \$92,246,000, the balance at December 30, 2023 December 28, 2024, a hypothetical increase or decrease in interest rates of 100 basis points would not have a material impact on future earnings on an annualized basis. Short-term investments consist of short-term investment-grade instruments and the current maturities of investment-grade corporate bonds and asset-backed securities and U.S. Treasury obligations. **securities**. Accordingly, any future interest rate risk on these short-term investments would not be material to the Company's operating results.

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Assets and liabilities of the Company's Canadian and Mexican operations are translated from their functional currency to U.S. dollars using exchange rates in effect at the balance sheet date and revenue and expense accounts are translated at average monthly exchange rates during the period. Adjustments resulting from the translation process are included in accumulated other comprehensive income. Transactional gains and losses arising from receivable and payable balances, including intercompany balances, in the normal course of business that are denominated in a currency other than the functional currency of the operation are recorded in the statements of income when they occur. The assets held at the Company's Canadian and Mexican subsidiaries at December 30, 2023 December 28, 2024 were collectively, as translated to U.S. dollars, approximately 4% of total consolidated assets. Accordingly, translation gains or losses of 20% 15% or less related to the Canadian and Mexican operations would not be material.

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**Item 8. Financial Statements and Supplementary Data**

**LANDSTAR SYSTEM, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands, except per share amounts)**

	Dec. 30, 2023		Dec. 31, 2022
		Dec. 28, 2024	Dec. 30, 2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 481,043	\$ 339,581	
Short-term investments	59,661	53,955	
Trade accounts receivable, less allowance of \$11,738 and \$12,121	743,762	967,793	
Other receivables, including advances to independent contractors, less allowance of \$14,010 and \$10,579	43,339	56,235	
Other current assets	24,936	21,826	
<b>Total current assets</b>	<b>1,352,741</b>	<b>1,439,390</b>	
Operating property, less accumulated depreciation and amortization of \$436,682 and \$393,274	284,300	314,990	
Goodwill	42,275	41,220	
Other assets	122,530	136,279	
<b>Total assets</b>	<b>\$ 1,801,846</b>	<b>\$ 1,931,879</b>	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 515,018	\$ 481,043	
Short-term investments	51,619	59,661	
Trade accounts receivable, less allowance of \$12,904 and \$11,738	683,841	743,762	
Other receivables, including advances to independent contractors, less allowance of \$17,812 and \$14,010	47,160	43,339	
Other current assets	22,229	24,936	
<b>Current Liabilities</b>			
Total current assets	1,319,867	1,352,741	

Operating property, less accumulated depreciation and amortization of \$456,547 and \$436,682	311,345	284,300
Goodwill	40,933	42,275
Other assets	141,166	122,530
<b>Total assets</b>	<b>\$ 1,813,311</b>	<b>\$ 1,801,846</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current Liabilities		
Cash overdraft	\$ 61,033	\$ 61,541
Accounts payable	\$ 92,953	383,625
<b>Accounts payable</b>	<b>395,980</b>	<b>527,372</b>
Current maturities of long-term debt	33,116	27,876
Insurance claims	36,175	40,511
<b>Insurance claims</b>	<b>41,825</b>	
Dividends payable	50,836	70,632
<b>Dividends payable</b>	<b>71,433</b>	
Other current liabilities	71,854	84,237
<b>Other current liabilities</b>	<b>76,569</b>	
Total current liabilities	673,154	
<b>Total current liabilities</b>	<b>675,224</b>	
Long-term debt, excluding current maturities	69,191	43,264
Insurance claims	67,225	62,842
<b>Insurance claims</b>	<b>58,922</b>	<b>58,268</b>
Deferred income taxes and other noncurrent liabilities	35,685	40,513
Shareholders' Equity	41,030	
<b>Shareholders' Equity</b>		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,559,269 and 68,497,324 and 68,382,310 shares	685,686	684,685
Additional paid-in capital	254,642	255,260
Retained earnings	2,859,916	2,783,645
Cost of 32,780,651 33,243,196 and 32,455,300 32,780,651 shares of common stock in treasury	(2,131,413)	(2,048,184)
Accumulated other comprehensive loss	(1,992,886	12,010)
<b>Accumulated other comprehensive loss</b>	<b>(6,865)</b>	
Total shareholders' equity	972,439	
<b>Total shareholders' equity</b>	<b>983,923</b>	
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,813,311</b>	<b>\$ 1,801,846</b>

See accompanying notes to consolidated financial statements.

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**LANDSTAR SYSTEM, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in thousands, except per share amounts)

	Fiscal Years Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Revenue			
Investment income	\$ 5,303,322	\$ 7,436,562	\$ 6,537,568
Costs and expenses:			
Purchased transportation	4,068,262	5,804,017	5,114,667
Commissions to agents	462,668	614,865	507,209
Other operating costs, net of gains on asset sales/dispositions	54,191	45,192	36,531
Insurance and claims	114,241	125,835	105,463
Selling, general and administrative	211,799	221,279	221,278
Depreciation and amortization	58,153	57,453	49,609
Total costs and expenses	4,969,314	6,868,641	6,034,757
Operating income	344,149	571,083	505,668
Interest and debt (income) expense	(3,946)	3,620	3,976

Income before income taxes	348,095	567,463	501,692
Income taxes	83,701	136,549	120,168
Net income	\$ 264,394	\$ 430,914	\$ 381,524
Basic and diluted earnings per share	\$ 7.36	\$ 11.76	\$ 9.98
Average basic and diluted shares outstanding	35,920,000	36,633,000	38,235,000
Dividends per common share	\$ 3.26	\$ 3.10	\$ 2.92

  

	Fiscal Years Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Revenue	\$ 4,819,245	\$ 5,303,322	\$ 7,436,562
Investment income	14,810	10,141	3,162
Costs and expenses:			
Purchased transportation	3,745,241	4,068,262	5,804,017
Commissions to agents	392,751	462,668	614,865
Other operating costs, net of gains on asset sales/dispositions	58,781	54,191	45,192
Insurance and claims	113,929	114,241	125,835
Selling, general and administrative	217,708	211,799	221,279
Depreciation and amortization	56,738	58,153	57,453
Total costs and expenses	4,585,148	4,969,314	6,868,641
Operating income	248,907	344,149	571,083
Interest and debt (income) expense	(5,419)	(3,946)	3,620
Income before income taxes	254,326	348,095	567,463
Income taxes	58,380	83,701	136,549
Net income	\$ 195,946	\$ 264,394	\$ 430,914
Basic and diluted earnings per share	\$ 5.51	\$ 7.36	\$ 11.76
Average basic and diluted shares outstanding	35,538,000	35,920,000	36,633,000
Dividends per common share	\$ 3.38	\$ 3.26	\$ 3.10

See accompanying notes to consolidated financial statements.

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**LANDSTAR SYSTEM, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Dollars in thousands)

	Fiscal Years Ended		
	Dec. 30, 2023	Dec. 31, 2022	Dec. 25, 2021
Net income	\$ 264,394	\$ 430,914	\$ 381,524
Other comprehensive income (loss):			
Unrealized holding gains (losses) onavailable-for-saleinvestments, net of tax expense (benefit) of \$942, (\$2,345) and (\$739)	3,439	(8,562)	(2,695)
Foreign currency translation gains (losses)	4,720	(1,059)	(709)
Other comprehensive income (loss)	8,159	(9,621)	(3,404)
Comprehensive income	\$ 272,553	\$ 421,293	\$ 378,120

  

	Fiscal Years Ended		
	Dec. 28, 2024	Dec. 30, 2023	Dec. 31, 2022
Net income	\$ 195,946	\$ 264,394	\$ 430,914
Other comprehensive income (loss):			
Unrealized holding gains (losses) onavailable-for-saleinvestments, net of tax expense (benefit) of \$604, \$942 and (\$2,345)	2,205	3,439	(8,562)
Foreign currency translation (losses) gains	(7,350)	4,720	(1,059)
Other comprehensive (loss) income	(5,145)	8,159	(9,621)
Comprehensive income	\$ 190,801	\$ 272,553	\$ 421,293

See accompanying notes to consolidated financial statements.

**LANDSTAR SYSTEM, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in thousands)

	Fiscal Years Ended		
	Dec. 30, 2023	Dec. 31, 2022	Dec. 25, 2021
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 264,394	\$ 430,914	\$ 381,524
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	58,153	57,453	49,609
Non-cashinterest charges	263	355	447
Provisions for losses on trade and other accounts receivable	14,032	12,220	5,722
Gains on sales/disposals of operating property	(4,574)	(2,944)	(1,830)
Deferred income taxes, net	(7,709)	(5,360)	(3,790)
Stock-based compensation	4,282	12,399	27,537
Changes in operating assets and liabilities:			
Decrease (increase) in trade and other accounts receivable	222,895	219,190	(362,234)
(Increase) decrease in other assets	(2,544)	(5,938)	4,444
(Decrease) increase in accounts payable	(131,392)	(76,758)	224,125
(Decrease) increase in other liabilities	(15,795)	(31,571)	43,422
(Decrease) increase in insurance claims	(8,357)	12,699	(92,236)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>393,648</b>	<b>622,659</b>	<b>276,740</b>
<b>INVESTING ACTIVITIES</b>			
Sales and maturities of investments	112,555	41,198	31,938
Purchases of investments	(101,639)	(40,202)	(84,992)
Purchases of operating property	(25,688)	(26,005)	(23,261)
Proceeds from sales of operating property	8,294	5,236	2,971
Purchase of non-marketable securities	—	(4,999)	—
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(6,478)</b>	<b>(24,772)</b>	<b>(73,344)</b>
<b>FINANCING ACTIVITIES</b>			
(Decrease) increase in cash overdraft	(31,412)	(23,525)	41,730
Dividends paid	(117,130)	(115,671)	(111,961)
Payment for debt issue costs	—	(1,080)	—
Proceeds from exercises of stock options	28	68	160
Taxes paid in lieu of shares issued related to stock-based compensation plans	(9,185)	(10,428)	(2,342)
Purchases of common stock	(53,919)	(285,983)	(122,722)
Principal payments on finance lease obligations	(36,353)	(39,063)	(37,644)
Payment of deferred consideration	—	—	(168)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(247,971)</b>	<b>(475,682)</b>	<b>(232,947)</b>
Effect of exchange rate changes on cash and cash equivalents	2,263	(2,195)	(232)
Increase (decrease) in cash, cash equivalents and restricted cash	141,462	120,010	(29,783)
Cash, cash equivalents and restricted cash at beginning of period	339,581	219,571	249,354
Cash, cash equivalents and restricted cash at end of period	<b>\$ 481,043</b>	<b>\$ 339,581</b>	<b>\$ 219,571</b>
	Fiscal Years Ended		
	Dec. 28, 2024	Dec. 30, 2023	Dec. 31, 2022
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 195,946	\$ 264,394	\$ 430,914
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	56,738	58,153	57,453
Non-cashinterest charges	263	263	355
Provisions for losses on trade and other accounts receivable	18,266	14,032	12,220
Gains on sales/disposals of operating property	(1,597)	(4,574)	(2,944)
Deferred income taxes, net	(6,990)	(7,709)	(5,360)
Stock-based compensation	3,435	4,282	12,399
Changes in operating assets and liabilities:			
Decrease in trade and other accounts receivable	37,834	222,895	219,190

Increase in other assets	(16,094)	(2,544)	(5,938)
Decrease in accounts payable	(12,355)	(131,392)	(76,758)
Increase (decrease) in other liabilities	8,509	(15,795)	(31,571)
Increase (decrease) in insurance claims	2,606	(8,357)	12,699
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>286,561</b>	<b>393,648</b>	<b>622,659</b>
<b>INVESTING ACTIVITIES</b>			
Sales and maturities of investments	112,065	112,555	41,198
Purchases of investments	(101,312)	(101,639)	(40,202)
Purchases of operating property	(30,998)	(25,688)	(26,005)
Proceeds from sales of operating property	9,746	8,294	5,236
Purchase of non-marketable securities	—	—	(4,999)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(10,499)</b>	<b>(6,478)</b>	<b>(24,772)</b>
<b>FINANCING ACTIVITIES</b>			
Decrease in cash overdraft	(508)	(31,412)	(23,525)
Dividends paid	(120,476)	(117,130)	(115,671)
Payment for debt issue costs	—	—	(1,080)
Proceeds from exercises of stock options	—	28	68
Taxes paid in lieu of shares issued related to stock-based compensation plans	(3,928)	(9,185)	(10,428)
Purchases of common stock	(81,400)	(53,919)	(285,983)
Principal payments on finance lease obligations	(31,027)	(36,353)	(39,063)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(237,339)</b>	<b>(247,971)</b>	<b>(475,682)</b>
Effect of exchange rate changes on cash and cash equivalents	(4,748)	2,263	(2,195)
<b>Increase in cash, cash equivalents and restricted cash</b>	<b>33,975</b>	<b>141,462</b>	<b>120,010</b>
Cash, cash equivalents and restricted cash at beginning of period	481,043	339,581	219,571
<b>Cash, cash equivalents at end of period</b>	<b>\$ 515,018</b>	<b>\$ 481,043</b>	<b>\$ 339,581</b>

See accompanying notes to consolidated financial statements.

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**LANDSTAR SYSTEM, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the Fiscal Years Ended **December 30, 2023 December 28, 2024,**  
**December 31, 2022 30, 2023 and December 25, 2021 December 31, 2022**  
(In thousands, except share and per share amounts)

	Accumulated						
	Additional				Other		
	Common Stock		Paid-In	Retained	Treasury Stock at Cost		Comprehensive
	Shares	Amount	Capital	Earnings	Shares	Amount	(Loss) Income
Balance December 26, 2020	68,183,702	\$ 682	\$ 228,875	\$ 2,046,238	29,797,639	\$ (1,581,961)	\$ (1,999) \$ 691,138
Net income				381,524			381,524
Dividends (\$2.92 per share)				(110,578)			(110,578)
Purchases of common stock					733,854	(122,722)	(122,722)
Issuance of stock related to stock-based compensation plans	49,273	—	(1,264)		7,742	(918)	(2,680)
Stock-based compensation				27,537			27,537
Other comprehensive loss	—	—	—	—	—	—	(3,404) (3,404)

Balance December 25, 2021	68,232,975	\$ 682	\$ 255,148	\$ 2,317,184	30,539,235	\$ (1,705,601)	\$ (5,403)	\$ 862,0
Net income				430,914				430,9
Dividends (\$3.10 per share)				(112,138)				(112,1
Purchases of common stock					1,900,826	(285,983)		(285,9
Issuance of stock related to stock- based compensation plans	149,335	2	(9,060)		15,239	(1,302)		(10,3
Stock-based compensation			12,399					12,3
Other comprehensive loss							(9,621)	(9,6
Balance December 31, 2022	68,382,310	\$ 684	\$ 258,487	\$ 2,635,960	32,455,300	\$ (1,992,886)	\$ (15,024)	\$ 887,2
Net income				264,394				264,3
Dividends (\$3.26 per share)				(116,709)				(116,7
Purchases of common stock					319,332	(54,267)		(54,2
Issuance of stock related to stock- based compensation plans	115,014	1	(8,127)		6,019	(1,031)		(9,0
Stock-based compensation			4,282					4,2
Other comprehensive income							8,159	8,1
Other comprehensive loss								
Balance December 30, 2023	68,497,324	\$ 685	\$ 254,642	\$ 2,783,645	32,780,651	\$ (2,048,184)	\$ (6,865)	\$ 983,1
Net income								
Dividends (\$3.38 per share)								
Purchases of common stock								
Issuance of stock related to stock-based compensation plans								
Stock-based compensation								
Other comprehensive loss								
Balance December 28, 2024								

See accompanying notes to consolidated financial statements.

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (1) Significant Accounting Policies

#### *Consolidation*

The consolidated financial statements include the accounts of Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc. ("LSHI"). Landstar System, Inc. and its subsidiary are herein referred to as "Landstar" or the "Company." Significant intercompany accounts have been eliminated in consolidation.

#### *Estimates*

The preparation of the consolidated financial statements requires the use of management's estimates. Actual results could differ from those estimates.

#### *Fiscal Year*

Landstar's fiscal year is the 52 or 53 week period ending the last Saturday in December.

#### *Revenue Recognition*

The nature of the Company's freight transportation services and its performance obligations to customers, regardless of the mode of transportation used to perform such services, relate to the safe and on-time pick-up and delivery of a customer's freight on a shipment-by-shipment basis. Landstar customers are typically invoiced on a shipment-by-shipment basis at a pre-defined rate, payable thirty to sixty(30-60) days after the customer's receipt of such invoice. Payment terms to customers do not contain a significant financing component and the amount owed by the customer does not contain variable terms, embedded or otherwise. We have determined that revenue recognition over the freight transit period provides a faithful depiction of the transfer of services to the customer as our obligation for which we are primarily responsible for fulfilling is performed over the transit period. Accordingly, transportation revenue billed to a customer for the physical transportation of freight and related direct freight expenses are recognized on a gross basis over the freight transit period as the performance obligation to the customer is satisfied. The Company determines the transit period for a given shipment based upon the pick-up and the delivery date, which may be estimated if delivery has not occurred as of the reporting date. Determining the transit period and how much of it has been completed as of a given reporting date may therefore require management to make judgments that affect the timing of revenue recognized. With respect to shipments with a pick-up in one reporting period and a delivery date in another, the Company recognizes such transportation revenue based on relative transit time in each reporting period. A days in transit output method is used to measure the progress of the performance of the Company's freight transportation services as of the reporting date and a portion of the total revenue that will be billed to the customer once a load is delivered is recognized in each reporting period based on the percentage of total transit time that has been completed at the end of the applicable reporting period. Reinsurance premiums of the insurance segment are recognized over the period earned, which is usually on a monthly basis. Fuel surcharges billed to customers for freight hauled by independent contractors who provide truck capacity to the Company under exclusive lease arrangements (the "BCO Independent Contractors") are excluded from revenue and paid in entirety to the BCO Independent Contractors.

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#### **Revenue from Contracts with Customers – Disaggregation of Revenue**

The following table summarizes (i) the percentage of consolidated revenue generated by mode of transportation and (ii) the total amount of truck transportation revenue hauled by BCO Independent Contractors and Truck Brokerage Carriers generated by equipment type during the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 (dollars in thousands):

<u>Mode</u>	Fiscal Years	
	December 30, 2023	December 31, 2022
Truck – BCO Independent Contractors	38%	35%
Truck – Truck Brokerage Carriers	53%	54%
Rail intermodal	2%	2%
Ocean and air cargo carriers	5%	8%

  

<u>Mode</u>	Fiscal Years Ended		
	December 28, 2024	December 30, 2023	December 31, 2022
Truck – BCO Independent Contractors	38%	38%	35%
Truck – Truck Brokerage Carriers	52%	53%	54%
Rail intermodal	2%	2%	2%
Ocean and air cargo carriers	6%	5%	8%

<u>Truck Equipment Type</u>			
Van equipment	\$ 2,447,810		
Van equipment	\$ 2,742,281	\$ 3,892,085	
Unsided/platform equipment	\$ 3,525,830	1,455,663	
Unsided/platform equipment	\$ 1,490,393	\$ 1,760,357	
Less-than-truckload	\$ 1,549,037	99,828	
Less-than-truckload	\$ 117,683	\$ 142,438	
Other truck transportation (1)	\$ 117,505	343,253	
Other truck transportation (1)	\$ 479,173	\$ 835,959	\$ 770,846

(1) Includes power-only, expedited, straight truck, cargo van, and miscellaneous other truck transportation revenue generated by the transportation logistics segment. Power-only refers to shipments where the Company furnishes a power unit and an operator but not trailing equipment, which is typically provided by the shipper or consignee.

#### **Insurance Claim Costs**

Landstar provides, primarily on an actuarially determined basis, for the estimated costs of cargo, property, casualty, general liability and workers' compensation claims both reported and for claims incurred but not reported.

Landstar retains liability through a self-insured retention for commercial trucking claims up to \$5 million per occurrence. Effective **May 1, 2019** May 1, 2023, the Company entered into a three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million (the "2019 Initial Excess Policy") with a third party insurance company. The Company subsequently extended the 2019 Initial Excess Policy for one additional policy year, from May 1, 2022 through April 30, 2023. For commercial trucking claims incurred on or after May 1, 2022 through April 30, 2023, the extended 2019 Initial Excess Policy provides for a limit for a single loss of \$5 million, with an aggregate limit of \$10 million for the policy period ended April 30, 2023. Effective May 1, 2023, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between \$5 million and \$10 million (the "2023 Initial Excess Policy") with a third party insurance company. For commercial trucking claims incurred on or after May 1, 2023 through April 30, 2026, the 2023 Initial Excess Policy provides for an aggregate deductible of \$18\$18 million over the thirty-sixty-six-month term ending April 30, 2026. After payment of the deductible, the 2023 Initial Excess Policy provides for a limit for a single loss of \$5 million, with an aggregate limit of \$15 million for the thirty-sixty-six-month term ending April 30, 2026.

The Company also maintains third party insurance arrangements providing excess coverage for commercial trucking liabilities in excess of \$10 million. These third party arrangements provide coverage on a per occurrence or aggregated basis. The Company from year to year manages the level of its financial exposure to commercial trucking claims in excess of \$10 million, including through the use of additional self-insurance, deductibles, aggregate loss limits, quota shares and other arrangements with third party insurance companies, based on the availability of coverage within certain excess insurance coverage layers and estimated cost differentials between proposed premiums from third party insurance companies and historical and actuarially projected losses experienced by the Company at various levels of excess insurance coverage.

Further, the Company retains liability of up to \$2,000,000 for each general liability claim, \$250,000 for each workers' compensation claim and \$250,000 for each cargo claim. In addition, under reinsurance arrangements by Signature Insurance Company ("Signature") of certain risks of the Company's BCO Independent Contractors, the Company retains liability of up to \$500,000, \$1,000,000 or \$2,000,000 with respect to certain occupational accident claims and up to \$750,000 with respect to certain workers' compensation claims.

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#### **Tires**

Tires purchased as part of trailing equipment are capitalized as part of the cost of the equipment. Replacement tires are charged to expense when placed in service.

#### **Cash, Cash Equivalents and Restricted Cash**

Included in cash and cash equivalents are all investments, except those provided for collateral, with an original maturity of 3 months or less. At December 28, 2024, December 30, 2023 and December 31, 2022, the Company had no restricted cash held by the Company's insurance segment. At December 25, 2021, the Company had \$4,049,000 \$4,049,000 of restricted cash held by the Company's insurance segment included in the short-term investments balance of \$35,778,000, providing collateral, along with certain other investments, for the letters of credit issued to guarantee payment of insurance claims.

#### **Financial Instruments**

The Company's financial instruments include cash equivalents, short and long-term investments, trade and other accounts receivable, accounts payable, other accrued liabilities, and long-term debt plus current maturities ("Debt"). The carrying value of cash equivalents, trade and other accounts receivable, accounts payable, current insurance claims and other accrued liabilities approximates fair value as the assets and liabilities are short term in nature. Short and long-term investments are carried at fair value as further described in Note 3 in the Company's consolidated financial statements. The Company's Debt includes borrowings under the Company's revolving credit facility, to the extent there are any, plus borrowings relating to finance lease

obligations used to finance trailing equipment. The interest rates on borrowings under the revolving credit facility are typically tied to short-term interest rates that adjust monthly and, as such, carrying value approximates fair value. Interest rates on borrowings under finance leases approximate the interest rates that would currently be available to the Company under similar terms and, as such, carrying value approximates fair value.

#### Trade and Other Receivables

The allowance for doubtful accounts for both trade and other receivables represents management's estimate of the amount of outstanding receivables that will not be collected. Estimates are used to determine the allowance for doubtful accounts for both trade and other receivables and are generally based on specific identification, historical collection results, current economic trends and changes in payment trends. Following is a summary of the activity in the allowance for doubtful accounts for fiscal years ending December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 (in thousands):

	Balance at Beginning of Period	Charged to Costs and Expenses	Write-offs, Net of Recoveries	Balance at End of Period
<b>For the Fiscal Year Ended December 30, 2023</b>				
Trade receivables	\$ 12,121	\$ 5,704	\$ (6,087)	\$ 11,738
Other receivables	11,745	8,325	(4,694)	15,376
Other non-current receivables	203	3	—	206
	<u>\$ 24,069</u>	<u>\$ 14,032</u>	<u>\$ (10,781)</u>	<u>\$ 27,320</u>
<b>For the Fiscal Year Ended December 31, 2022</b>				
Trade receivables	\$ 7,074	\$ 7,354	\$ (2,307)	\$ 12,121
Other receivables	9,511	4,863	(2,629)	11,745
Other non-current receivables	200	3	—	203
	<u>\$ 16,785</u>	<u>\$ 12,220</u>	<u>\$ (4,936)</u>	<u>\$ 24,069</u>
<b>For the Fiscal Year Ended December 25, 2021</b>				
Trade receivables	\$ 8,670	\$ 1,735	\$ (3,331)	\$ 7,074
Other receivables	8,399	4,050	(2,938)	9,511
Other non-current receivables	264	(63)	(1)	200
	<u>\$ 17,333</u>	<u>\$ 5,722</u>	<u>\$ (6,270)</u>	<u>\$ 16,785</u>
	Balance at Beginning of Period	Charged to Costs and Expenses	Write-offs, Net of Recoveries	Balance at End of Period
<b>For the Fiscal Year Ended December 28, 2024</b>				
Trade receivables	\$ 11,738	\$ 6,449	\$ (5,283)	\$ 12,904
Other receivables	15,376	11,811	(7,911)	19,276
Other non-current receivables	206	6	(4)	208
	<u>\$ 27,320</u>	<u>\$ 18,266</u>	<u>\$ (13,198)</u>	<u>\$ 32,388</u>
<b>For the Fiscal Year Ended December 30, 2023</b>				
Trade receivables	\$ 12,121	\$ 5,704	\$ (6,087)	\$ 11,738
Other receivables	11,745	8,325	(4,694)	15,376
Other non-current receivables	203	3	—	206
	<u>\$ 24,069</u>	<u>\$ 14,032</u>	<u>\$ (10,781)</u>	<u>\$ 27,320</u>
<b>For the Fiscal Year Ended December 31, 2022</b>				
Trade receivables	\$ 7,074	\$ 7,354	\$ (2,307)	\$ 12,121
Other receivables	9,511	4,863	(2,629)	11,745
Other non-current receivables	200	3	—	203
	<u>\$ 16,785</u>	<u>\$ 12,220</u>	<u>\$ (4,936)</u>	<u>\$ 24,069</u>

#### Other Receivables and Other Assets

The Company provides financing to certain independent commission sales agents. Generally, these notes receivable include personal guarantees, may be collateralized by the assets and equity of the borrower and are due in periodic installments, including principal and interest payments, for terms of one to seven years. Notes receivable are recorded at amortized cost, net of the allowance for doubtful accounts. At December 28, 2024 and December 30, 2023, the Company had \$26,606,000 and \$5,079,000, respectively, of gross notes receivable from independent commission sales agents. The current portion is included within other receivables and the long-term portion is included in other assets in the consolidated balance sheets.

### **Operating Property**

Operating property is recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Buildings and improvements are being depreciated over 30 years. Trailing equipment is being depreciated over 7 to 10 years.

Information technology hardware and software is generally being depreciated over 3 to 7 years.

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### **Goodwill**

Goodwill represents the excess of the purchase price paid over the fair value of the net assets of acquired businesses. The Company has two reporting units within the transportation logistics segment that report goodwill. The Company reviews its goodwill balance annually for impairment for each reporting unit, unless circumstances dictate more frequent assessments, and in accordance with ASU2011-08, *Testing Goodwill for Impairment*. ASU2011-08 permits an initial assessment, commonly referred to as "step zero", of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount and also provides a basis for determining whether it is necessary to perform the quantitative analysis required by ASC Topic 350. In the fourth fiscal quarter of 2023, 2024, the Company performed the qualitative assessment of goodwill and determined it was more likely than not that the fair value of each of its reporting units would be greater than its carrying amount. Therefore, the Company determined it was not necessary to perform the quantitative goodwill impairment test. Furthermore, there has been no historical impairment of the Company's goodwill.

### **Income Taxes**

Income tax expense is equal to the current year's liability for income taxes and a provision for deferred income taxes. Deferred tax assets and liabilities are recorded for the future tax effects attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled.

### **Share-Based Payments**

The Company's share-based payment arrangements include restricted stock units ("RSU"), non-vested restricted stock, Deferred Stock Units and stock options. The fair value of an RSU with a performance condition is determined based on the market value of the Company's Common Stock on the date of grant, discounted for lack of marketability for a minimum post-vesting holding requirement. With respect to RSU awards with a performance condition, the Company reports compensation expense ratably over the life of the award based on an estimated number of units that will vest over the life of the award, multiplied by the fair value of an RSU. The fair value of an RSU with a market condition is determined at the time of grant based on the expected achievement of the market condition at the end of each vesting period. With respect to RSU awards with a market condition, the Company recognizes compensation expense ratably over the requisite service period under an award based on the fair market value of the award at the time of grant, regardless of whether the market condition is satisfied. Previously recognized compensation cost would be reversed, however, if the employee terminated employment prior to completing such requisite service period. The Company estimates the fair value of stock option awards on the date of grant using the Black-Scholes pricing model and recognizes compensation cost for stock option awards expected to vest on a straight-line basis over the requisite service period for the entire award. Forfeitures are estimated at grant date based on historical experience and anticipated employee turnover. The fair values of each share of non-vested restricted stock issued and Deferred Stock Unit granted are based on the fair value of a share of the Company's Common Stock on the date of grant and compensation costs for non-vested restricted stock and Deferred Stock Units are recognized on a straight-line basis over the requisite service period for the award.

### **Earnings Per Share**

Basic earnings per common share are based on the weighted average number of common shares outstanding, which includes outstanding non-vested restricted stock and outstanding Deferred Stock Units. Diluted earnings per share are based on the weighted average number of common shares outstanding plus the incremental shares that would have been outstanding upon the assumed exercise of all dilutive stock options. During the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022, the weighted-average number of common shares outstanding is the same for purposes of the calculations of both basic and diluted earnings per share, share. During and as of the fiscal year ended December 28, 2024, there were no outstanding stock options issued by the

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Company. During the fiscal years ended December 30, 2023 and December 31, 2022, the impact on earnings per share of future compensation expense related to outstanding, unvested time-based awards was greater than the incremental impact of outstanding dilutive stock options, in each period, and would therefore have an anti-dilutive effect on earnings per share if included in the calculation of earnings per share. Accordingly, the Company had no reconciling items between the average number of common shares outstanding used to calculate basic earnings per common share and the average number of common shares and common share equivalents outstanding used to calculate diluted earnings per share during the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022.

For the fiscal years ended December 30, 2023, and December 31, 2022 and December 25, 2021, no options outstanding to purchase shares of Common Stock were antidilutive. As of December 30, 2023, there were no outstanding options issued by the

Company. Outstanding RSUs were excluded from the calculation of diluted earnings per share for all periods because the performance metric requirements or market condition for vesting had not been satisfied.

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#### ***Dividends Payable***

On December 9, 2024, the Company announced that its Board of Directors declared a special cash dividend of \$2.00 per share payable on January 21, 2025 to stockholders of record of its Common Stock as of January 7, 2025. Dividends payable of \$70,632,000 related to this special dividend were included in current liabilities in the consolidated balance sheet at December 28, 2024.

On December 4, 2023, the Company announced that its Board of Directors declared a special cash dividend of \$2.00 per share payable on January 19, 2024 January 19, 2024 to stockholders of record of its Common Stock as of January 3, 2024. January 3, 2024. Dividends payable of \$71,433,000 related to this special dividend were included in current liabilities in the consolidated balance sheet at December 30, 2023.

On December 6, 2022, the Company announced that its Board of Directors declared a special cash dividend of \$2.00 per share payable on January 20, 2023 to stockholders of record of its Common Stock as of January 6, 2023. Dividends payable of \$71,854,000 related to this special dividend were included in current liabilities in the consolidated balance sheet at December 31, 2022.

#### ***Foreign Currency Translation***

Assets and liabilities of the Company's Canadian and Mexican operations are translated from their functional currency to U.S. dollars using exchange rates in effect at the balance sheet date and revenue and expense accounts are translated at average monthly exchange rates during the period. Adjustments resulting from the translation process are included in accumulated other comprehensive income. Transactional gains and losses arising from receivable and payable balances, including intercompany balances, in the normal course of business that are denominated in a currency other than the functional currency of the operation are recorded in the statements of income when they occur.

#### **(2) Other Comprehensive Income**

The following table presents the components of and changes in accumulated other comprehensive income (loss), net of related income taxes, as of and for the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 (in thousands):

	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Foreign Currency Translation	Total
Balance as of December 26, 2020	\$ 2,808	\$ (4,807)	\$ (1,999)
Other comprehensive loss	(2,695)	(709)	(3,404)
Balance as of December 25, 2021	113	(5,516)	(5,403)
Other comprehensive loss	(8,562)	(1,059)	(9,621)
Balance as of December 31, 2022	(8,449)	(6,575)	\$ (15,024)
Other comprehensive income	3,439	4,720	8,159
Balance as of December 30, 2023	\$ (5,010)	\$ (1,855)	\$ (6,865)
	Unrealized Holding Gains (Losses) on Available-for-Sale Securities	Foreign Currency Translation	Total
Balance as of December 25, 2021	\$ 113	\$ (5,516)	\$ (5,403)
Other comprehensive loss	(8,562)	(1,059)	(9,621)
Balance as of December 31, 2022	(8,449)	(6,575)	(15,024)
Other comprehensive income	3,439	4,720	8,159
Balance as of December 30, 2023	(5,010)	(1,855)	(6,865)
Other comprehensive income (loss)	2,205	(7,350)	(5,145)
Balance as of December 28, 2024	\$ (2,805)	\$ (9,205)	\$ (12,010)

Amounts reclassified from accumulated other comprehensive income to investment income due to the realization of previously unrealized gains and losses in the accompanying consolidated statements of income were not significant for the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022.

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**(3) Investments**

Investments include primarily investment-grade corporate bonds, asset-backed securities and U.S. Treasury obligations **commercial paper** having maturities of up to five years (the "bond portfolio") and money market investments. Investments in the bond portfolio are reported as available-for-sale and are carried at fair value. Investments maturing less than one year from the balance sheet date are included in short-term investments and investments maturing more than one year from the balance sheet date are included in other assets in the consolidated balance sheets. Management performs an analysis of the nature of the unrealized losses on available-for-sale investments to determine whether an allowance for credit loss is necessary. Unrealized losses, representing the excess of the purchase price of an investment over its fair value as of the end of a period, considered to be a result of credit-related factors, are to be included as a charge in the statement of income, while unrealized losses considered to be a result of non-credit-related factors are to be included as a component of shareholders' equity. Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, are classified within Level 2. As Level 2 investments include positions that are not traded in active markets, valuations may be

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adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Any transfers between levels are recognized as of the beginning of any reporting period. Fair value of the bond portfolio was determined using Level 1 inputs related to U.S. Treasury obligations and money market investments and Level 2 inputs related to investment-grade corporate bonds, asset-backed securities, **commercial paper** and direct obligations of government agencies. Unrealized losses, net of unrealized gains, on the investments in the bond portfolio were \$3,573,000 and \$6,382,000 at December 28, 2024 and \$10,763,000 at December 30, 2023 and December 31, 2022, respectively.

The amortized cost and fair values of available-for-sale investments are as follows at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 28, 2024</b>				
Money market investments	\$ 13,473	\$ —	\$ —	\$ 13,473
Asset-backed securities	26,785	25	1,770	25,040
Corporate bonds, commercial paper and direct obligations of government agencies	107,180	198	2,026	105,352
<b>Total</b>	<b>\$ 147,438</b>	<b>\$ 223</b>	<b>\$ 3,796</b>	<b>\$ 143,865</b>
<b>December 30, 2023</b>				
Money market investments	\$ 16,832	\$ —	\$ —	\$ 16,832
Asset-backed securities	16,543	—	2,236	14,307
Corporate bonds, commercial paper and direct obligations of government agencies	118,481	279	4,384	114,376
U.S. Treasury obligations	6,287	2	43	6,246
<b>Total</b>	<b>\$ 158,143</b>	<b>\$ 281</b>	<b>\$ 6,663</b>	<b>\$ 151,761</b>
<b>December 31, 2022</b>				
Money market investments	\$ 21,910	\$ —	\$ —	\$ 21,910
Asset-backed securities	18,905	—	2,889	16,016
Corporate bonds and direct obligations of government agencies	126,134	1	7,775	118,360
U.S. Treasury obligations	2,344	—	100	2,244
<b>Total</b>	<b>\$ 169,293</b>	<b>\$ 1</b>	<b>\$ 10,764</b>	<b>\$ 158,530</b>

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For those available-for-sale investments with unrealized losses at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the following table summarizes the duration of the unrealized loss (in thousands):

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
<b>December 30, 2023</b>						
Asset-backed securities	\$ —	\$ —	\$ 14,307	\$ 2,236	\$ 14,307	\$ 2,236
Corporate bonds and direct obligations of government agencies	3,506	42	86,841	4,342	90,347	4,384
U.S. Treasury obligations	—	—	2,305	43	2,305	43
<b>Total</b>	<b>\$ 3,506</b>	<b>\$ 42</b>	<b>\$ 103,453</b>	<b>\$ 6,621</b>	<b>\$ 106,959</b>	<b>\$ 6,663</b>
<b>December 31, 2022</b>						
Asset-backed securities	\$ —	\$ —	\$ 16,016	\$ 2,889	\$ 16,016	\$ 2,889
Corporate bonds and direct obligations of government agencies	54,031	1,516	62,390	6,259	116,421	7,775
U.S. Treasury obligations	2,244	100	—	—	2,244	100
<b>Total</b>	<b>\$ 56,275</b>	<b>\$ 1,616</b>	<b>\$ 78,406</b>	<b>\$ 9,148</b>	<b>\$ 134,681</b>	<b>\$ 10,764</b>
<b>December 28, 2024</b>						
Asset-backed securities	\$ 9,663	\$ 37	\$ 12,596	\$ 1,733	\$ 22,259	\$ 1,770
Corporate bonds, commercial paper, and direct obligations of government agencies	18,409	169	59,609	1,857	78,018	2,026
<b>Total</b>	<b>\$ 28,072</b>	<b>\$ 206</b>	<b>\$ 72,205</b>	<b>\$ 3,590</b>	<b>\$ 100,277</b>	<b>\$ 3,796</b>
<b>December 30, 2023</b>						
Asset-backed securities	\$ —	\$ —	\$ 14,307	\$ 2,236	\$ 14,307	\$ 2,236
Corporate bonds, commercial paper, and direct obligations of government agencies	3,506	42	86,841	4,342	90,347	4,384
U.S. Treasury obligations	—	—	2,305	43	2,305	43
<b>Total</b>	<b>\$ 3,506</b>	<b>\$ 42</b>	<b>\$ 103,453</b>	<b>\$ 6,621</b>	<b>\$ 106,959</b>	<b>\$ 6,663</b>

The Company believes unrealized losses on investments were primarily caused by rising interest rates rather than changes in credit quality. The Company expects to recover, through collection of all of the contractual cash flows of each security, the amortized cost basis of these securities as it does not intend to sell, and does not anticipate being required to sell, these securities before recovery of the cost basis. For these reasons, no losses have been recognized in the Company's consolidated statements of income.

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Short-term investments include \$59,661,000 \$51,619,000 in current maturities of investments held by the Company's insurance segment at December 30, 2023 December 28, 2024. The non-current portion of the bond portfolio of \$92,100,000 \$92,246,000 is included in other assets. The short-term investments, together with \$25,955,000 \$30,960,000 of non-current investments, provide collateral for the \$77,054,000 \$74,321,000 of letters of credit issued to guarantee payment of insurance claims.

Investment income represents the earnings on the insurance segment's assets. Investment income earned from the assets of the insurance segment are included as a component of operating income as the investment of these assets is critical to providing collateral, liquidity and earnings with respect to the operation of the Company's insurance programs.

#### (4) Income Taxes

The provisions for income taxes consisted of the following (in thousands):

	Fiscal Years		
	2023	2022	2021
Current:			
Federal	\$ 76,827	\$ 116,642	\$ 104,640
State	13,305	23,309	18,462
Foreign	1,278	1,958	856
<b>Total current</b>	<b>\$ 91,410</b>	<b>\$ 141,909</b>	<b>\$ 123,958</b>
Deferred:			
Federal	\$ (8,410)	\$ (3,945)	\$ (3,278)
State	701	(1,415)	(512)
<b>Total deferred</b>	<b>\$ (7,709)</b>	<b>\$ (5,360)</b>	<b>\$ (3,790)</b>

Income taxes	\$ 83,701	\$ 136,549	\$ 120,168
<b>Fiscal Years</b>			
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Current:			
Federal	\$ 54,621	\$ 76,827	\$ 116,642
State	9,750	13,305	23,309
Foreign	999	1,278	1,958
Total current	\$ 65,370	\$ 91,410	\$ 141,909
Deferred:			
Federal	\$ (5,441)	\$ (8,410)	\$ (3,945)
State	(1,549)	701	(1,415)
Total deferred	\$ (6,990)	\$ (7,709)	\$ (5,360)
Income taxes	\$ 58,380	\$ 83,701	\$ 136,549

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Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities consisted of the following (in thousands):

	<b>Dec. 30, 2023</b>	<b>Dec. 31, 2022</b>
Deferred tax assets:		
Receivable valuations	\$ 6,616	\$ 5,838
Share-based payments	2,550	5,021
Self-insured claims	3,376	3,205
Other	10,412	11,381
Total deferred tax assets	<u>\$ 22,954</u>	<u>\$ 25,445</u>
Deferred tax liabilities:		
Operating property	\$ 39,117	\$ 49,092
Goodwill	4,107	3,892
Other	3,718	3,895
Total deferred tax liabilities	<u>\$ 46,942</u>	<u>\$ 56,879</u>
Net deferred tax liability	<u>\$ 23,988</u>	<u>\$ 31,434</u>
	<b>Dec. 28, 2024</b>	<b>Dec. 30, 2023</b>
Deferred tax assets:		
Receivable valuations	\$ 7,899	\$ 6,616
Share-based payments	1,139	2,550
Self-insured claims	4,659	3,376
Other	11,411	10,412
Total deferred tax assets	<u>\$ 25,108</u>	<u>\$ 22,954</u>
Deferred tax liabilities:		
Operating property	\$ 35,131	\$ 39,117
Goodwill	4,366	4,107
Other	3,213	3,718
Total deferred tax liabilities	<u>\$ 42,710</u>	<u>\$ 46,942</u>
Net deferred tax liability	<u>\$ 17,602</u>	<u>\$ 23,988</u>

The following table summarizes the differences between income taxes calculated at the federal income tax rate of 21% on income before income taxes and the provisions for income taxes (in thousands):

	<b>Fiscal Years</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Income taxes at federal income tax rate	\$ 53,408	\$ 73,100	\$ 119,167
State income taxes, net of federal income tax benefit	6,637	11,250	16,596
Non-deductible executive compensation	1,063	2,309	3,552
Meals and entertainment exclusion	508	520	200
Research and development credits	(2,591)	(1,672)	(1,526)
Share-based payments	(1,122)	(2,832)	(2,958)
Other, net	477	1,026	1,518

Income taxes	\$ 58,380	\$ 83,701	\$ 136,549
<b>Fiscal Years</b>			
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Income taxes at federal income tax rate	\$ 73,100	\$ 119,167	\$ 105,355
State income taxes, net of federal income tax benefit	11,250	16,596	14,260
Non-deductible executive compensation	2,309	3,552	2,946
Meals and entertainment exclusion	520	200	—
Share-based payments	(2,832)	(2,958)	(1,070)
Research and development credits	(1,672)	(1,526)	(2,069)
Other, net	1,026	1,518	746
Income taxes	<b>\$ 83,701</b>	<b>\$ 136,549</b>	<b>\$ 120,168</b>

The Company files a consolidated U.S. federal income tax return. The Company or its subsidiaries file state tax returns in the majority of the U.S. state tax jurisdictions. With few exceptions, the Company and its subsidiaries are no longer subject to U.S. federal or state income tax examinations by tax authorities for **2019** **2020** and prior years. The Company's wholly-owned Canadian subsidiary,

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Landstar Canada, Inc., is subject to Canadian income and other taxes. The Company's wholly-owned Mexican subsidiaries, Landstar Holdings, S. de R.L.C.V. and Landstar Metro, S.A.P.I. de C.V., are subject to Mexican income and other taxes. The Company's Canadian and Mexican subsidiaries also may each be subject to U.S. income and other taxes.

As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the Company had \$4,467,000 \$5,396,000 and \$3,046,000, \$4,467,000, respectively, of net unrecognized tax benefits representing the provision for the uncertainty of certain tax positions plus a component of interest and penalties. Estimated interest and penalties on the provision for the uncertainty of certain tax positions is included in income tax expense. At December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, there was \$1,249,000 \$1,793,000 and \$845,000, \$1,249,000, respectively, accrued for estimated interest and penalties related to the uncertainty of certain tax positions. The Company does not currently anticipate any significant increase or decrease to the unrecognized tax benefit during fiscal year 2024, 2025.

The following table summarizes the rollforward of the total amounts of gross unrecognized tax benefits for fiscal years **2023** **2024** and **2022** **2023** (in thousands):

			<b>Fiscal Years</b>
			<b>2023</b>
Gross unrecognized tax benefits – beginning of the year		\$ 3,726	\$ 2,845
Gross increases related to current year tax positions		953	789
Gross increases related to prior year tax positions		1,570	792
Gross decreases related to prior year tax positions		—	(83)
Lapse of statute of limitations		(795)	(617)
Gross unrecognized tax benefits – end of the year		<b>\$ 5,454</b>	<b>\$ 3,726</b>
<b>Fiscal Years</b>			
		<b>2024</b>	<b>2023</b>
Gross unrecognized tax benefits – beginning of the year		\$ 5,454	\$ 3,726
Gross increases related to current year tax positions		598	953
Gross increases related to prior year tax positions		1,344	1,570
Lapse of statute of limitations		(825)	(795)
Gross unrecognized tax benefits – end of the year		<b>\$ 6,571</b>	<b>\$ 5,454</b>

Landstar paid income taxes of \$47,528,000 in fiscal year 2024, \$92,695,000 in fiscal year 2023 and \$158,715,000 in fiscal year 2022 and \$104,844,000 in fiscal year 2021. 2022.

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## (5) Operating Property

Operating property is summarized as follows (in thousands):

	Dec. 30, 2023	Dec. 31, 2022
Land	\$ 16,328	\$ 16,328
Buildings and improvements	71,157	69,160
Trailing equipment	491,208	502,322
Information technology hardware and software	132,153	110,626
Other equipment	10,136	9,828

Total operating property, gross	720,982	708,264
Less accumulated depreciation and amortization	436,682	393,274
Total operating property, net	\$ 284,300	\$ 314,990
	<u>Dec. 28, 2024</u>	<u>Dec. 30, 2023</u>
Land	\$ 17,389	\$ 16,328
Buildings and improvements	80,719	71,157
Trailing equipment	518,524	491,208
Information technology hardware and software	141,029	132,153
Other equipment	10,231	10,136
Total operating property, gross	767,892	720,982
Less accumulated depreciation and amortization	456,547	436,682
Total operating property, net	\$ 311,345	\$ 284,300

Included above is \$175,464,000 in fiscal year 2024 and \$143,542,000 in fiscal year 2023 and \$185,609,000 in fiscal year 2022 of operating property under finance leases, \$100,188,000 \$131,770,000 and \$137,087,000, \$100,188,000, respectively, net of accumulated depreciation and amortization. Landstar acquired operating property by entering into finance leases in the amount of \$62,194,000 in fiscal year 2024, \$4,093,000 in fiscal year 2023 and \$30,659,000 in fiscal year 2022 and \$48,674,000 in fiscal year 2021. 2022.

## (6) Retirement Plan

Landstar sponsors an Internal Revenue Code section 401(k) defined contribution plan for the benefit of U.S. domiciled full-time employees who have completed three months of service. Eligible employees make voluntary contributions up to 75% of their base salary, subject to certain limitations. Landstar contributes an amount equal to 100% of the first 3% and 50% of the next 2% of such contributions, subject to certain limitations.

The expense for the Company-sponsored defined contribution plan included in selling, general and administrative expense was \$2,805,000 in fiscal year 2024, \$2,812,000 in fiscal year 2023 and \$2,716,000 in fiscal year 2022 and \$2,374,000 in fiscal year 2021. 2022.

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## (7) Debt

Other than the finance lease obligations as presented on the consolidated balance sheets, the Company had no outstanding debt as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023.

On

On July 1, 2022 July 1, 2022

, Landstar entered into a second amended and restated credit agreement with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent (the as further amended as of June 21, 2024, the "Credit Agreement"). The Credit Agreement, which matures July 1, 2027, provides for borrowing capacity in the form of a revolving credit facility of \$300,000,000, \$45,000,000 of which may be utilized in the form of letters of credit. The Credit Agreement also includes an "accordion" feature providing for a possible increase of up to an aggregate amount of borrowing capacity of \$600,000,000. As of December 30, 2023 December 28, 2024, the Company had no borrowings outstanding under the Credit Agreement.

The revolving credit loans under the Credit Agreement, at the option of Landstar, bear interest at (i) a forward-looking term rate based on the secured overnight financing rate plus 0.10% and an applicable margin ranging from 1.25% to 2.00%, or (ii) an alternate base rate plus an applicable margin ranging from 0.25% to 1.00%, in each case with the applicable margin determined based upon the Company's Leverage Ratio, as defined in the Credit Agreement, at the end of the most recent applicable fiscal quarter for which financial statements have been delivered. The revolving credit facility bears a commitment fee, payable quarterly in arrears, of 0.20% to 0.30%, based on the Company's Leverage Ratio at the end of the most recent applicable fiscal quarter for which financial statements have been delivered.

The Credit Agreement contains a number of covenants that limit, among other things, the incurrence of additional indebtedness. The Company is required to, among other things, maintain a minimum fixed charge coverage ratio, as described in the Credit Agreement, and maintain a Leverage Ratio, as defined in the Credit Agreement, below a specified maximum. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company's capital stock to the extent there is a default under the Credit Agreement. In addition, the Credit Agreement under certain circumstances limits the amount of such cash dividends and other distributions to stockholders to the extent that, after giving effect to any payment made to effect such cash dividend or other distribution, the Leverage Ratio would exceed 2.5 to 1 on a pro forma basis as of the end of the Company's most recently completed fiscal quarter. The Credit Agreement provides for an event of default in the event that, among other things, a person or group acquires 35% or more of the outstanding capital stock of the Company or obtains power to elect a majority of the

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Company's directors or the directors cease to consist of a majority of Continuing Directors, as defined in the Credit Agreement. None of these covenants are presently considered by management to be materially restrictive to the Company's operations, capital resources or liquidity. The Company is currently in compliance with all of the debt covenants under the Credit Agreement.

The interest rates on borrowings under the revolving credit facility are typically tied to short-term interest rates and, as such, carrying value approximates fair value. Interest rates on borrowings under finance leases approximate the interest rates that would currently be available to the Company under similar terms and, as such, carrying value approximates fair value.

Landstar paid interest of \$3,813,000 in fiscal year 2024, \$3,604,000 in fiscal year 2023 and \$4,151,000 in fiscal year 2022 and \$3,715,000 in fiscal year 2021. 2022.

#### (8) Leases

Landstar's noncancelable leases are primarily comprised of finance leases for the acquisition of new trailing equipment. Each finance lease for the acquisition of trailing equipment is a five year lease with a \$1 purchase option for the applicable equipment at lease expiration. Substantially all of Landstar's operating leaseright-of-useassets and operating lease liabilities represent leases for facilities maintained in support of the Company's network of BCO Independent Contractors and office space used to conduct Landstar's business. These leases do not have significant rent escalation holidays, concessions, leasehold improvement incentives or otherbuild-out clauses. Further, the leases do not contain contingent rent provisions. Landstar also rents certain trailing equipment to supplement the Company-owned trailer fleet under "month-to-month" lease terms, which are not required to be recorded on the balance sheet due to the less than twelve month lease term exemption. Sublease income is primarily comprised of weekly trailing equipment rentals to BCO Independent Contractors.

Most of Landstar's operating leases include one or more options to renew. The exercise of lease renewal options is typically at Landstar's sole discretion, and, as such, the majority of renewals to extend the lease terms are not included in the right-of-useassets and lease liabilities as they are not reasonably certain of exercise. Landstar regularly evaluates the renewal options, and when they are reasonably certain of exercise, Landstar includes the renewal period in the lease term.

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As most of Landstar's operating leases do not provide an implicit rate, Landstar utilized its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of the lease payments. Landstar has a centrally managed treasury function; therefore, based on the applicable lease terms and the current economic environment, the Company applies a portfolio approach for determining the incremental borrowing rate.

The components of lease cost for finance leases and operating leases as of December 30, 2023 for the fiscal year ended December 28, 2024 were (in thousands):

Finance leases:		
Amortization of right-of-useassets	\$ 20,258	\$ 17,476
Interest on lease liability	2,598	2,767
	<hr/>	<hr/>
Total finance lease cost	22,856	20,243
Operating leases:		
Lease cost	3,603	3,835
Variable lease cost	—	—
Sublease income	(5,456)	(5,604)
	<hr/>	<hr/>
Total net operating lease income	(1,853)	(1,769)
	<hr/>	<hr/>
Total net lease cost	\$ 21,003	\$ 18,474

Total net operating lease income, net of rent expense under operating leases, was \$2,121,000 \$1,853,000 and \$1,632,000 \$2,121,000 in fiscal years 2023 and 2022, and 2021, respectively.

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A summary of the lease classification on the Company's consolidated balance sheet as of December 30, 2023 December 28, 2024 is as follows (in thousands):

Assets:

Operating leaseright-of-useassets	Other assets	\$ 1,695	Other assets
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Finance lease assets	Operating property, less accumulated depreciation and amortization	100,188	Operating property, less acc
Total lease assets		\$ 101,883	
<b>Liabilities:</b>			
The following table reconciles the undiscounted cash flows for the finance and operating leases to the finance and operating lease liabilities recorded on the balance sheet at <b>December 30, 2023</b> <b>December 28, 2024</b> (in thousands):			
2024	Finance Leases	Operating Leases	
	\$ 29,739	\$ 857	
2025	23,554	544	
2026	15,448	213	
2027	5,049	176	
2028	948	49	
Thereafter	—	—	
Total future minimum lease payments	74,738	1,839	
Less amount representing interest (1.6% to 6.0%)	3,598	144	
Present value of minimum lease payments	\$ 71,140	\$ 1,695	
Current maturities of long-term debt	27,876		
Long-term debt, excluding current maturities	43,264		
Other current liabilities		832	
Deferred income taxes and other noncurrent liabilities		863	
2025	Finance Leases	Operating Leases	
	\$ 39,915	\$ 599	
2026	31,653	272	
2027	19,400	216	
2028	15,309	48	
2029	11,197	—	
Thereafter	—	—	
Total future minimum lease payments	117,474	1,135	
Less amount representing interest (1.6% to 6.4%)	15,167	73	
Present value of minimum lease payments	\$ 102,307	\$ 1,062	
Current maturities of long-term debt	33,116		
Long-term debt, excluding current maturities	69,191		
Other current liabilities		520	
Deferred income taxes and other noncurrent liabilities		542	
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The weighted average remaining lease term and the weighted average discount rate for finance and operating leases as of <b>December 30, 2023</b> <b>December 28, 2024</b> were:			
Weighted average remaining lease term (years)	Finance Leases	Operating Leases	
	2.9	2.7	
Weighted average discount rate		3.1%	6.0%
Weighted average remaining lease term (years)	Finance Leases	Operating Leases	
	3.7	2.3	
Weighted average discount rate		4.8%	5.5%
<b>(9) Share-Based Payment Arrangements</b>			
As of <b>December 30, 2023</b> <b>December 28, 2024</b> , the Company has an employee equity incentive plan, the 2011 equity incentive plan (the "2011 EIP"). The Company also has a stock compensation plan for members of its Board of Directors, the 2022 Directors Stock Compensation Plan (the "2022 DSCP"), which replaced the Amended and Restated 2013 Directors Stock Compensation Plan (as amended and restated, the "2013 DSCP"). The provisions of the 2022 DSCP are substantially similar to the provisions of the 2013 DSCP. 6,000,000 shares of the Company's Common Stock were authorized for issuance under the 2011 EIP and 200,000 shares of the Company's Common Stock were authorized for issuance under the 2022 DSCP. The 2011 EIP 2013 DSCP and 2022 DSCP are each			

referred to herein as a "Plan," and, collectively, as the "Plans." Amounts recognized in the financial statements with respect to these Plans are as follows (in thousands):

	Fiscal Years		
	2024	2023	2022
Total cost of the Plans during the period	\$ 3,435	\$ 4,282	\$ 12,399
Amount of related income tax benefit recognized during the period	(1,963)	(3,622)	(5,199)
Net cost of the Plans during the period	<u><u>\$ 1,472</u></u>	<u><u>\$ 660</u></u>	<u><u>\$ 7,200</u></u>

Included in income tax benefits recognized in the fiscal years ended December 30, 2023 December 28, 2024, December 31, 2022 December 30, 2023 and December 25, 2021 December 31, 2022 were excess tax benefits from stock-based awards of \$1,122,000, \$2,830,000 and \$2,948,000, and \$1,057,000, respectively.

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As of December 30, 2023 December 28, 2024, there were 187,260 181,450 shares of the Company's Common Stock reserved for issuance under the 2022 DSCP and 3,014,145 2,799,702 shares of the Company's Common Stock reserved for issuance under the 2011 EIP.

### Restricted Stock Units

The following table summarizes information regarding the Company's outstanding restricted stock unit ("RSU") awards with either a performance condition or a market condition under the Plans:

	Weighted Average		Weighted Average	
	Number of RSUs	Grant Date Fair Value	Number of RSUs	Grant Date Fair Value
Outstanding at December 26, 2020	183,213	\$ 93.44		
Outstanding at December 25, 2021			209,399	\$ 102.90
Granted	46,342	\$ 128.64	50,019	\$ 139.44
Shares earned in excess of target <sup>(1)</sup>	7,132	\$ 31.97	91,497	\$ 92.58
Vested shares, including shares earned in excess of target	(24,600)	\$ 59.85	(177,146)	\$ 95.48
Forfeited	(2,688)	\$ 107.76	(21,989)	\$ 113.85
Outstanding at December 25, 2021	209,399	\$ 102.90		
Outstanding at December 31, 2022			151,780	\$ 115.80
Granted	50,019	\$ 139.44	41,638	\$ 164.91
Shares earned in excess of target <sup>(2)</sup>	91,497	\$ 92.58	79,176	\$ 98.39
Vested shares, including shares earned in excess of target	(177,146)	\$ 95.48	(137,861)	\$ 97.97
Forfeited	(21,989)	\$ 113.85	(2,011)	\$ 142.67
Outstanding at December 31, 2022	151,780	\$ 115.80		
Outstanding at December 30, 2023			132,722	\$ 138.93
Granted	41,638	\$ 164.91	102,997	\$ 138.85
Shares earned in excess of target <sup>(3)</sup>	79,176	\$ 98.39	1,791	\$ 51.42
Vested shares, including shares earned in excess of target	(137,861)	\$ 97.97	(45,057)	\$ 115.69
Forfeited	(2,011)	\$ 142.67	(29,801)	\$ 140.20
Outstanding at December 30, 2023	132,722	\$ 138.93		
Outstanding at December 28, 2024			162,652	\$ 144.12

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- (1) Represents shares earned in excess of target under the May 1, 2015 RSU award as total shareholder return exceeded the target under the award.
- (2)(1) Represents additional shares earned under each of the February 2, 2017, February 2, 2018 and February 1, 2019 RSU awards, as fiscal year 2021 financial results exceeded target performance level under each such award.
- (3)(2) Represents additional shares earned (i) under the February 1, 2019 and January 31, 2020 RSU awards as fiscal year 2022 financial results exceeded target performance level and (ii) under the April 24, 2018 and July 1, 2019 RSU awards as total shareholder return during the applicable performance period exceeded target performance level under each of those awards.
- (3) Represents additional shares earned under the April 24, 2018 and July 1, 2019 RSU awards as total shareholder return during the applicable performance period exceeded target performance level under each of those awards.

During fiscal years 2021, 2024, 2023 and 2022, and 2023, the Company granted RSUs with a performance condition. During fiscal year 2024, the Company also granted RSUs with a market condition.

RSUs with a performance condition granted on February 2, 2024 may vest on January 31 of 2027, 2028 and 2029 based on growth in operating income and pre-tax income per diluted share from continuing operations as compared to the results from the 2023 fiscal year. RSUs with a performance condition granted on February 3, 2023 may vest on January 31 of 2026, 2027 and 2028 based on growth in operating income and pre-tax income per diluted share from continuing operations as compared to the results from the 2022 fiscal year. RSUs with a performance condition granted on January 28, 2022 may vest on January 31 of 2025, 2026 and 2027 based on growth in operating income and pre-tax income per diluted share from continuing operations as compared to the results from the 2021 fiscal year. RSUs with a performance condition granted on January 29, 2021 may vest on January 31 of 2024, 2025 and 2026 based on growth in operating income and pre-tax income per diluted share from continuing operations as compared to the results from the 2020 fiscal year, adjusted to reflect the add back of non-cash impairment charges recorded in the Company's 2020 fiscal year related to certain assets, primarily customer contract and related customer relationship intangible assets, held by the Company's Mexican subsidiaries. At the time of grant, the target number of common shares available for issuance under the February 3, 2023 February 2, 2024, January 28, 2022 February 3, 2023 and January 29, 2021 January 28, 2022 grants equals 100% of the number of RSUs granted, and the maximum number of common shares available for issuance under the February 3, 2023 February 2, 2024, January 28, 2022 February 3, 2023 and January 29, 2021 January 28, 2022 grants equals 200% of the number of RSUs credited to the recipient. In the event actual results exceed the target, the number of shares that will be granted will exceed the number of RSUs granted. The fair value of an RSU with a performance condition was determined based on the market value of the Company's Common Stock on the date of grant, discounted for lack of marketability for a minimum post-vesting holding requirement. The discount rate due to lack of marketability used for RSU award grants with a performance condition for all periods was 7%. With respect to RSU awards with a performance condition, the Company reports compensation expense over the life of the award based on an estimated number of units that will vest over the life of the award, multiplied by the fair value of an RSU at the time of grant.

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On February 2, 2024, the Company granted 58,268RSUs that vest based on a market condition. These RSUs may vest based on the Company's achievement of a target total shareholder return ("TSR") compound annual growth rate (adjusted to reflect dividends (if any) paid during the period the awards are outstanding and capital adjustments as may be necessary), to be measured annually starting after the sixth anniversary of the grant date and concluding after the tenth anniversary of the grant date. The fair value of this RSU award was determined at the time of grant based on the expected achievement of the market condition. With respect to these RSU awards, the Company reports compensation expense ratably over the service period of the award based on the number of units granted multiplied by the grant date fair value of the RSU. Previously recognized compensation cost would be reversed only if the employee did not complete the requisite service period due to termination of employment.

The Company recognized approximately (\$800,000), \$581,000 \$9,100,000 and \$24,197,000 \$9,100,000 of share-based compensation (benefit) expense related to RSU awards in fiscal years 2024, 2023 2022 and 2021, 2022, respectively. As of December 30, 2023 December 28, 2024, there was a maximum of \$30.2 \$41.9 million of total unrecognized compensation cost related to RSU awards granted under the Plans with an expected average remaining life of approximately 3.23.3 years. With respect to RSU awards with a performance condition, the amount of future compensation expense to be recognized will be determined based on future operating results.

#### Non-vested Restricted Stock and Deferred Stock Units

The 2011 EIP provides the Compensation Committee of the Board of Directors with the authority to issue shares of Common Stock of the Company, subject to certain vesting and other restrictions on transfer ("restricted stock").

The following table summarizes information regarding the Company's outstanding shares of non-vested restricted stock and Deferred Stock Units (defined below) under the Plans:

Non-vested at December 26, 2020	Granted	Vested	Forfeited	Non-vested at December 25, 2021	Nu

Granted
Vested
Forfeited
Non-vested at December 31, 2022
Granted
Vested
Non-vested at December 30, 2023
Granted
Vested
Forfeited
Non-vested at December 28, 2024

The fair value of each share of non-vested restricted stock is the fair value of a share of the Company's Common Stock on the date of vesting in three equal annual installments either on the first, second or third anniversary of the date of the grant, in two equal annual installments 100% on the first, third or fifth anniversary of the date of the grant. The recipient may elect to defer receipt of shares and instead receive restricted stock units that contain contingent rights to receive shares of the Company's Common Stock. Directors, or, if earlier, upon a change in control event of the Company. Deferred Stock Units do not represent ownership in the Company and the recipient does not have voting rights or other incidents of ownership. These units contain the right to receive dividend equivalent payments prior to vesting.

As of December 30, 2023 December 28, 2024, there was \$3,821,000 \$4,000,000 in non-vested shares of restricted stock and Deferred Stock Units granted. The weighted-average remaining contractual term of these non-vested shares of restricted stock and Deferred Stock Units is 1.6 years.

#### Stock Options

The Company did not grant any stock options during its 2021. Plans generally become exercisable in either five equal annual installments 100% on the fifth anniversary from the date of grant, subject to acceleration or expiration on the tenth anniversary of the date of grant. Under the Plans, options are granted to employees and directors of the Company's Common Stock on the date of grant.

The fair value of each option grant on its grant date was calculated using the Black-Scholes option pricing model. The inputs utilized historical data, including exercise patterns and employee deferrals, and were based on the number of options outstanding. Expected volatility was based on historical volatility and was adjusted for any significant changes to the Company's business, if any. The risk-free interest rate was based on the yield of U.S. Treasury bonds for terms that approximated the terms of the options granted.

The Company had no issued and outstanding vested or unvested non-vested stock options granted under the Plans as of or for the year ended December 30, 2023.

The following table summarizes information regarding the Company's stock options as of December 31, 2023 and 2022:

	Number of Options
Options at December 26, 2020	17,000
Exercised	(9,000)
Options at December 25, 2021	8,000
Exercised	(6,000)
Options at December 31, 2022	1,000
Exercised	(1,000)
Options at December 30, 2023	0

	<u>Number Options:</u>
Options at December 25, 2021	8,517
Exercised	(6,671)
Options at December 31, 2022	1,906
Exercised	(1,906)
Options at December 30, 2023	—

The total intrinsic value of stock options exercised during fiscal years 2013, 2012, and 2011 was \$704,000, \$965,000, \$704,000, respectively.

As of December 30, 2023, there was no unrecognized compensation expense and no outstanding options issued by the Company.

## **Directors' Stock Compensation Plan**

Directors of the Company who are not employees of the Company receive a grant of such number of restricted shares of the Company \$150,000 divided by the fair market value of a share of Common Stock.

meeting of the stockholders of the Company (an "Annual Meeting"). receive a grant of such number of In fiscal year 2024, 5,810 restricted equal were granted to the quotient of \$110,000 divided by the fair market value of one share of Common Stock on the date following the date of each Annual Meeting. Eligible Directors. In fiscal year 2022, 7,063 restricted shares were granted to Eligible Directors. No Deferred Stock Units were issued in fiscal year 2021, 3,804 restricted shares were granted in 2022, 2023, 2024, 2025 and 2026. Restricted shares granted in 2021, 2022, 2024, 2023 and 2025 recorded for the grant of these restricted shares and Deferred Stock

## (10) Equity

On December 7, 2021, the Landstar System, Inc. Board of Directors authorized the Company's Common Stock from time to time in the open market and privately. Landstar System, Inc. Board of Directors authorized the Company to purchase up to 3,000,000 shares of its Common Stock from time to time in the open market and in privately negotiated transactions under its share repurchase program. The Company had authorization to purchase in the aggregate up to 3,000,000 shares of its Common Stock. No specific expiration date has been assigned to the December 7, 2021, authorization. During fiscal year 2023, 2024, Landstar purchased a total of \$54,267,000 and \$82,117,000 pursuant to its previously announced stock repurchase programs and accrued excise tax of \$348,000 and \$717,000, which is included in December 30, 2023 December 28, 2024.

The Company has 2,000,000 shares of preferred stock author

## **(11) Commitments and Contingencies**

At December 30, 2023 December 28, 2024, in addition to the Landstar had \$33,492,000 \$35,250,000 of letters of credit outstanding.

The Company is involved in certain claims and pending litigation which are covered in whole or in part by insurance. Based on knowledge available to management, it believes that adequate provisions have been made for pending litigation and that the ultimate outcome, after provisions made by the Company, but could have a material effect on the results of operations.

## (12) Segment Information

Landstar markets its integrated transportation management services exclusively utilizes third party capacity providers to transport customers into contractual arrangements with the Company and are responsible for capacity providers and coordinating the transportation of the freight.

capacity providers consist of independent contractors who provide to the (the "BCO Independent Contractors"), unrelated trucking companies: under non-exclusive contractual arrangements (the "Truck Brokerage"). Through this network of agents and capacity providers linked together an integrated transportation management solutions business primarily the most recently completed fiscal year. The Company reports the results and the insurance segment.

The transportation logistics segment provides a wide range of services offered by the Company include truckload, less-than-truckload cargo, expedited ground and air delivery of time-critical freight, heavy Mexico, intra-Canada, project cargo and customs brokerage. Examples include automotive parts and assemblies, consumer durables, build electronics and military equipment, equipment and general commercial transportation services

to other transportation companies, including third party logistics and sales agents market services provided by the transportation logistic charged to customers on a per shipment basis for the physical tran: results of operations from Landstar Blue and Landstar Metro are pr

The insurance segment is comprised of Signature Insurance Company and Risk Management Claim Services, Inc. The insurance segment represents Landstar's operating subsidiaries. In addition, it reinsurance certain property and casualty insurance directly to certain of Landstar's customers. The insurance segment represents reinsurance premiums from third party insurance companies where all or a portion of the risk is ultimately borne by Signature. The transportation logistics segment is calculated each fiscal period based on the cost that would have been incurred if obtained from an unrelated third party.

The accounting policies of the segments are the same as those of the Company. Company's chief operating decision maker ("CODM") is responsible for the Company's performance and makes decisions about resource allocations primarily utilized to monitor budgeted versus actual results by segment and provided to the CODM for purposes of evaluating performance or as presented.

No single customer accounted for more than 10% of the Company's revenue in 2021 or 2022. Substantially all of the Company's revenue is generated in the United States.

The following tables summarize information about the Company's December 30, 2023 December 28, 2024, December 31, 2022 December 31, 2021 (in thousands):

**2024**

External revenue

Internal revenue

Total revenue

Investment income

Purchased transportation

Commissions to agents

Other operating costs, net of gains on asset sales/dispositions

Insurance and claims

Selling, general and administrative

Depreciation and amortization

Operating income

Goodwill

	<b>2023</b>
External revenue	
Internal revenue	
Investment income	
Interest and debt (income) expense	
Depreciation and amortization	
Operating income	
Expenditures on long-lived assets	
Goodwill	
Finance lease additions	
Total assets	
	<b>2022</b>
External revenue	
Internal revenue	
Investment income	
Interest and debt expense	
Depreciation and amortization	
Operating income	
Expenditures on long-lived assets	
Goodwill	
Finance lease additions	
Total assets	
	<b>2021</b>
External revenue	
Internal revenue	
Investment income	
Interest and debt expense	
Depreciation and amortization	
Operating income	
Expenditures on long-lived assets	
Goodwill	
Finance lease additions	
Total assets	
	<b>2023</b>
External revenue	
Internal revenue	
Total revenue	
Investment income	
Purchased transportation	
Commissions to agents	
Other operating costs, net of gains on asset sales/dispositions	
Insurance and claims	
Selling, general and administrative	
Depreciation and amortization	
Operating income	
Goodwill	
	<b>2022</b>
External revenue	
Internal revenue	
Total revenue	

Investment income
Purchased transportation
Commissions to agents
Other operating costs, net of gains on asset sales/dispositions
Insurance and claims
Selling, general and administrative
Depreciation and amortization
Operating income
Goodwill
Total revenue
Elimination of internal revenue
Total consolidated revenue
Operating income
Interest and debt (income) expense <sup>(1)</sup>
Income before income taxes

<sup>(1)</sup> Interest and debt (income) expense includes (1) interest income segment of \$9,495, \$7,811 and \$900 in 2024, 2023 and 2022, \$3,865 and \$4,520(1) in 2024, 2023 and 2022, respectively.

#### (13) Change in Accounting Estimate for Self-Insured Claims

Landstar provides for the estimated costs of self-insured claim estimated liability for claims incurred is based upon the facts and circumstances of the claim. The resolution of these claims may be for an amount greater or less than the amount provided. The company revises its existing claim estimates as new or revised information becomes available. The company has experienced both favorable and unfavorable development of prior year claim estimates within its various programs.

The following table summarizes the adverse effect of the increased development of prior year self-insured claims estimates on operating results in the consolidated statements of income for the fiscal years ended December 31, 2023 and December 25, 2021 December 31, 2022 (in thousands, except per share data):

	Fiscal Year December 31, 2023
Operating income	\$ 6,058
Net income	\$ 4,598
Basic and diluted earnings per share	\$ 0.13

The unfavorable development of prior years' claims in the fiscal year ended December 31, 2023 was primarily attributable to several specific claims. The unfavorable development of prior years' claims in the fiscal year ended December 25, 2021 December 31, 2022 was primarily attributable to several specific claims. The unfavorable development of prior years' claims in the fiscal year ended December 25, 2021 was primarily attributable to five claims.

#### (14) Equity investment

On April 1, 2022, Landstar Investment Holdco, LLC, a newly formed wholly-owned subsidiary of Landstar Holdings, Inc., purchased Class A units of Cavnue, LLC, for approximately \$10.0 million. Landstar Investment Holdco is a newly formed wholly-owned subsidiary of Landstar Holdings, Inc., purchased Class A units of Cavnue, LLC, for approximately \$10.0 million. Landstar Investment Holdco is a newly formed wholly-owned subsidiary of Landstar Holdings, Inc., purchased Class A units of Cavnue, LLC, for approximately \$10.0 million.

This non-controlling investment in units of Cavnue, LLC, is considered to be at fair value, which is based on the readily determinable market value. The carrying value of our non-controlling interest in Cavnue, LLC, is based on the fair value of the investment, which is determined based upon observable transactions for identical or similar investments of alternative investments.

#### (15) Gain Contingency

The Company does not allow for the recognition of a gain on settlement of the underlying events or contingencies associated with a contingency. The gain is recorded in the consolidated financial statements during the period in which the contingency is resolved and the gain is realized. It is anticipated that during the 2024 financial year, a payment will be received from a third party reinsurance provider in the form of a "no year" commercial auto liability reinsurance arrangement relating to certain risks. The Company intends to record the receipt of this payment as a deferral with exposure under the applicable excess layer insurance arrangement.

## **(16) Recent Accounting Pronouncements**

### *Adoption of New Accounting Standards*

In November 2023, the FASB issued ASU 2023-07, *Segment Disclosure Requirements* ("ASU 2023-07"), which expands disclosures about a public company's reportable segments. The ASU requires a public company to disclose information about a reportable segment's expenses, interim segment profit or loss information, and segment cash flows. The ASU is effective for annual periods beginning after December 15, 2023. The ASU is applied retrospectively to all prior periods presented in the consolidated financial statements.

### *Accounting Standards Issued But Not Yet Adopted*

In November 2023, the FASB issued ASU 2023-07, *Segment Disclosure Requirements* ("ASU 2023-07"), which expands disclosures about a public company's reportable segments. The ASU requires a public company to disclose information about a reportable segment's expenses, interim segment profit or loss information, and segment cash flows. The ASU is effective for annual periods beginning after December 15, 2023. The ASU is applied retrospectively to all prior periods presented in the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Tax Disclosure Requirements* ("ASU 2023-09"), which expands disclosures in an entity's financial statements about its income tax position. ASU 2023-09 is effective for annual periods beginning after December 15, 2023. The ASU is not expected to have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement Disaggregation Disclosure Requirements* (Subtopic 220-40): *Disaggregation of Income Statement Components* ("ASU 2024-03"), which expands disclosures about certain categories of expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of ASU 2024-03 on its consolidated financial statements.

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors  
Landstar System, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets as of December 31, 2023, December 28, 2024 and December 31, 2022, December 30, 2023, December 28, 2024, and the related notes (collectively, the consolidated financial statements) present fairly, in all material respects, the financial results for the years ended December 31, 2023, December 28, 2024 and December 31, 2022, December 30, 2023, and the results for the three-year period ended December 31, 2023, December 28, 2024, and December 31, 2022, December 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, December 28, 2024 and December 31, 2022, December 30, 2023, December 28, 2024, and December 31, 2022, December 30, 2023, and the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, December 28, 2024 and December 31, 2022, December 30, 2023, December 28, 2024, and December 31, 2022, December 30, 2023, in accordance with the Public Company Accounting Oversight Board's (PCAOB) auditing standards. The Company's management is responsible for these financial statements, 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's Report on 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 independent of the Company in accordance with the PCAOB's auditing standards and the Sarbanes-Oxley Act of 2002 and have neither direct nor indirect financial interests in the Company, and we believe that we are independent of the Company in accordance with the requirements of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC.

We conducted our audits in accordance with the standards of the P obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud, and performing procedures to assess the risk of material misstatement, whether due to error or fraud, and performing procedures that respond to identified risks in order to obtain sufficient appropriate evidence to support the amounts and disclosures in the consolidated financial statements in accordance with the accounting principles used and significant estimates made by management in preparing the consolidated financial statements. We believe that our audits provide a high level of assurance that the consolidated financial statements are free from material misstatement.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the audit that (1) relates to material judgments that were made in the preparation of the consolidated financial statements and (2) involved significant uncertainty that could result in a different conclusion if a different judgment or estimate had been made. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, but it is something that we are required to communicate in our audit report, and we are not, by communicating the critical audit matter below, providing separate accounts or disclosures to which it relates.

*Self-insurance claims liability*

As discussed in Note 1 to the consolidated financial statements, the Company's estimated costs of cargo, property, casualty, general liability, and auto insurance claims are accrued and recorded as incurred but not reported, up to the Company's retained amount. The Company's estimated costs of insurance claims include a provision for losses and loss adjustment expenses based upon the facts and circumstances known as of the applicable reporting date. The estimated liability as of December 30, 2023 December 28, 2024 was \$100,747,000.

We identified the evaluation of the self-insurance claims liability as a critical audit matter because it involved evaluating the Company's estimate of the self-insurance claims liability for the development in future periods of claims both reported and unreported, and the impact of those developments on the estimated liability associated with the self-insurance claims. Judgment was required to evaluate the Company's estimate of the frequency and severity of claims.

The following are the primary procedures we performed to evaluate the self-insurance claims liability. We tested the operating effectiveness of certain internal controls related to the development of the assumptions used to estimate the self-insurance claims liability. We also engaged professionals with specialized skills and knowledge, who assisted in the preparation of the external actuarial report obtained by the Company, to estimate the self-insurance claims liability using accepted actuarial standards. The actuarial professionals also evaluated the self-insurance claims liability using the Company's historical claims data. We compared the self-insurance claims liability recorded by the Company to the self-insurance claims liability recorded by the Company. We tested a sample of the underlying claims details. For certain claims, we obtained letters from the Company to evaluate the liability recorded. Additionally, we assessed the development of the self-insurance claims liability compared to recent historical trends and considered the impact of the circumstances received by the Company after the balance sheet date and the impact, if any, of such facts and circumstances on the self-insurance claims liability.

/s/KF

We have served as the C

Jackson  
February 25, 2024

KPMG LLP (PCAOB ID: 185), the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting. Such report is attached hereto as Exhibit 31.1.

**(b) Attestation Report of the Company**

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Landstar System, Inc.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Landstar System, Inc. and subsidiary's (the Company's) internal control over financial reporting as of December 28, 2024, based on criteria established in the Internal Control – Integrated Framework (the Framework) issued by the Treadway Commission. In our opinion, the Company maintained effective internal control over financial reporting as of December 28, 2024, based on criteria established in the Framework.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB), the Company's consolidated balance sheets of the Company as of December 28, 2024, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended December 28, 2024, and the related notes (collectively, the financial statements). We also have audited, in accordance with the standards of the PCAOB, the effectiveness of the Company's internal control over financial reporting as of December 28, 2024, based on criteria established in the Framework.

### *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's Annual Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the effectiveness of 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 PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Our audit included examining, on a test basis, elements of internal control over financial reporting, such as controls over risk assessment and identification, design and implementation of controls, the performance of controls, and their monitoring, as well as tests of the Company's compliance with its policies. We also obtained reasonable assurance about whether effective internal control over financial reporting provided a reasonable basis for our audit opinion. Our audit of internal control over financial reporting included obtaining an understanding of the Company's internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating controls and procedures for detection of unauthorized acquisition, use, or disposition of the Company's assets that our audit provides a reasonable basis for our opinion.

**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 (1) policies and procedures that 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 in accordance with authority 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 reasonably be expected to 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.

Jacksonville, Florida  
February 24, 2025

**(c) Changes in Internal Control Over Financial Reporting**

There were no significant changes in the Company's internal control over financial reporting during the quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A.**

**Controls and Procedures**

**Disclosure Controls and Procedures**

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out, under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") (as defined in the Securities Exchange Act of 1934, as amended). Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures, as of the end of the period covered by this Annual Report on Form 10-K, were effective in place and functioning as of the end of the period covered by this Annual Report on Form 10-K, as required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended. The Company's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Company in the reports that it filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms.

In designing and evaluating disclosure controls and procedures, Company management recognizes that any disclosure controls and procedures, no matter how well designed and operated, have inherent limitations, including the potential for human error and circumvention by individuals. Because of the inherent limitation in any control system, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected or are timely detected.

**Internal Control Over Financial Reporting**

**(a) Management's Report on Internal Control over Financial Reporting**

Management of Landstar System, Inc. (the "Company") is responsible for establishing and maintaining effective internal control over financial reporting as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

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 in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being detected of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Management, with the participation of the Company's principal executive officer and principal financial officer, assessed the effectiveness of the internal control over financial reporting as of December 30, 2023, under the Internal Control-Integrated Framework (2013) established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") ("COSO Framework").

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Therefore, even those designations of internal control over financial reporting may not prevent or detect misstatements. Also, projections of the degree of compliance with the policies or procedures may deteriorate.

Based on the assessment performed using the criteria established by COSO, management has concluded that the Company maintained effective internal control over financial reporting as of December 30, 2023.

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KPMG LLP (PCAOB ID: 185), the independent registered public accounting firm, has issued an attestation report on the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023, regarding the effectiveness of the Company's internal control over financial reporting. Such report appears in the section titled "Attestation Report of the Registered Public Accounting Firm" below.

**(b) Attestation Report of the Registered Public Accounting Firm**

**Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors  
Landstar System, Inc.:

**Opinion on Internal Control Over Financial Reporting**

We have audited Landstar System, Inc. and subsidiary's (the Company's) internal control over financial reporting as of December 30, 2023, based on criteria established in the Internal Control - Integrated Framework (2013) promulgated by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained effective internal control over financial reporting as of December 30, 2023, based on criteria established in the Internal Control - Integrated Framework (2013) promulgated 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 (PCAOB), the Company's consolidated balance sheets as of December 30, 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended December 30, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited, in accordance with the standards of the PCAOB, the Company's consolidated financial statements as of and for the year ended December 30, 2024 expressed an unqualified opinion on those consolidated financial statements.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting, including the design and performance of controls that are necessary to provide reasonable assurance regarding the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles. 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 of the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Our audit included examining, on a test basis, elements of internal control over financial reporting, such as controls over purchases, sales, and collections; and obtaining reasonable assurance about whether effective internal control over financial reporting included obtaining a general understanding of the Company's internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating controls and related risk assessments. Our audit also included performing such other procedures as we considered necessary in our audit of internal control over financial reporting. We believe that our audit provides a reasonable basis for our opinion.

**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 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 in accordance with authority granted by management and directors of the company; and (3) provide reasonable assurance regarding prevention or detection of unauthorized acquisition, use, or disposition of the company's assets that could result in financial statement misstatements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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/ KF

Jacksonville, Florida  
February 23, 2024

#### **(c) Changes in Internal Control Over Financial Reporting**

There were no significant changes in the Company's internal control over financial reporting during the quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

#### **Item 9B.**

##### *Other Information*

During the fiscal year ended December 30, 2023 December 29, 2023, the Company did not terminate any contract, instruction or written plan for the purchase of Rule 10b5-1(c) or any "non-Rule 10b5-1(c)" contracts.

#### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent or Limit the Submission of Information to the SEC**

None

#### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item concerning the Directors will be set forth under the captions "Election of Directors," "Directors' Committees," and "Executive Officers of the Company" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference. The information concerning the Audit Committee and the Audit Committee's Financial Expert will be set forth under the captions "Audit Committee" and "Report of the Audit Committee" in the Company's definitive Proxy Statement for its annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, and is incorporated herein by reference.

The Company has adopted a Code of Ethics and Business Conduct that applies to the principal executive officer, principal financial officer, controller and a principal accounting officer. The Code of Ethics and Business Conduct is available on the Company's website at [www.refinitiv.com](http://www.refinitiv.com). The Company intends to satisfy the disclosure requirement under Item 101 of Regulation FD by posting any new or revised provision or provisions of the Code of Ethics and Business Conduct on its website as indicated above.

We have adopted insider trading policies and procedures that are designed to prevent directors, officers, and employees, together with their immediate family members and close associates, from trading in the Company's securities. We believe our insider trading policies and procedures are reasonably designed to prevent violations of federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and any applicable NASDAQ regulations, and any applicable NASDAQ standards. While the Company's insider trading policies and procedures described above, rather than transactions by the Company in its own securities, are designed to prevent violations of federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and any applicable NASDAQ regulations, and any applicable NASDAQ standards, the Company's policies and procedures are designed to prevent violations of federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and any applicable NASDAQ regulations, and any applicable NASDAQ standards.

#### **Item 11. Executive Compensation**

The information required by this Item will be set forth under the captions "Compensation of Directors," "Compensation of Named Executives,"

75/103

**REFINITIV** 

Table," "Pay Versus Performance Table," "Grants of Plan-Based Aw  
"Nonqualified Deferred Compensation," "Compensation Committee  
the Company's definitive Proxy Statement for its annual meeting of  
pursuant to Regulation 14A, and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and I**

The information required by this Item pursuant to Item 201(d) ·  
Common Equity, Related Stockholder Matters and Issuer Purchase  
incorporated herein by reference.

The information required by this Item pursuant to Item 403 of I  
by Management and Others" in the Company's definitive Proxy Stat  
Securities and Exchange Commission pursuant to Regulation 14A,

**Item 13. Certain Relationships and Related Transactions, and D**

None, other than information required to be disclosed under th  
under the caption "Independent Directors" in the Company's definiti  
with the Securities and Exchange Commission pursuant to Regulati

**Item 14. Principal Accounting Fees and Services**

The information required by this item will be set forth under th  
Appointment of Independent Registered Public Accounting Firm" in  
stockholders to be filed with the Securities and Exchange Commiss  
reference.

PF

**Item 15. Exhibits and Financial Statement Schedules**

(a)(1) *Financial Statements and Supplementary Data*

[Consolidated Balance Sheets](#)  
[Consolidated Statements of Income](#)  
[Consolidated Statements of Comprehensive Income](#)  
[Consolidated Statements of Cash Flows](#)  
[Consolidated Statements of Changes in Shareholders' Equity](#)  
[Notes to Consolidated Financial Statements](#)  
[Report of Independent Registered Public Accounting Firm](#)

(2) *Financial Statement Schedules*

Financial statement schedules have been omitted because  
statements or the notes thereto, or is not applicable or required.

(3) *Exhibits*

**Exhibit**

**No.**

(3)	<b>Articles of Incorporation and By-Laws:</b>
3.1	<a href="#">Restated Certificate of Incorporation of the Company</a> <a href="#">Participating Preferred Stock dated February 10, 1993</a> <a href="#">Report on Form 8-K filed on May 11, 2023 (Commission</a>

3.2	<a href="#">The Company's Second Amended and Restated Bylaw reference to Exhibit 3.1 to the Registrant's Current Report on Form S-8 (Registration No. 0-21238))</a>
(4)	<b>Instruments defining the rights of security holders.</b>
4.1 P	Specimen of Common Stock Certificate. (Incorporated on Form S-1 (Registration No. 33-57174))
4.2	<a href="#">Description of Securities (Incorporated by reference to year ended December 28, 2019 (Commission File No. 0-21238))</a>
(10)	<b>Material contracts:</b>
10.1+	<a href="#">Second Amended and Restated Credit Agreement, dated as of November 1, 2018, by and between Landstar System, Inc., the Company, the lenders named therein, and JPMorgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (Commission File No. 0-21238))</a>
10.2+	<a href="#">First Amendment to Second Amended and Restated Credit Agreement, dated as of January 1, 2020, by and between Landstar System, Inc., the Company, the lenders named therein, and JPMorgan Chase Bank, N.A. (Incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2020 (Commission File No. 0-21238))</a>
10.3+	<a href="#">Landstar System, Inc. Supplemental Executive Retirement Plan, dated as of November 1, 2014 (Incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 27, 2014 (Commission File No. 0-21238))</a>
10.3+	<a href="#">First Amendment, dated as of November 1, 2018, to the Landstar System, Inc. Supplemental Executive Retirement Plan, as amended and restated as of January 1, 2015 (Incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (Commission File No. 0-21238))</a>
10.4+	<a href="#">Landstar System, Inc. 2011 Equity Incentive Plan, as amended and restated as of January 1, 2015 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated January 1, 2015 (Commission File No. 0-21238))</a>
10.5+	<a href="#">Landstar System, Inc. 2022 Directors Stock Compensation Plan, dated as of March 29, 2022 (Incorporated by reference to Exhibit 10.2 to the Registrant's Definitive Proxy Statement filed on March 29, 2022 (Commission File No. 0-21238))</a>
10.6+	<a href="#">Form of Indemnification Agreement between the Company and its Directors and Officers (Incorporated by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 27, 2003 (Commission File No. 0-21238))</a>
10.7+	<a href="#">Form of Key Executive Employment Protection Agreement between the Company and its Officers (Incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (Commission File No. 0-21238))</a>
10.7+	<a href="#">Form of Key Executive Employment Protection Agreement between the Company and its Officers (Incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 29, 2019 (Commission File No. 0-21238))</a>
10.8+	<a href="#">Letter Form of Notice of 2025 Performance Related Stock Option Agreement, dated February 27, 2023, by and between Landstar System, Inc. and its Officers (Incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K dated February 27, 2023 (Commission File No. 0-21238)) included at Appendix A</a>
10.9+	<a href="#">Letter Agreement, dated December 4, 2023, between Landstar System, Inc. and its Officers (Incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K dated December 4, 2023 (Commission File No. 0-21238))</a>
10.10+	<a href="#">Letter Agreement, dated December 4, 2023, between Landstar System, Inc. and its Officers (Incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K dated December 4, 2023 (Commission File No. 0-21238))</a>
10.11+	<a href="#">Letter Agreement, dated December 4, 2023, between Landstar System, Inc. and its Officers (Incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K dated December 4, 2023 (Commission File No. 0-21238))</a>
10.11*+	<a href="#">Total Shareholder Return Performance Related Stock Award Agreement, dated February 2, 2024, by and between Landstar System, Inc. and its Officers (Incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K dated February 2, 2024 (Commission File No. 0-21238))</a>
10.12+	<a href="#">Total Shareholder Return Performance Related Stock Award Agreement, dated February 2, 2024, by and between Landstar System, Inc. and its Officers (Incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K dated February 2, 2024 (Commission File No. 0-21238))</a>
(19)	<b>Insider Trading Policies and Procedures:</b>
19.1*	<a href="#">Insider Trading Policy, dated as of February 20, 2025 (Incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K dated February 20, 2025 (Commission File No. 0-21238))</a>
(21)	<b>Subsidiaries of the Registrant:</b>
21.1*	<a href="#">List of Subsidiaries of the Registrant</a>

(23)	<b>Consents of experts and counsel:</b>
23.1*	<a href="#">Consent of KPMG LLP as Independent Registered Publ</a>
(24)	<b>Power of attorney:</b>
24.1*	<a href="#">Powers of Attorney</a>
(31)	<b>Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002:</b>
31.1*	<a href="#">Chief Executive Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Chief Financial Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
(32)	<b>Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:</b>
32.1**	<a href="#">Chief Executive Officer certification pursuant to 18 U.S.C. Section 906</a>
32.2**	<a href="#">Chief Financial Officer certification pursuant to 18 U.S.C. Section 906</a>
(97)	
97.1*	<a href="#">Landstar System, Inc. Clawback Policy, as adopted on February 23, 2024</a>
97.1+	
101*	The following materials from the Company's Annual Report for the fiscal year ended <a href="#">December 28, 2023</a> , formatted in Inline eXtensible Business Forms (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Financial Position, and (vii) Financial Statement Schedule.
101*	<a href="#">2023 December 28, 2024</a>
104*	Cover Page Interactive Data File (formatted as Inline XBRL)
104*	<a href="#">Cover Page Interactive Data File</a>
+*	management contract or compensatory plan or arrangement
**	Filed herewith.
**	Furnished herewith.
THE COMPANY WILL FURNISH, WITHOUT CHARGE, TO ANY WRITER, A COPY OF ANY EXHIBITS, AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REPORT SHOULD BE DIRECTED TO LANDSTAR SYSTEM, INC., ATTENTION: CHIEF FINANCIAL OFFICER, 1000 JACKSONVILLE, FLORIDA 32224.	
SIGN	
Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, this report is signed below.	
Date: <a href="#">February 23, 2024</a> <a href="#">February 24, 2025</a>	

Pursuant to the requirements of the Securities Exchange Act  
behalf of the registrant and in the capacities and on the dates indica

Signature

/s/ FRANK A. LONEGRO

Frank A. Lonegro

Frank A. Lonegro

President

Principal

/s/ JAMES P. TODD

James P. Todd

Vice President

and

Principal

Principal

\*

Homaira Akbari

Homaira Akbari

\*

David G. Bannister

David G. Bannister

\*

James L. Liang

James L. Liang

\*

Diana M. Murphy

Diana M. Murphy

\*

Anthony J. Orlando

Anthony J. Orlando

\*

George P. Scanlon

George P. Scanlon

\*

Teresa L. White

Teresa L. White

By:

/s/

MICHAEL

K.

KNELLER

Michael

K. Kneller

Attorney

In Fact\*

TOTAL SHAREHOLDER RETURN

This Total Shareholder Return [Name]  
[Address]

2025 Performance Re  
Notice and Agreement unde

Dear [First Name]:

We are pleased to confirm that you have been credited with Awards, in the form of Restricted Stock Unit Awards ("RSUs"), on February 2, 2024 (the "Grant Date"), is between of Landstar System

**1. Grant of Performance Related Stock Award.** This Agreement, together with the Incentive Plan (as amended through November 2, 2023 and as may be further amended from time to time), shall govern the grant of a Performance Related Stock Award pursuant to Section 11 of the Plan ("PSUs"). The PSUs and this Agreement are subject to the terms and conditions set forth in this Agreement, the Incentive Plan, and the **Letter Agreement** (as defined in the **Letter Agreement**).

We encourage you to review the Plan, which sets forth terms which accompanies this letter as Annex A. Please note that this conditions of the Plan; if there is any discrepancy between this letter document accompanies this letter as Annex B.

You agree that as a condition precedent to your right to receive Activity and comply with the covenants set forth in Appendix A – grant of the RSUs pursuant to Section 1 below, and by your signature, you acknowledge having reviewed them and agree that these covenants set forth in Appendix A to this Award Agreement (the “Covenants”) as if set forth in full. These covenants shall be in addition to, and shall not supersede, the covenants set forth in the Employment Agreement, which you and the Company or a Subsidiary or Affiliate of the Company entered into on [REDACTED]. You further acknowledge and agree that undue hardship on you. You further acknowledge and agree that these RSUs under this Award Agreement if you did not agree to these covenants.

**1. RSU Vesting.** Your RSUs will vest on January 31 of 2028, Company or a Subsidiary thereof through the applicable vesting date that vests on each vesting date will be determined by (1) multiplying the vesting date by (2) the Performance Multiple derived from

the chart below, and (3) and subtracting therefrom the number of **I** aggregate number of your RSUs that become vested under this **S** Agreement; and provided further that, once a portion of your RSUs purposes of this Award Agreement, the Performance Multiple sha **P** Performance Hurdles:

Performance Hurdle	Performance Multiple
0%	0%
25%	50%
50%	100%
75%	150%
100%	200%

**“2024 Operating Income”** means \$248,907,000.

**"2024 Income Before Income Taxes Per Share"** means \$7.1

The determination of the number of your RSUs that vests a reasonably practicable following the vesting date, but in no event for the Company for the relevant fiscal year. Any RSUs that do not become

2. **Termination of Employment.** Except as provided below that have not otherwise become vested prior to the date you Notwithstanding the immediately preceding sentence, if you unvested RSUs will remain outstanding and shall continue to k

3. **Transferability.** You may not, at any time assign, alienate and any such purported assignment, alienation, pledge, unenforceable for all purposes.

4. **No Rights as a Stockholder other than Dividend Equivalents.**

owner of the shares of Stock underlying your RSUs, and you will have no rights as a stockholder (including, without limitation, any voting or dividend rights) unless and until the share Dividend equivalents shall will be credited to the PSUs your RSUs aggregate amount of such dividend

equivalents so credited in respect of each such dividend shall be equal to the percentage of PSUs RSUs credited to the Executive you under this Award Agreement that have not been paid to you as of the date of vesting of the Stock represented by such RSUs, rounded down to the nearest whole number. The Value of the Stock, and such PSUs RSUs shall be added to the PSUs your RSUs aggregate amount of such dividend. The shares of Stock representing the portion of your RSUs that vest on or before the applicable vesting date (but not more than 74 days) following the applicable vesting date.

3. 5. **Post-Vesting Holding Period Total Shareholder Return.**

Section 5 and Section 6, 100% continue to hold the shares of Stock for the measurement period. Dividends (if any) paid while the PSUs are outstanding during the measurement period will be added to the PSUs your RSUs aggregate amount of such dividend. The shares of Stock representing the portion of your RSUs that vest on or before the applicable vesting date (but not more than 74 days) following the applicable vesting date.

a. **"Target TSR CAGR"** means at least a 9% compound annual growth rate measured over the period from the Grant Date occurring in 2030 and each of the Measurement Dates to the achievement of the Target TSR CAGR as of any such Measurement Date.

b. **"Measurement Date"** means, for any applicable calendar year, the date that is the first Monday after the Company's annual earnings release for 2023 and ending the trailing 60-day anniversary, the "Base Date".

c. **"Ending TSR Value"** means, for any applicable calendar year, the Fair Market Value of a share of Stock for the trailing 60-day period ending the Measurement Date, adjusted to reflect dividends (if any) paid during the period from the Grant Date, and as may be necessary to take into account capital adjustments.

d. **"Performance Period"** means the period from the Grant Date to the achievement of the Target TSR CAGR.

For the avoidance of doubt, if the compound annual growth rate of the PSUs your RSUs aggregate amount of such dividend net of any applicable Measurement Date, then none withholding of the PSUs your RSUs aggregate amount of such dividend granted hereunder shall vest. Any Measurement Date (including the Grant Date and the Measurement Dates) on which the applicable vesting date of the PSUs your RSUs aggregate amount of such shares shall be deemed initially issued to be you in an account of the PSUs your RSUs aggregate amount of such dividend under this Agreement.

4. **Continuous Employment Requirement** Company's trailing 12-month average annual revenue, except as otherwise provided in Section 5 or Section 6, the PSUs your RSUs aggregate amount of such dividend

	Company from the Grant Date through the applicable Measurement Date, determined by the Committee, or except as otherwise provided in Section 6, if the Executive's employment terminates shall be immediately forfeited following the date as of which the Executive's employment terminates.
5. <b><u>Death or Disability.</u></b>	In the event the Executive's employment terminates after February 2, 2027, but prior to the vesting of the PSUs, the Executive's employment terminates (the "Death or Disability Measurement Date") shall be determined by the average Fair Market Value of a share of Stock for the trailing twelve months relative to the Base TSR Value with the number of PSUs that vest occurring prior to February 2, 2030, then the number of PSUs that vest is the product of (x) all of the PSUs under this Agreement and (y) a fraction where the numerator is the number of days the Executive was employed by the Company prior to such Death or Disability Measurement Date occurs on or after February 2, 2027, and the denominator is the number of days in the year of the Death or Disability Measurement Date shall equal all of the PSUs under this Agreement.
6. <b><u>Change in Control.</u></b>	Subject to <b>Unless</b> the Executive's employment terminates in accordance with the date such Change in Control occurs, Plan, in the event of a Change in Control, your RSUs will vest upon the Change in Control based on the following vesting schedule. If this Section 6 result in vesting that is duplicative of the vesting terms in Section 1, exceed 200% of the PSUs, then there shall occur a measurement of the PSUs.
<b>If the Change in Control occurs</b>	
During the Company's 2025 fiscal year	[Insert number of RSUs equal to 20% of target]
During the Company's 2026 fiscal year	The sum of (i) the number of RSUs that have vested as of the applicable Performance Hurdle is calculated for the 2025 fiscal year compared to the results from vesting of the RSUs equal to 20% of target number]
During the Company's 2027 fiscal year	The sum of (i) the number of RSUs that have vested as of the applicable Performance Hurdle is calculated for the 2026 fiscal year as compared to the results from vesting of the RSUs equal to 20% of target number]
During the Company's 2028 fiscal year	The sum of (i) the number of RSUs that have vested as of the applicable Performance Hurdle is calculated for the 2027 fiscal year as compared to the results from vesting of the RSUs equal to 20% of target number]
During the Company's 2029 fiscal year	The sum of (i) the number of RSUs that have vested as of the applicable Performance Hurdle is calculated for the 2028 fiscal year as compared to the results from vesting of the RSUs equal to 20% of target number]
After the end of the Company's 2029 fiscal year and before January 31, 2030	The number of RSUs that would vest as of the applicable Performance Hurdle is calculated based on the results from vesting of the RSUs equal to 20% of target number]
	Any RSUs that have not become vested (after operation of the "Change in Control Measurement Date"). In any such event, all PSUs under this Agreement as of the Change in Control Measurement Date will vest at 125% of the price per share of Stock that would achieve the Target Price as of the Change in Control Measurement Date.
7. <b><u>Expiration.</u></b>	Notwithstanding anything in this Agreement to the contrary, the PSUs will terminate on (i) the End Date, (ii) the Death or Disability Measurement Date and (iii) the Change in Control Measurement Date.

such PSUs shall expire as of the Expiration Date and the Executive's rights under this Agreement shall terminate as of the Expiration Date.

8. **Payment.** As soon as practicable after the date as of which the PSUs vest (or, if later, the date as of which the PSUs become vested), a number of shares of Stock equal to the number of PSUs that have become vested shall either (i) (a) be paid in shares of Stock or (ii) be paid in cash, in an amount based upon the Change in Control Price, in the discretion of the Committee. If a Change in Control occurs before the PSUs have become vested, such payment shall be made to the Executive's heirs or beneficiaries.

9. **7. Shareholder Rights No Guarantee of Employment.** The Executive's rights under this Agreement shall not be affected by any change in the ownership of the Company or any other corporate transaction, including a merger, consolidation, reorganization, or sale of all or substantially all of the Company's assets. The Executive's rights under this Agreement shall not be affected by any change in the ownership of the Company or any other corporate transaction, including a merger, consolidation, reorganization, or sale of all or substantially all of the Company's assets.

10. **Amendment of Agreement.** The Committee has the right to amend this Agreement from time to time and in any manner for the purpose of promoting the interests of the Company or any manner adversely affect the Executive's rights under this Agreement.

11. **Transferability.** The Executive may not assign, alienate, or otherwise transfer the PSUs to any third party, except that the PSUs may be transferred to the Executive's heirs or beneficiaries upon the Executive's death or disability. The Executive may not assign, alienate, or otherwise transfer the PSUs to any third party, except that the PSUs may be transferred to the Executive's heirs or beneficiaries upon the Executive's death or disability.

12. **Clawback.** Please note that this award of RSUs, any payment related thereto, or any other right of recoupment in respect of the PSUs in accordance with the Company's clawback policy, may cancel all or any part of the PSUs, require reimbursement of any other right of recoupment in respect of the PSUs, or require the Executive to repay to the Company previously paid compensation in accepting the PSUs, the Executive is agreeing to and/or modified from time to time by the Company in its discretion to meet exchange listing requirements.

13. **9. Committee Authority Amendments.** The Committee has the right to amend this Agreement from time to time and in any manner for the purpose of promoting the interests of the Company or any manner adversely affect your rights under this letter without your consent.

[intention]

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Congratulations on your Performance Related Stock Awards.  
LANDSTAR SYSTEM, INC.

By: \_\_\_\_\_  
Name: James P. Todd  
Title: Vice President and Chief Financial Officer

Signature to the Award Agreement includes, and shall be construed as an acceptance of the terms and conditions set forth in Appendix A.

[PARTICIPANT]

Acknowledged and agreed:

«Name» \_\_\_\_\_

Dated: \_\_\_\_\_

LANDSTAR SYSTEM, INC.

By: \_\_\_\_\_

Name: Michael K. Kneller

Title: Vice President, General Counsel and Secretary

App  
RESTRICTIVE CO

Subject to any state-specific modifications or additions that may be following in order to protect the legitimate business interests of the "Company" and to prevent irreparable harm to the Company.

**1. Purpose.** The purpose of this Restrictive Covenant Agreement entered into as a condition of the issuance to [PARTICIPANT] (the RSU Awards, under the 2011 Equity Incentive Plan of Landstar System, referenced by that certain 2025 Performance Related Stock Awards Agreement between the Participant and the Company, dated as of January 31, 2025 (the RCA shall have complete discretion the meaning assigned in the event of the Restricted Stock Units, the Participant's continued employment sufficiency of which is hereby acknowledged, intending to be legally

**2. Confidential Information.** I recognize and acknowledge that to have access to certain confidential and proprietary information means all information and compilations of information in any form, intangible form or medium) whether now or hereafter existing, relating and/or operations of the Company, that the Participant first gained employment to the extent that the Company has not made it public through lawful and proper means to the public or others in the Information shall be presumed to include, without limitation, any advertising, transition, promotions, pricing, customers, agents, c. Information shall be understood to include any and all Company information need not be a trade secret to qualify as Confidential Information. Participant shall not, directly or indirectly, use, make available, sell or otherwise disclose the Participant's assigned duties and for the benefit of thereafter, any Confidential Information or other confidential or proprietary information of the Company's and its subsidiaries' and affiliates' part to maintain the certain limited purposes, in each case, which shall have been determined by the Participant will comply with all Company policies and directives concerning the RCA does not prohibit the

Participant's use of generally available knowledge, skill and education is instead knowledge generic to the industry or the Participant's prior shall not apply to information that (i) was known to the public prior to public subsequent to disclosure to the Participant through no wrongdoing; (ii) a disclosure that the Participant is required to make due to compliance with a law, regulation or order of a court or government agency; Permitted Disclosures (defined in Section 3 of this RCA below).

**3. Permitted Disclosures.** For purposes of this RCA, "Permitted Disclosures" means communicating with, or providing information to, any government or governmental agency or body, including, without limitation, the U.S. Securities and Exchange Commission, the Department of Labor, the National Labor Relations Board, the U.S. Environmental Protection Agency, the U.S. Department of Justice, any Inspector General of an agency taken by Company or any of its affiliates that the Participant reasonably believes is required by law, regulation or order of a court or government agency to disclosure or other regulatory requirement applicable to the Company in connection with any investigation being conducted into the business of the Company or any of its affiliates by any government agency or other regulator; or (iii) discussing or disclosing information about unusual or illegal conduct, including but not limited to, (i) work-related events, between employees, or between an employee and a customer, client or vendor, (ii) information that the Participant has reason to believe is unlawful; or, (iv) engaging in

described in Section 6.c below). No provision of this RCA shall be notice to the Company or any of its employees or representatives to

4. Non-competition. The Participant acknowledges that one or services of a unique nature for the Company that are irreplaceable, business will result in irreparable harm to the Company. (ii) the information which, if disclosed, would unfairly and inappropriately Participant's employment by a competitor, the Participant would instead has substantial relationships with their customers and employees develop relationships with, these customers and employees, (v) the Company, and (vi) the Participant has generated and will continue employment. Accordingly, during the period of the Participant's employment (the "Restricted Period"), the Participant agrees that the Participant person, firm, corporation or other entity, that is engaged in (or in business, or planned business, that Participant had involvement with Participant's employment

within the two year period preceding the Participant's last day of employment as an employee, consultant, independent contractor or otherwise, and each case where such employment or engagement would involve services that are materially similar in function or purpose to, the services the Participant performed during the period preceding the Participant's last day of employment (the "Look Back Period"), or (B) the use or disclosure of a Competitor's product or service (existing or under development or under development) that the Participant had material involvement in during the Look Back Period (a "Competing Product or Service"); or (C) participating in or assisting another person, firm, corporation or other entity to have the Participant to use or disclose Confidential Information to assist a Competitor by the forgoing non-compete clause shall be geographically limited to the state or states or countries where the Participant was assigned to the Participant in the Look Back Period, by state, country or otherwise, as a limitation on where the Participant is to do business and access to Confidential Information are limited to a specifically assigned a specific geographic territory of this nature, then (E) the Look Back Period and those where the Participant performs work within the United States and equivalent regions in other countries involvement with or is provided Confidential Information about business understood to include county and state equivalents. The Participant in the Restricted Territory engage in prohibited activity that reaches into the Restricted Territory. The Participant agrees not to complain about any applicable to the Participant after Participant's employment ends. Company's General Counsel immediately prior to or within ten (10) days of anything to the contrary, nothing herein shall prohibit the Participant from purchasing equity securities of a publicly traded corporation engaged in a business that has no active participation in the business of such corporation. Participant commencing employment with a subsidiary, division or other entity in competition the Company so long as the Participant and not engage in a business in competition with the Company. This restriction

#### 5. Non-solicitation; Non-interference

a. During the Restricted Period, the Participant shall not, except through assistance to others, individually or on behalf of any other person, solicit any customer of the Company with or of whom the Participant, during the course of employment with the Company or (B) learned or obtained Confidential Information about (x) to purchase Competing Products or Services, or (y) to terminate or (z) otherwise assist or aid any Competitor in identifying or soliciting customers referred to the "Customer Nonsolicit" covenant.

b. During the Restricted Period, the Participant shall not, except through assistance to others, individually or on behalf of any other person,

(A) attempt to, or actually, (x) solicit any "Covered Individual" of the Company, whether as an employee, a business contact or works with or gains Confidential Information about the relationship, or (y) assist another business entity's employees (such as, but not limited to, by identifying, interviewing, (B) attempt to, or actually, interfere with the Company's venturer, licensor, licensee, franchisee, investor, or other and that would be difficult to replace without disrupting the Covered Provider to cease or reduce doing business with the Company to the Company's detriment.

The restriction in part (A) is referred to as the **"Worker Nonsolicit"** and applies to a Covered Individual who elects to end his/her/their employment or who is terminated by the Company and is not covered by the forgoing restriction for a period of six (6) months after the date of termination. The Worker Nonsolicit applies to the Covered Individual with the Company unless the inclusion of such an individual as a Covered Individual is prohibited by law. The Worker Nonsolicit and Provider Nonsolicit are under controlling law. The Worker Nonsolicit and Provider Nonsolicit applies to the locations of the Covered Individuals and Covered Provider under controlling law for them to be enforceable then they shall also apply to the locations of the Covered Individuals and Covered Provider under controlling law.

c. As used in this RCA, to "solicit" and "soliciting" shall be purpose or foreseeable result being to cause, encourage, motivate (such as starting, modifying, or ending a business relationship), or general advertising (such as "help wanted" ads) that are

not targeted at the Company's employees, customers, or prospective customers, and not management, non-supervisory role then nothing in this RCA would violate Section 7 of the National Labor Relations Act (NLRA) such as labor organizations, to strike, picket, or otherwise engage in other activities to encourage employees to join in such activity, or to refuse to do so; this includes, but is not limited to, through lawful means regarding the wages, benefits, or other terms and conditions of employment, or to encourage employees to do the same for the Company for any purpose protected under the NLRA unless the employee is performing work for the Company as part of confidential job duties (such as, but not limited to, administrative duties).

## 6. Inventions.

a. The Participant acknowledges and agrees that all ideas, developments, software, know-how, processes, techniques, which are unpatentable, (A) that are reduced to practice, created, invented, Company resources and/or within the scope of the Participant's work or demonstrably anticipated research or development of the Company with others, during the Participant's employment, or (B) suggest Company, either while performing the Participant's duties with the Company (or its designee), whether or not patent or other "Inventions"). The Participant will keep full and complete written records of all Inventions, and will promptly disclose all Inventions completely and property of the Company, and the Participant will surrender them. The Participant irrevocably conveys, transfers and assigns to the rights powers, that may issue thereon in any and all countries together with the right to file, in the Participant's name or in the equivalent rights (the "Applications"). The Participant will, at any time, applications, sign such papers, take all rightful oaths, and perform a perfect, record, enforce, protect, patent or register the Company Participant from the Company. The Participant will also execute a

give the Company and its attorneys all reasonable assistance  
Company's benefit, all without additional compensation to the Participant.

b. In addition, the Inventions will be deemed Work for Hire, as  
behalf of the Company and the Participant agrees that the Company  
therein, in all media now known or hereinafter devised, throughout  
Participant. If the Inventions, or any portion thereof, are

deemed not to be Work for Hire, or the rights in such Inventions  
hereby irrevocably conveys, transfers and assigns to the Company  
the universe and in perpetuity, in and to the Inventions, including  
copyrights (and all renewals, revivals and extensions thereof) to the  
nature now or hereafter recognized, including, without limitation, the  
the Inventions, to exploit and allow others to exploit the Inventions  
unauthorized use or conduct in derogation of the Inventions, know  
right to receive all proceeds and damages therefrom. In addition, the  
the Inventions. To the extent that the Participant has any rights in the  
cannot be assigned in the manner described herein, the Participant  
Participant hereby waives any and all currently existing and future  
registrations for intellectual property that may issue thereon, including  
Participant's benefit by virtue of the Participant being an employee.

c. 18 U.S.C. § 1833(b) provides: "An individual shall not be held  
for the disclosure of a trade secret that—(A) is made—(i) in confidence  
indirectly, or to an attorney; and (ii) solely for the purpose of reporting  
complaint or other document filed in a lawsuit or other proceeding  
conflict with 18 U.S.C. § 1833(b) or create liability for disclosures.  
Accordingly, the parties to this RCA have the right to disclose in confidence  
to an attorney, for the sole purpose of reporting or investigating, trade  
secrets in a document filed in a lawsuit or other proceeding  
disclosure.

7. Return of Company Property. Unless otherwise agreed in writing,  
employment for any reason (or at any time prior thereto at the Company),  
and property belonging to the Company (including, but not limited to,  
electronic mail devices or other equipment, or documents and  
Confidential Information or property of the Company in Participant's  
Participant shall promptly return such property to the Company or, if  
For the avoidance of doubt, nothing in this Section prohibits the  
government agency or other regulator as permitted under Section 3.

8. Reasonableness of Covenants. In signing this RCA, the  
carefully read and considered all of the terms and conditions of the  
Participant agrees that these restraints are necessary for the protection  
Information and that each and every one of the restraints is reasonable  
and that these restraints, individually or in the aggregate, will not prevent  
the period in which the Participant is bound by the restraints. The  
employee or consultant, to any entity during the period of time that  
Participant will provide a copy of this RCA to such entity, and such  
RCA. The Participant acknowledges that each of these covenants is reasonable  
and that the Participant has sufficient assets and skills to provide a  
each of the Company's affiliates will have the right to enforce all of the  
covenants.

9. Reformation; Severability. If it is determined by the Company  
in this RCA is excessive in duration or scope or is unreasonable or  
the intention of the parties that such restriction may be modified or  
applicable federal or state law or regulation. If reformation is not available

any provision of this RCA in any respect shall apply solely to such party and shall nevertheless be valid, enforceable and of full force and effect unless it is established by clear and convincing evidence by the party opposing the presumption that the clause or restriction where it would be applied void, illegal, or otherwise contrary to law.

10. Tolling. In the event of any violation of the provisions of this Agreement, the termination restrictions contained in this RCA shall be extended for a period of time equal to the period of time during which the violation occurred, provided that the Participant has not fully and continuously complied with them for the prescribed length of time. The application of this provision would make the restriction to which it applies unenforceable.

## 11. Consequences of Breach or Unenforceability.

a. Independent from the remedies for a breach of this Agreement, if the Participant engages in conduct that does not comply with the requirements precedent to entitlement to receive and retain the benefits of the Award Agreement, the Participant will forfeit all RSUs granted through the Award Agreement. Upon demand, return to the Company any monetary gain (less taxes paid) resulting from the exercise of the RSUs awarded to Participant through the Award Agreement, and no condition precedent to the benefits of the Award Agreement, and no

b. The Participant acknowledges and agrees that Participant nonsolicitation, confidentiality, and assignment of inventions set forth in this Agreement are reasonable under the circumstances, extraordinary matters and that a violation or construction threatening to threaten obligations would likely cause the Company irreparable injury for which monetary damages would not be an adequate remedy. Participant agrees, to the fullest extent permitted by applicable law, to be entitled to an injunction, restraining order or such other equitable determination to prevent Participant from conduct in breach of Participant's obligations under this Agreement. Participant's cumulative and are in addition to any other rights and remedies available to the Company under this Agreement or by law.

**12. Survival.** The obligations contained in this RCA hereof shall be fully enforceable thereafter in accordance with the law in effect after, and be unaffected by any change in position, title, employment.

14. Counterparts. This RCA may be executed in any number all of which together shall constitute one and the same instrument.

Landstar System, In

(updated as of

Insider trading is a serious crime. Federal and state law prohibits recommending securities. In accordance with applicable federal and state law, any director, officer, or employee of Landstar System, Inc. (the "Company"), its immediate family members or other persons living in their household (as permitted below) of, directly or indirectly, Company common stock

stock) whether for their own account, for the Company's account ("Insider Trading") relating to Landstar. Further, no Landstar As communicate such information to third parties who may use si ("Tipping"). These restrictions also apply to securities of other com in the course of his or her duties for Landstar. In addition to violating

What constitutes "material" information is a complex legal question. A reasonable investor would be substantially likely to consider important information that would significantly alter the 'total mix' of information. The magnitude of an item is not necessarily indicative of whether it is material. For example, information about the following could be material:

- quarterly or annual earnings results or other earnings information
- financial forecasts and plans, including the ability to meet previous financial forecasts and plans;
- possible mergers, acquisitions, tender offers, joint ventures, divestitures, spin-offs, and other significant corporate transactions;
- establishment of or major change in a program to buy the Company's securities;
- changes in dividend policies or stock splits;
- senior management changes or changes in control;
- public or private sale of additional securities;
- major litigation, governmental investigations or significant labor or employment disputes;
- major developments regarding customers, suppliers, agents, business partners, or other third parties;
- change in independent auditors or disagreements with independent auditors;
- deterioration in the Company's credit status; and
- any non-public information (even information not exclusively related to the Company) that could reasonably be expected to affect the price of securities of the Company.

Material information about Landstar should be considered “example, Landstar Associates should assume that the information release, in a public filing (such as a report filed or furnished on Form Exchange Commission (the “SEC”) or in materials provided to stockholders and accompanying presentation materials, prospectus or proxy statement of wide circulation, and a sufficient amount of time has passed (i.e. opportunity to digest the information.

All non-public information concerning Landstar and its affiliates, the Confidential Information Policy and the Company's Disclosure Policy information.

A Landstar Associate coming into possession of non-public C merely holds it as an incident to his employment or service, as information hold the information as trustees for the benefit of the Any Landstar Associate in possession of material non-public L Company's stock, until such time as the information has been pul civilly or criminally unlawful, for a Landstar Associate to disclose – Landstar information, other than as required in the ordinary course by either trading on material non-public Landstar information or pa be discharged and, if appropriate, legal proceedings on behalf of th

### Limitation on Insider Trades

No Director or executive officer of the Company will, directly or indirectly, sell, transfer, or otherwise dispose of any Company securities (other than an exempted security under Section 16 of the Exchange Act) during any period of more than three consecutive business days during which all individual account plans maintained by the Plan, including, without limitation, the 401(k) Plan, are suspended, if the interest in Company equity is temporarily suspended by the Company. Any such sale, transfer, or disposition must be approved in advance by the clawback provision set forth in the Plan.

## Trading By Restricted Persons

You are a "Restricted Person" if you are a Director, the President, member of Landstar's Executive Leadership Team, In addition, other President and Chief Executive Officer or the Chief Financial Officer, or have access to material non-public Landstar information.

If you are a Restricted Person, you must limit your transactions reasonably be satisfied that there are no material non-public periods. To this end, purchases and sales of Company securities. To this end, purchases and sales of Company periods" to be established by the Chief Financial Officer, so long information at the time of the Plan transaction. A memorandum is periods during which stock transactions are permitted in accordance may include all times except for:

- a period of time prior to the end of any Company fiscal quarter to
- any time subsequent to the end of any Company fiscal quarter and annual earnings;
- the 2 business-day period subsequent to the release of quarterly
- such other periods following the wide dissemination of information to be specifically advised.

Restricted Persons and any other persons living in Section Person may control (each, a "Related Person") may not engage in time without first obtaining pre-clearance of the Plan. Any provision: A request for pre-clearance should be submitted to the Chief Exec the proposed transaction. More complex transactions may require connection with a request for pre-clearance. The Chief Executive Counsel, will then determine whether the transaction may be disregarded. assist in complying with the SEC's reporting requirements the time period agreed to by the Chief Executive Officer or Chief F at a later date. Note also that pre-clearance of trades to be made is not completed within two (2) days of your proposed transaction by the Company from an award of restricted stock or restricted stock restricted stock or settlement of restricted stock units. These res Agreement vested Company shares, including to satisfy tax liability

## Gifts

Gifts of Company securities may include gifts to trusts for the organization. Whether a gift of securities is held invalid or unenforceable should be avoided while the person making the gift is in possession of circumstances surrounding the gift.

Accordingly, you are encouraged to consult the General Counsel while in possession of material nonpublic information without first consulting the Executive Officer or Chief Financial Officer. A request for pre-clearance from the Executive Officer or Chief Financial Officer at least one business day before the proposed gift or of this Agreement, which shall remain in full force and effect.

[signature page to follow] connected

LANDSTAR SYSTEM, INC.

By: /s/ David G. Bannister

Related Persons are required to obtain pre-clearance prior to making any gift, at any time, as described above.

#### Rule 10b5-1 Plans

A Restricted Person may be able to trade in Company securities outside of the "window periods" set forth above the Restricted Person has entered into a so-called Rule 10b5-1 plan. Rule 10b5-1 plans allow corporate insiders (e.g., Restricted Persons) to establish an affirmative defense to insider trading allegations by effecting transactions pursuant to a pre-established written plan that specifies (for example, formula or actual dates) when trades are to be made, is entered into at a point in time when the insider does not possess material non-public information and the other conditions of Rule 10b5-1(c), including the applicable "cooling-off" period, are satisfied. In general terms, a Rule 10b5-1 plan can be designed to allow purchases and sales even when the Restricted Person would otherwise be restricted from trading by a restricted period or the possession of material non-public information.

Among the conditions required for establishing the affirmative defense, a Rule 10b5-1 plan must (i) impose a "cooling-off" period between plan adoption and the commencement of trading under the plan (generally, at least 90 days for Directors and officers, 30 days for all others); (ii) include, or be accompanied by, a certification that at the time the plan was adopted the corporate insider was not in possession of any material non-public information and that the plan is being adopted in good faith and not as part of a plan to evade securities laws; and (iii) be entered into and operated in good faith (for example, in connection with modifying or terminating a plan). Additionally, corporate insiders may enter into only one single-trade 10b5-1 plan during any consecutive twelve-month period and may not enter into overlapping Rule 10b5-1 plans that allow trading during the same period, subject to certain exceptions. A Restricted Person's Rule 10b5-1 plan must (A) be in writing and in a form acceptable to the Company; (B) be approved in writing by the Chief Executive Officer or Chief Financial Officer prior to the plan being entered into; (C) contain such terms and conditions as may be required by Rule 10b5-1; (D) be entered into and operated in compliance with Rule 10b5-1; and (E) not be entered into during a restricted period or when the Restricted Person is in possession of material non-public information. Any amendment or termination of a Restricted Person's Rule 10b5-1 plan must also be approved by the Chief Executive Officer or Chief Financial Officer.

#### Trading by Officers

All other officers of Landstar who are not Restricted Persons are required to provide the Company's President and Chief Executive Officer or Chief Financial Officer with at least 24 hours advance notice of any trade in or gift of the Company's securities. This notice can be provided via e-mail or any other reasonable means.

Name: David G. Bannister

#### Section 16 Reporting

Section 16 of the Securities Exchange Act of 1934 (as officers and Directors of the Company ("Section 16 Insiders") to report transactions in the Company's equity securities. Such reporting is generally made on an SEC-prescribed form. Pursuant to a Rule 10b5-1 plan will also be required to disclose the "short swing period" and "short swing profit rule". Responses" (this disclosure may optionally include additional relevant information). The policy prohibits Section 16 Insiders of the Company's equity securities from trading in the Company's equity securities during the period (this is known as the "Short Swing Profit Rule"). Violations of this policy will result in disgorgement of any profits to the Company.

The required reporting of transactions in Company equity securities applies to officers, directors, and employees of the Company. Each Section 16 Insider must notify the Company of any transaction in Company equity securities on which such insider completes any transaction in Company equity securities.

#### Trading in Securities of other Companies

The prohibition on insider trading in this policy applies to trading in the securities of other companies. It is a violation of this policy to trade in the securities of other companies in the course of your employment or in possession of material nonpublic information concerning other companies. As a result, you are prohibited from dealing with major customers, suppliers or other parties to business that information that is not material to Landstar may nevertheless be material to Landstar. You are prohibited from using this information under this Policy for you to make personal use of such material, notwithstanding that it is not material to Landstar.

#### Trading in Derivatives and Exchange-Traded Options, Hedging Transactions

The Board has established a policy that prohibits the hedging of the Company's equity securities by the Company's Board and Executive Leadership Team under any circumstances. Hedging transactions are prohibited from short selling or entering into or trading any exchange-traded security which is a derivative of the Company's equity securities (or in any other organized market) with respect to the equity of the Company.

#### Civil and Criminal Penalties for Insider Trading

Authorities that regulate public securities trading (including the SEC) have the power to impose civil penalties and other methods to discover and investigate insider trading. If you become involved in an insider trading investigation, you may be subject to expensive legal proceedings for you, the Company and possibly your employer. You may be liable for the costs of your defense and/or the penalties or fines you may be subject to, as well as any expenses you may incur in defending yourself or your employer under an indemnification agreement with the Company, these expenses may be paid by the Company.

The civil and criminal penalties for violating the insider trading laws may be substantial. The cost of your defense and/or the penalties or fines you may be subject to, as well as any expenses you may incur in defending yourself or your employer under an indemnification agreement with the Company, these expenses may be paid by the Company.

Anyone found liable for trading on inside information may be subject to civil penalties. The amount of the civil penalty may be based on the loss avoided, may be liable for a civil penalty of three times the amount of the profit gained or the loss avoided by everyone involved in the transaction. Persons found liable for Tipping, even if they did not profit from the tip, may be liable for a civil penalty of three times the amount of the profit gained or the loss avoided by everyone involved in the transaction. The non-trading tipper may be responsible for the civil penalties imposed on the tipper for tipping, even if they did not profit from the tip. Persons found liable for Tipping, even if they did not profit from the tip, may be liable for a civil penalty of three times the amount of the profit gained or the loss avoided by everyone involved in the transaction. The non-trading tipper may be responsible for the civil penalties imposed on the tipper for tipping, even if they did not profit from the tip.

The laws and regulations governing insider trading are very complex and may not apply in a given instance. If there is any doubt in your mind, ask a legal professional for advice.

#### Post-Termination Transactions

This policy continues to apply to your transactions in (A) securities if you have obtained material non-public information about such company or companies in each case even after you are no longer employed by Landstar. If your employment terminates, you may not trade in such securities until the end of the禁售期 (Restriction Period).

#### LIST OF SUBSIDIARIES (as of December 30, 2023)

Name  
Subsidiary of Landstar System, Inc.  
Landstar System Holdings, Inc.  
Subsidiaries of Landstar System Holdings, Inc.  
Landstar Inway, Inc.  
Landstar Global Logistics, Inc.  
Landstar Ligon, Inc.  
Landstar Ranger, Inc.  
Risk Management Claim Services, Inc.  
Landstar Transportation Logistics, Inc.  
Also d/b/a Landstar Carrier Services, Inc.  
Landstar Contractor Financing, Inc.  
Signature Insurance Company  
Landstar Canada Holdings, Inc.  
Landstar MH I LLC  
Landstar Blue LLC  
Landstar Investment Holdco, LLC  
Landstar Transfronteras LLC  
Subsidiary of Landstar Canada Holdings, Inc.  
Landstar Canada, Inc.  
Also d/b/a Enterprise Landstar Canada in Quebec  
Subsidiary of Landstar Global Logistics, Inc.  
Landstar Express America, Inc.  
Subsidiary of Landstar Ranger, Inc.  
Landstar Gemini, Inc.  
Also d/b/a Landstar Less Than Truck Load  
Also d/b/a Landstar LTL  
Subsidiary of Landstar MH I LLC  
Landstar MH II LLC  
Landstar Holdings, S. de R.L.C.V.  
Subsidiary of Landstar MH II LLC  
Landstar Holdings, S. de R.L.C.V.  
Subsidiary of Landstar Holdings, S. de R.L.C.V.  
Landstar Metro, S.A.P.I. de C.V.

#### Consent of Independent Registered Public Accountant

We consent to the incorporation by reference of the exhibits to this Form 10-K into our report dated March 1, 2024, on our audit of the financial statements of Landstar System, Inc. for the fiscal year ended December 31, 2023.

2024 February 24, 2025, with respect to the consolidated financial control over financial reporting.

Jacksonville, Florida

February 23, 2024 24, 2025

POWER OF ATTORNEY

Landstar System, Inc.  
Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

KNOW ALL MEN BY THESE PRESENTS, that the undersigned do Kneller, and each of them, with full power in each to act without place and stead to execute on her behalf, as an officer and/or director Form 10-K of the Company for the fiscal year ended December 31, and other documents in connection therewith, with the Securities and of the Securities Exchange Act of 1934, as amended (the "Act"), and agents deems necessary or advisable to enable the Company SEC in respect thereof, giving and granting to each of said attorney and every act and thing whatsoever necessary or appropriate to be done if personally present at the doing thereof, with full power of her said attorneys-in-fact and agents or substitutes may or shall lawfully

IN WITNESS WHEREOF, the undersigned has hereunto set her hand,

/s/ Homaira Akbari  
Homaira Akbari

DATED: January 23, 2024  
January 21, 2025

POWER OF ATTORNEY

Landstar System, Inc.  
Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand,

/s/ David G. Bannister  
David G. Bannister

DATED: January 23, 2024

January 21, 2025

POWER OF ATTORNEY

Landstar System, Inc.  
Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

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and stand to execute on his behalf, as an officer and/or director c  
10-K of the Company for the fiscal year ended December 30, 202  
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IN WITNESS WHEREOF, the undersigned has hereunto set his han

/s/ James L. Liang  
James L. Liang

DATED: January 23, 2024  
January 21, 2025

POWER OF ATTORNEY

Landstar System, Inc.  
Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

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and every act and thing whatsoever necessary or appropriate to be  
could do if personally present at the doing thereof, with full power of  
her said attorneys-in-fact and agents or substitutes may or shall law

IN WITNESS WHEREOF, the undersigned has hereunto set her han

/s/ Diana M. Murphy  
Diana M. Murphy

DATED: January 23, 2024  
January 21, 2025

POWER OF ATTORNEY

Landstar System, Inc.

Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

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IN WITNESS WHEREOF, the undersigned has hereunto set his han

/s/ Anthony J. Orlando  
Anthony J. Orlando

DATED: January 23, 2024  
January 21, 2025

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POWER OF ATTORNEY

Landstar System, Inc.  
Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

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IN WITNESS WHEREOF, the undersigned has hereunto set his han

/s/ George P. Scanlon  
George P. Scanlon

DATED: January 23, 2024  
January 21, 2025

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POWER OF ATTORNEY

Landstar System, Inc.  
Annual Report on Form 10-K  
for fiscal year ended 12/30/23 28/24

KNOW ALL MEN BY THESE PRESENTS, that the undersigned do Kneller, and each of them, with full power in each to act without the place and stand to execute on her behalf, as an officer and/or dir

Form 10-K of the Company for the fiscal year ended **December 31** and other documents in connection therewith, with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Act"), and such other documents as the Company deems necessary or advisable to enable the Company to comply with the requirements of the Act and the rules and regulations of the SEC in respect thereof, giving and granting to each of said attorneys and every act and thing whatsoever necessary or appropriate to be done in connection therewith, including the power to do all such acts and things as could be done if personally present at the doing thereof, with full power to said attorneys and agents to sign any and all documents on behalf of the Company, and her said attorneys-in-fact and agents or substitutes may or shall lawfully do or cause to be done in connection therewith.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand this 10th day of January, 2018.

/s/ Teresa L. White

Teresa L. White

DATED: January 23, 2024

January 21, 2025

## SECTION 302

I, Frank A. Lonegro, certify that:

1.

1. I have reviewed this annual report on Form 10-K of Landstar Sys

2. Based on my knowledge, this report does not contain any untrue or misleading statements made, in light of the circumstances under period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information presented in this report, the Company's management respects the financial condition, results of operations and cash flow.

4. The registrant's other certifying officers and I are responsible for defining in Exchange Act Rules 13a-15(e) and 15d-15(e)) and interpreting 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused supervision, to ensure that material information relating to the registrants within those entities, particularly during the period in which the

b) Designed such internal control over financial reporting, or cause supervision, to provide reasonable assurance regarding the reliable external purposes in accordance with generally accepted accountin

d) Disclosed in this report any change in the registrant's internal control over financial reporting during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of a calendar year registrant) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, I reporting, to the registrant's auditors and the audit committee of the functions):

a) All significant deficiencies and material weaknesses in the design or implementation of internal control which could reasonably be expected to adversely affect the registrant's ability to record, process, summarize, and report financial data.

b) Any fraud, whether or not material, that involves management or control over financial reporting.

Date: February 23, 2024 February 24, 2025

/s/ Frank A. Lonegro

Frank A. Lonegro  
President and Chief Executive Officer

SECTION 302

I, James P. Todd, certify that:

1.  I have reviewed this annual report on Form 10-K of Landstar Systems, Inc. for the fiscal year ended December 31, 2023, and, based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made and the materiality of the missing information, with respect to the period covered by this report;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made and the materiality of the missing information, with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing, designing and maintaining a disclosure control system (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

  - a) Designed such disclosure controls and procedures, or caused others within those entities, particularly during the period in which the controls and procedures were being established or refined, to design such controls and procedures as needed, with a view to ensuring that they permit the registrant to record, process, summarize and report financial data consistently with the requirements of the registrant's internal control over financial reporting and with the registrant's disclosure obligations under the Securities Exchange Act of 1934, as amended;
  - b) Designed such internal control over financial reporting, or caused others within those entities, particularly during the period in which the internal control over financial reporting was being established or refined, to design such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial data and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report;
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of annual reports) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, in this report, all material deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data consistently with the requirements of the registrant's internal control over financial reporting;

Date: February 23, 2024 February 24, 2025

/s/ James P. Todd

James P. Todd  
Vice President, Chief Financial Officer and Assistant  
Secretary

CERTIFICATIVE  
18 U.S.C. §  
AS ADOPTED

SECTION 906 OF THE SAI

In connection with the Annual Report of Landstar System, Inc. for the year ended **2023 December 28, 2024**, as filed with the Securities and Exchange Commission, I, **Frank A. Lonegro**, President and Chief Executive Officer of the Company, certify pursuant to the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) of the Sarbanes-Oxley Act of 2002.
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank A. Lonegro

Frank A. Lonegro

Frank A. Lonegro

President and Chief Executive Officer

February 23, 2024 **24, 2025**

CERTIFICATIO

18 U.S.C. §

AS ADOPTED

SECTION 906 OF THE SAI

In connection with the Annual Report of Landstar System, Inc. for the year ended **2023 December 28, 2024**, as filed with the Securities and Exchange Commission, I, **James P. Todd**, President, Chief Financial Officer and Assistant Secretary of the Company, certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) of the Sarbanes-Oxley Act of 2002.
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James P. Todd

James P. Todd

Vice President, Chief Financial Officer and Assistant Secretary

February 23, 2024 **24, 2025**

**LANDSTAR**

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(as adopted on

The Board of Directors (the "Board") of **Landstar System, Inc.** has determined that it is in the best interest of the Company and its shareholders to adopt this Clawback Policy (the "Policy"). The Policy is intended to provide for the recovery of incentive compensation paid to the Company's executive officers in the event of an Accounting Restatement (as defined below) that is determined to be material and restated financial information is subsequently provided to investors consistent with, Section 10D of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act") and Nasdaq Listing Rule 5600 (the "Listing Rule").

1. Administration

Except as specifically set forth herein, this Policy shall be administered by the Board or such committee charged with administration thereof (the Board or such committee charged with administration of the Company's compensation program). The Board or such committee shall be responsible for interpreting and construing this Policy and to make all determinations necessary to administer this Policy. Any determinations made by the Administrator shall be final and binding.

with respect to each individual covered by the Policy. In the a  
to consult with the full Board or such other committees of the  
as may be necessary or appropriate as to matters within the s

Subject to any limitation at applicable law, the Administrator n  
take any and all actions necessary or appropriate to carry o  
recovery under this Policy involving such officer or employee).

## 2. Definitions

As used in this Policy, the following definitions shall apply:

- **"Accounting Restatement"** means an accounting restatement o  
noncompliance with any financial reporting requirement under the  
correct an error in previously issued financial statements that is n  
result in a material misstatement if the error were corrected in the  
• **"Administrator"** has the meaning set forth in Section 1 hereof.

• **"Applicable Period"** means the three completed  
required to prepare an Accounting Restatement, i  
Company's fiscal year) within or immediately follo  
that comprises a period of at least nine months si  
**Company is required to prepare an Accountin**  
Committee of the Board concludes, or reasonably  
Accounting Restatement or (b) the date a court, r  
prepare an Accounting Restatement, in each cas

- **"Covered Executives"** means the Company's current and forme  
with the definition of executive officer set forth in Rule 10D-1 and

- **"Erroneously Awarded Compensation"** has the meaning set fo  
• A **"Financial Reporting Measure"** is any measure that is determ  
in preparing the Company's financial statements, and any measu  
Reporting Measures include but are not limited to the following (a  
total shareholder return ("TSR"); revenue; variable contribution; o  
segments, divisions or companies; financial ratios (e.g., variable i  
include other operating costs, insurance and claims costs, selling  
costs) in gross dollars and/or as a percentage of revenue, variab  
interest, taxes, depreciation and amortization ("EBITDA"); liquidit  
measures (e.g., return on invested capital, return on assets); earn  
reporting measures relative to a peer group, where the Company  
and any of such financial reporting measures on a pre-tax or after  
within the Company's financial statements or included in a filing v  
• **"Incentive-Based Compensation"** means any compensation tha  
attainment of a Financial Reporting Measure. Incentive-Based Co  
fiscal period during which the Financial Reporting Measure spec  
payment or grant of such Incentive-Based Compensation occurs

- Covered Executives; Incentive-Based Compensation

This Policy applies to Incentive-Based Compensation  
Covered Executive; (b) if that person served as a Co  
Incentive-Based Compensation; and (c) while the Com

## 3. Required Recoupment of Erroneously Awarded Compensation

In the event the Company is required to prepare an Accountin  
Erroneously Awarded Compensation received by any Cover  
Applicable Period.

## 4. Erroneously Awarded Compensation: Amount Subject to Recou

The amount of "Erroneously Awarded Compensation" subject  
amount of Incentive-Based Compensation received by the Co  
Compensation that would have been received by the Cover

Erroneously Awarded Compensation shall be computed by Executive in respect of the Erroneously Awarded Compensation

By way of example, with respect to any compensation plans, amount of Erroneously Awarded Compensation subject to reduction to any notional account based on Erroneously Awarded Compensation.

For Incentive-Based Compensation based on stock price or Awarded Compensation based on a reasonable estimate of the value of the stock or other property to which the Incentive-Based Compensation was received; and that reasonable estimate and provide such documentation to the Commission.

## 5. Method of Recoupment

The Administrator shall determine, in its sole discretion, the Compensation hereunder, which may include without limitation award, (b) cancelling prior cash or equity-based awards, which against any planned future cash or equity-based awards, (d) the 409A of the Internal Revenue Code and the regulations promulgated thereunder, and any other applicable law or

contract. Subject to compliance with any applicable law, the otherwise payable to the Covered Executive, including amour plan or program, including base salary, bonuses or commis

The Company is authorized and directed pursuant to this Policy unless the Compensation Committee of the Board following limited reasons, and subject to the following procedure:

- The direct expense paid to a third party to assist in enforcing the that it would be impracticable to recover any amount of Erroneous Administrator must make a reasonable attempt to recover such expense(s) to recover and provide that documentation to Nasdaq;
- Recovery would likely cause an otherwise tax-qualified retirement Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13).

## 6. No Indemnification of Covered Executives

Notwithstanding the terms of any indemnification or insurance that may be interpreted to the contrary, the Company shall Erroneously Awarded Compensation, including any payment to any Covered Executives to fund potential clawback obligation;

## 7. Administrator Indemnification

Members of the Board shall not be personally liable for any and shall be fully indemnified by the Company to the fullest such action, determination or interpretation. The foregoing set of the Board under applicable law or Company policy.

#### 8. Effective Date: Retroactive Application

This Policy shall be effective as of October 1, 2023 (the "Effective Date"). Compensation that is received by Covered Executives on or before the Effective Date, or that is approved, awarded, granted or paid to Covered Executives on or after the Effective Date, but that was approved, awarded, granted or paid to Covered Executives prior to the Effective Date, shall be subject to the terms and conditions set forth in this Policy. The Administrator may approve, award, grant or pay compensation to Covered Executives in accordance with the terms and conditions set forth in this Policy, subject to applicable law. The Administrator may not approve, award, grant or pay compensation to Covered Executives in a manner that violates applicable law.

## 9. Amendment; Termination

The Board may amend, modify, supplement, rescind or replace this Policy from time to time in its discretion, and shall amend this Policy as it deems necessary to reflect changes in the applicable laws, rules and regulations of any national securities exchange on which the Company's securities are listed.

## 10. Other Recoupment Rights: Company Claims

The Board intends that this Policy shall be applied to the full addition to, and not in lieu of, any other remedies or rights of the Board.

or pursuant to the terms of any similar policy in any employment or other legal remedies available to the Company.

Nothing contained in this Policy, and no recoupment or recovery of other legal remedies the Company or any of its affiliates may have against the Covered Executive for any actions or omissions by the Covered Executive.

11. Successors

This Policy shall be binding and enforceable against all Covered Executives or other legal representatives.

12. Exhibit Filing Requirement

A copy of this Policy and any amendments thereto shall be filed with the Company's annual report on Form 10-K.

**DISCLAIMER**

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REP  
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