



Landstar System, Inc.  
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For Immediate Release

October 25, 2023

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**LANDSTAR SYSTEM REPORTS**  
**THIRD QUARTER REVENUE OF \$1.289B AND**  
**EARNINGS PER SHARE OF \$1.71**

Jacksonville, FL - Landstar System, Inc. (NASDAQ: LSTR) ("Landstar" or the "Company") reported basic and diluted earnings per share ("EPS") of \$1.71 in the 2023 third quarter on revenue of \$1.289 billion. Landstar reported EPS of \$2.76 on revenue of \$1.816 billion in the 2022 third quarter.

Gross profit in the 2023 third quarter was \$128.1 million and variable contribution (defined as revenue less the cost of purchased transportation and commissions to agents) in the 2023 third quarter was \$187.4 million. Gross profit in the 2022 third quarter was \$185.7 million and variable contribution in the 2022 third quarter was \$245.7 million. Reconciliations of gross profit to variable contribution and gross profit margin to variable contribution margin for the 2023 and 2022 third quarters and year-to-date periods are provided in the Company's accompanying financial disclosures.

Trailing twelve month return on average shareholders' equity was 32% and return on invested capital, representing net income divided by the sum of average equity plus average debt, was 29%. The Company is currently authorized to purchase up to 2,910,339 shares of the Company's common stock under its previously announced share purchase programs. Landstar announced today that its Board of Directors has declared a quarterly dividend of \$0.33 per share payable on December 1, 2023, to stockholders of record as of the close of business on November 7, 2023. It is currently the intention of the Board to pay dividends on a quarterly basis going forward.

## LANDSTAR SYSTEM/2

Truck transportation revenue hauled by independent business capacity owners (“BCOs”) and truck brokerage carriers in the 2023 third quarter was \$1,173.8 million, or 91% of revenue, compared to \$1,598.8 million, or 88% of revenue, in the 2022 third quarter. Truckload transportation revenue hauled via van equipment in the 2023 third quarter was \$665.6 million, compared to \$914.2 million in the 2022 third quarter. Truckload transportation revenue hauled via unsided/platform equipment in the 2023 third quarter was \$378.1 million, compared to \$453.9 million in the 2022 third quarter. Revenue from other truck transportation, which is largely related to power-only services, in the 2023 third quarter was \$102.0 million, compared to \$195.3 million in the 2022 third quarter. Revenue hauled by rail, air and ocean cargo carriers was \$88.9 million, or 7% of revenue, in the 2023 third quarter, compared to \$191.9 million, or 11% of revenue, in the 2022 third quarter.

“The soft freight market fundamentals experienced during the 2023 second quarter continued throughout the 2023 third quarter and made for challenging comparisons against our record 2022 third quarter performance,” said Landstar President and Chief Executive Officer Jim Gattoni. “Lackluster demand, driven by continued weakness in the U.S. manufacturing sector and the ongoing impact of an inflation-challenged consumer goods sector, plus the continuation of a loose truck capacity market drove Landstar’s truck revenue per load and volumes in the 2023 third quarter below prior year levels. The number of loads hauled via truck declined 16% as compared to the 2022 third quarter, at the high end of the Company’s guidance included as part of the Company’s 2023 second quarter earnings release on July 26, 2023, while truck revenue per load declined 12% as compared to the 2022 third quarter, at the low end of the Company’s previously issued guidance.” Gattoni continued, “The Company’s balance sheet continues to be very strong, with cash and short term investments of approximately \$497 million as of September 30, 2023. Cash flow from operations was \$304 million through the first three quarters of fiscal year 2023.”

Gattoni further commented, “Through the first several weeks of October, the number of loads hauled via truck has trended below historical, pre-pandemic end of third quarter to the beginning of fourth quarter sequential patterns, while truck revenue per load has thus far trended reasonably in-line with these historical, pre-pandemic sequential patterns. As

## LANDSTAR SYSTEM/3

a reminder, the 2022 fourth quarter included 14 weeks of operations while the 2023 fourth quarter will include 13 weeks. Taking that extra week in 2022 into consideration and assuming a continuation of the October trends coupled with our expectation of a muted peak season, I expect revenue per load on loads hauled via truck to be in a range of 6% to 8% below the 2022 fourth quarter and the number of loads hauled via truck to be in a range of 20% to 22% below the 2022 fourth quarter. As such, I anticipate revenue for the 2023 fourth quarter to be in a range of \$1.225 billion to \$1.275 billion.”

Gattoni concluded, “Based on the range of revenue estimated for the 2023 fourth quarter, I would anticipate EPS to be in a range of \$1.60 to \$1.70. The anticipated range of EPS for the 2023 fourth quarter includes estimated insurance and claims costs of approximately 5.5% of BCO revenue. These costs were 5.6% of BCO revenue over the first nine months of 2023. The anticipated range of EPS for the 2023 fourth quarter also reflects an estimated effective income tax rate of 24.5%.”

Landstar will provide a live webcast of its quarterly earnings conference call tomorrow morning at 8:00 a.m. ET. To access the webcast, visit the Company’s website at [www.landstar.com](http://www.landstar.com); click on “Investor Relations” and “Webcasts,” then click on “Landstar’s Third Quarter 2023 Earnings Release Conference Call.”

### ***About Landstar:***

Landstar System, Inc., a Fortune 500 company, is a worldwide, 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. Landstar transportation services companies are certified to ISO 9001:2015 quality management system standards and RC14001:2015 environmental, health, safety and security management system standards. Landstar System, Inc. is headquartered in Jacksonville, Florida. Its common stock trades on The NASDAQ Stock Market® under the symbol LSTR.

### ***Non-GAAP Financial Measures:***

In this earnings release and accompanying financial disclosures, the Company provides the following information that may be deemed a non-GAAP financial measure: variable

contribution and variable contribution 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 capacity providers and independent agents in order to provide services to our customers. The Company also believes that it is appropriate to present each of the financial measures that may be deemed a non-GAAP financial measure, as referred to above, for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in the Company's financial condition and results of operations; (2) this information will facilitate comparisons by investors of the Company's results as compared to the results of peer companies; and (3) management considers this financial information in its decision making.

***Forward Looking Statements Disclaimer:***

The following is a "safe harbor" statement under the Private Securities Litigation Reform Act of 1995. Statements contained in this press release that are not based on historical facts are "forward-looking statements". This press release contains 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 2022 fiscal year; the impact of the coronavirus (COVID-19) pandemic; 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; 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; intellectual property; and other operational, financial or legal risks or uncertainties detailed in

## LANDSTAR SYSTEM/5

Landstar's Form 10-K for the 2022 fiscal year, described in Item 1A Risk Factors, Landstar's Form 10-Q for the 2023 first fiscal quarter, described in Item 1A Risk Factors, and in other SEC filings from time to time. 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.

**Landstar System, Inc. and Subsidiary**  
**Consolidated Statements of Income**  
(Dollars in thousands, except per share amounts)  
(Uaudited)

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Revenue	\$ 4,098,877	\$ 5,761,795	\$ 1,289,345	\$ 1,816,132
Investment income	6,874	2,023	3,022	716
 Costs and expenses:				
Purchased transportation	3,141,234	4,512,341	986,743	1,416,323
Commissions to agents	363,397	465,759	115,244	154,125
Other operating costs, net of gains on asset sales/dispositions	40,998	34,878	15,158	13,356
Insurance and claims	86,971	96,265	29,540	31,445
Selling, general and administrative	159,071	165,199	50,975	53,519
Depreciation and amortization	44,498	42,627	14,359	14,582
 Total costs and expenses	 3,836,169	 5,317,069	 1,212,019	 1,683,350
 Operating income	 269,582	 446,749	 80,348	 133,498
Interest and debt (income) expense	(2,079)	3,275	(1,046)	1,047
 Income before income taxes	 271,661	 443,474	 81,394	 132,451
Income taxes	65,254	105,862	19,741	32,233
 Net income	 \$ 206,407	 \$ 337,612	 \$ 61,653	 \$ 100,218
 Basic and diluted earnings per share	 \$ 5.74	 \$ 9.15	 \$ 1.71	 \$ 2.76
 Average basic and diluted shares outstanding	 35,958,000	 36,886,000	 35,951,000	 36,334,000
 Dividends per common share	 \$ 0.93	 \$ 0.80	 \$ 0.33	 \$ 0.30

**Landstar System, Inc. and Subsidiary**  
**Consolidated Balance Sheets**  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 439,661	\$ 339,581
Short-term investments	57,099	53,955
Trade accounts receivable, less allowance of \$12,054 and \$12,121	810,801	967,793
Other receivables, including advances to independent contractors, less allowance of \$14,405 and \$10,579	57,063	56,235
Other current assets	30,918	21,826
Total current assets	<u>1,395,542</u>	<u>1,439,390</u>
Operating property, less accumulated depreciation and amortization of \$426,984 and \$393,274	284,081	314,990
Goodwill	41,934	41,220
Other assets	130,970	136,279
Total assets	<u>\$ 1,852,527</u>	<u>\$ 1,931,879</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Cash overdraft	\$ 48,067	\$ 92,953
Accounts payable	464,720	527,372
Current maturities of long-term debt	29,210	36,175
Insurance claims	45,518	50,836
Dividends payable	-	71,854
Other current liabilities	82,550	98,945
Total current liabilities	<u>670,065</u>	<u>878,135</u>
Long-term debt, excluding current maturities	46,173	67,225
Insurance claims	56,776	58,268
Deferred income taxes and other non-current liabilities	36,359	41,030
Shareholders' equity:		
Common stock, \$0.01 par value, authorized 160,000,000 shares, issued 68,497,324 and 68,382,310	685	684
Additional paid-in capital	254,630	258,487
Retained earnings	2,808,919	2,635,960
Cost of 32,550,980 and 32,455,300 shares of common stock in treasury	(2,009,351)	(1,992,886)
Accumulated other comprehensive loss	(11,729)	(15,024)
Total shareholders' equity	<u>1,043,154</u>	<u>887,221</u>
Total liabilities and shareholders' equity	<u>\$ 1,852,527</u>	<u>\$ 1,931,879</u>

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## Landstar System, Inc. and Subsidiary Supplemental Information (Unaudited)

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
<u>Revenue generated through (in thousands):</u>				
Truck transportation				
Truckload:				
Van equipment	\$ 2,123,693	\$ 3,022,297	\$ 665,569	\$ 914,154
Unsided/platform equipment	1,150,483	1,336,956	378,147	453,924
Less-than-truckload	90,770	105,994	28,097	35,343
Other truck transportation (1)	379,471	632,001	101,951	195,345
Total truck transportation	<u>3,744,417</u>	<u>5,097,248</u>	<u>1,173,764</u>	<u>1,598,766</u>
Rail intermodal	73,953	113,762	23,064	27,652
Ocean and air cargo carriers	202,358	475,156	65,824	164,252
Other (2)	78,149	75,629	26,693	25,462
	<u>\$ 4,098,877</u>	<u>\$ 5,761,795</u>	<u>\$ 1,289,345</u>	<u>\$ 1,816,132</u>
Revenue on loads hauled via BCO Independent Contractors (3) included in total truck transportation	\$ 1,543,634	\$ 2,043,772	\$ 508,753	\$ 627,809
<u>Number of loads:</u>				
Truck transportation				
Truckload:				
Van equipment	966,867	1,130,263	311,831	366,513
Unsided/platform equipment	389,471	420,436	126,286	141,091
Less-than-truckload	134,580	142,740	41,514	45,912
Other truck transportation (1)	157,112	243,341	46,739	76,594
Total truck transportation	<u>1,648,030</u>	<u>1,936,780</u>	<u>526,370</u>	<u>630,110</u>
Rail intermodal	22,150	31,940	6,760	7,720
Ocean and air cargo carriers	25,380	34,410	8,630	11,520
	<u>1,695,560</u>	<u>2,003,130</u>	<u>541,760</u>	<u>649,350</u>
Loads hauled via BCO Independent Contractors (3) included in total truck transportation	689,260	777,250	225,350	249,420
<u>Revenue per load:</u>				
Truck transportation				
Truckload:				
Van equipment	\$ 2,196	\$ 2,674	\$ 2,134	\$ 2,494
Unsided/platform equipment	2,954	3,180	2,994	3,217
Less-than-truckload	674	743	677	770
Other truck transportation (1)	2,415	2,597	2,181	2,550
Total truck transportation	<u>2,272</u>	<u>2,632</u>	<u>2,230</u>	<u>2,537</u>
Rail intermodal	3,339	3,562	3,412	3,582
Ocean and air cargo carriers	7,973	13,809	7,627	14,258
Revenue per load on loads hauled via BCO Independent Contractors (3)	\$ 2,240	\$ 2,629	\$ 2,258	\$ 2,517
<u>Revenue by capacity type (as a % of total revenue):</u>				
Truck capacity providers:				
BCO Independent Contractors (3)	38%	35%	39%	35%
Truck Brokerage Carriers	54%	53%	52%	53%
Rail intermodal	2%	2%	2%	2%
Ocean and air cargo carriers	5%	8%	5%	9%
Other	2%	1%	2%	1%
	<u>September 30, 2023</u>	<u>September 24, 2022</u>		
<u>Truck Capacity Providers</u>				
BCO Independent Contractors (3)			9,455	10,742
Truck Brokerage Carriers:				
Approved and active (4)			51,717	71,207
Other approved			27,925	30,222
Total available truck capacity providers			<u>79,642</u>	<u>101,429</u>
			<u>89,097</u>	<u>112,171</u>
Trucks provided by BCO Independent Contractors (3)			10,253	11,644

(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.

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

(3) BCO Independent Contractors are independent contractors who provide truck capacity to the Company under exclusive lease arrangements.

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

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**Landstar System, Inc. and Subsidiary**  
**Reconciliation of Gross Profit to Variable Contribution**  
(Dollars in thousands)  
(Unaudited)

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Revenue	\$ 4,098,877	\$ 5,761,795	\$ 1,289,345	\$ 1,816,132
Costs of revenue:				
Purchased transportation	3,141,234	4,512,341	986,743	1,416,323
Commissions to agents	<u>363,397</u>	<u>465,759</u>	<u>115,244</u>	<u>154,125</u>
Variable costs of revenue	3,504,631	4,978,100	1,101,987	1,570,448
Trailing equipment depreciation	24,240	27,760	7,721	9,397
Information technology costs (1)	19,791	13,868	6,298	4,829
Insurance-related costs (2)	88,484	98,821	30,102	32,380
Other operating costs	<u>40,998</u>	<u>34,878</u>	<u>15,158</u>	<u>13,356</u>
Other costs of revenue	173,513	175,327	59,279	59,962
Total costs of revenue	3,678,144	5,153,427	1,161,266	1,630,410
Gross profit	<u>\$ 420,733</u>	<u>\$ 608,368</u>	<u>\$ 128,079</u>	<u>\$ 185,722</u>
Gross profit margin	10.3%	10.6%	9.9%	10.2%
Plus: other costs of revenue	173,513	175,327	59,279	59,962
Variable contribution	<u>\$ 594,246</u>	<u>\$ 783,695</u>	<u>\$ 187,358</u>	<u>\$ 245,684</u>
Variable contribution margin	14.5%	13.6%	14.5%	13.5%

- (1) Includes costs of revenue 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.
- (2) Primarily includes (i) insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight; (ii) the related cost of claims incurred under those programs; and (iii) brokerage commissions and other fees incurred relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by the Company, which are included in selling, general and administrative in the Company's Consolidated Statements of Income.

DESIGNED TO RESPOND  
BUILT TO DELIVER



*Landstar System, Inc.*  
*Earnings Conference Call*  
*Third Quarter 2023*  
*October 25, 2023*



## ***Forward Looking Statements Disclaimer:***

The following is a “safe harbor” statement under the Private Securities Litigation Reform Act of 1995. Statements made in this slide presentation that are not based on historical facts are “forward-looking statements.” This presentation may make certain statements containing forward-looking statements, such as statements which relate to Landstar’s business objectives, plans, strategies and expectations. Such statements are by nature subject to uncertainties and risks, including but not limited to: the operational, financial or legal risks or uncertainties detailed in Landstar’s Form 10-K for the 2022 fiscal year and Form 10-Q for the 2023 first fiscal quarter, described in the section Risk Factors, and other SEC filings from time to time. 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.

## ***Non-GAAP Financial Measures:***

In this slide presentation, the Company provides the following information that may be deemed a non-GAAP financial measure: variable contribution, variable contribution margin and operating income as a percentage of variable contribution.

Management 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 capacity providers and independent agents in order to provide services to our customers. Management believes that operating income as a percentage of variable contribution is a useful measure as: (i) variable costs of revenue for a significant portion of the Company's 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; and (ii) this measure is meaningful to 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.

Management also believes that it is appropriate to present each of the financial measures that may be deemed a non-GAAP financial measure, as referred to above, for the following reasons: (1) disclosure of these matters will allow investors to better understand the underlying trends in the Company's financial condition and results of operations; (2) this information will facilitate comparisons by investors of the Company's results as compared to the results of peer companies; and (3) management considers this financial information in its decision making.

A tabulation of the expenses identified as costs of revenue as well as a reconciliation of gross profit to variable contribution and gross profit margin to variable contribution margin for the 2023 and 2022 third quarters and year-to-date periods is included in this slide presentation as Appendix A.

# ***Who We Are***

Landstar, a Fortune 500 company, is a worldwide, 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.

# *Our Network*

September 30, 2023 YTD Results

\$4.10 billion in revenue

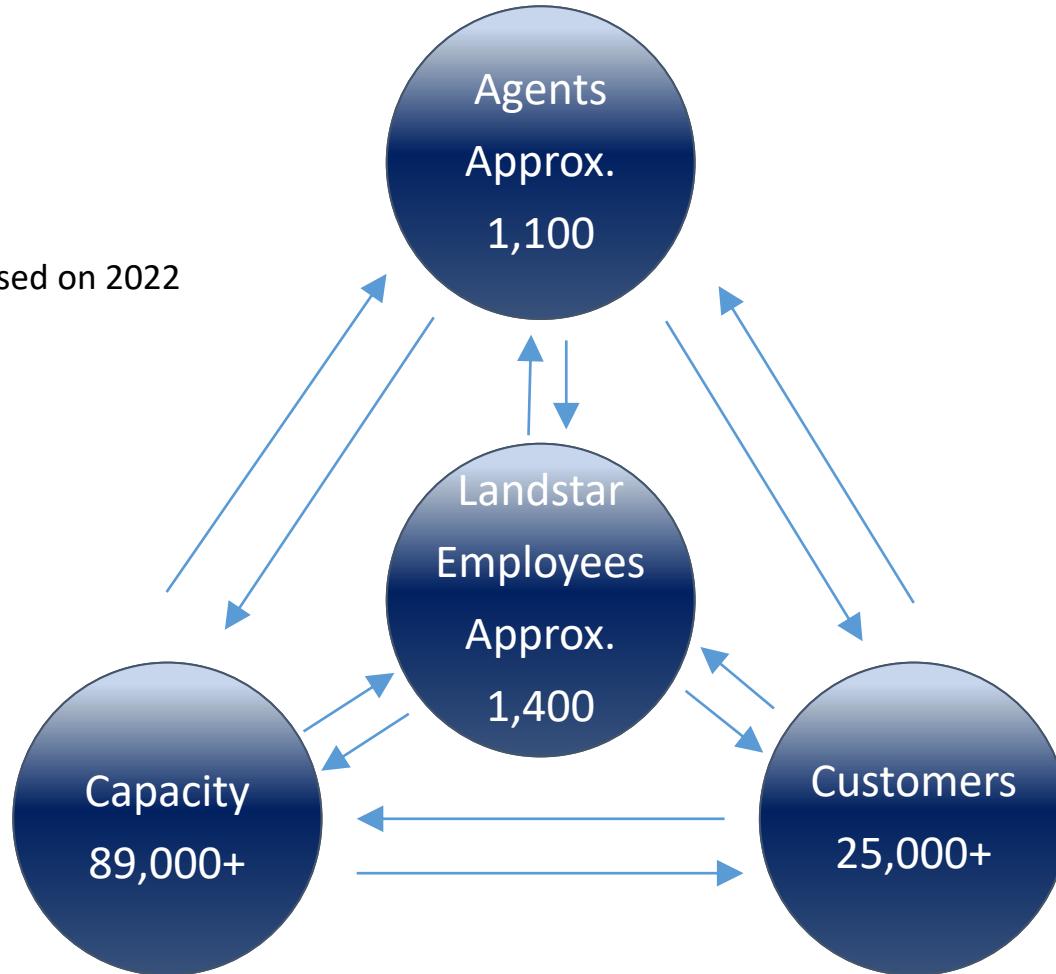
1.70 million loadings

625 million dollar agents (based on 2022 fiscal year)

10,253 BCO trucks

79,642 Carriers

18,000+ Trailers



# *Transportation Management Services*

	Percentage of Revenue	
	3Q22	3Q23
Truck Transportation		
Truckload		
Van equipment	50%	52%
Unsided/platform equipment	25%	29%
Less-than-truckload	2%	2%
Other truck transportation	11%	8%
Rail intermodal	2%	2%
Ocean and air cargo	9%	5%

# Revenue (\$'s in thousands)

Year-to-Date



Quarter



Year over Prior Year	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 13.7%	- 14.9%	- 26.5%
Rail Intermodal Revenue	- 6.3%	- 30.7%	- 35.0%
Ocean/Air Revenue	- 42.3%	- 26.2%	- 57.4%
Insurance Premiums	NA	NA	- 6.4%
Total Revenue			- 28.9%

Qtr over Prior Year Qtr	Rate <sup>(1)</sup>	Volume <sup>(2)</sup>	Change
Truck Revenue	- 12.1%	- 16.5%	- 26.6%
Rail Intermodal Revenue	- 4.7%	- 12.4%	- 16.6%
Ocean/Air Revenue	- 46.5%	- 25.1%	- 59.9%
Insurance Premiums	NA	NA	- 9.0%
Total Revenue			- 29.0%

(1) Percentage change in rate is calculated on a revenue per load basis.

(2) Percentage change in volume is calculated on the number of loads hauled.

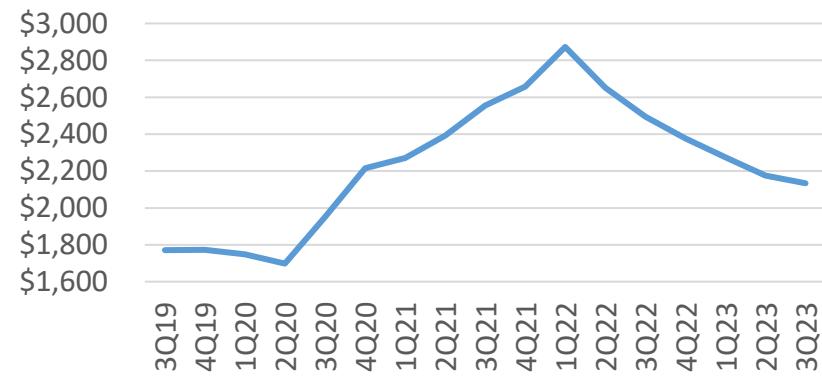
# *Truckload Loadings and Revenue per Truckload Trends*

## Number of Loads

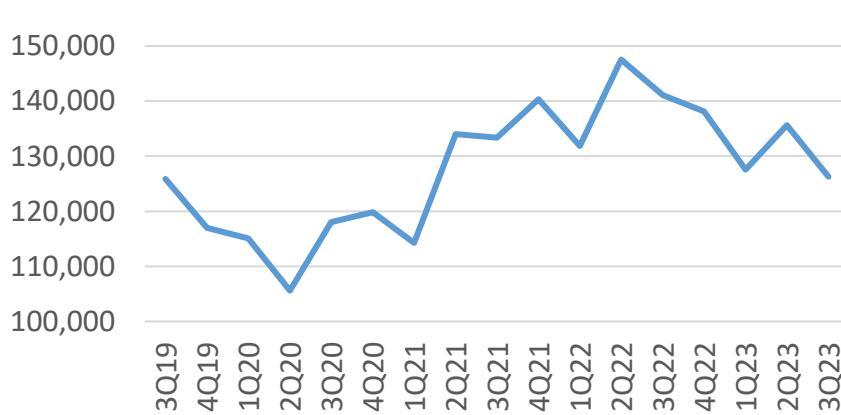


## Van Equipment

## Revenue per Load

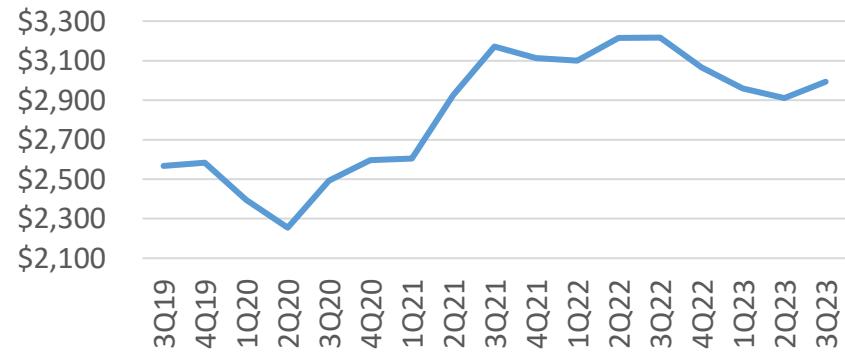


## Number of Loads



## Unisided/Platform Equipment

## Revenue per Load



# *Industries Served*

	As a Percentage of Revenue		Quarter over Prior Year Quarter Change in Revenue
	3Q22	3Q23	
Consumer Durables	28.6	27.7	-32%
Machinery	12.1	14.1	-18%
Automotive	8.7	11.5	-6%
Building Products	8.5	8.3	-31%
AA&E, Hazmat	8.4	7.8	-34%
Metals	4.9	4.8	-31%
Foodstuffs	3.4	2.5	-48%
Substitute Line Haul	3.3	1.8	-62%
Other	22.1	21.5	-31%
<b>Transportation Revenue</b>	<u>100.0</u>	<u>100.0</u>	-29%

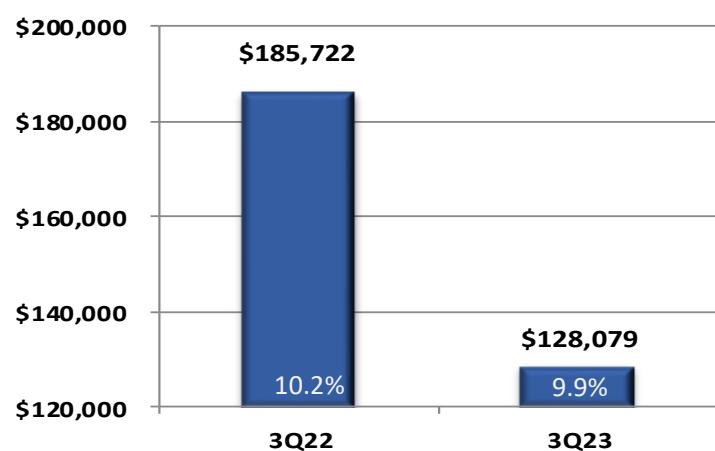
# **Gross Profit <sup>(1)</sup> and Gross Profit Margin <sup>(2)</sup>**

*(\$'s in thousands)*

Year-to-Date



Quarter



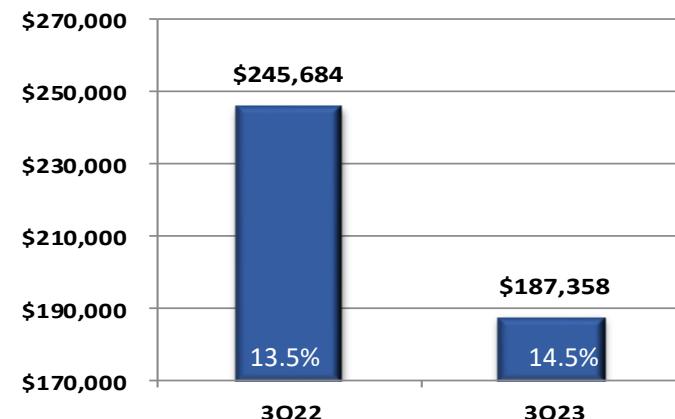
- (1) Gross profit equals revenue less the cost of purchased transportation, commissions to agents and other costs of revenue.  
(2) Gross profit margin equals gross profit divided by revenue.

# **Variable Contribution<sup>(1)</sup> and Variable Contribution Margin<sup>(2)</sup>** (\$'s in thousands)

Year-to-Date



Quarter



3rd Qtr YTD <sup>(3)</sup>	
Changes in variable contribution margin	%
2022 Period	13.6
Revenue - fixed	-0.2
Revenue - variable	0.7
Change in mix and other	0.4
2023 Period	14.5

3rd Qtr <sup>(3)</sup>	
Changes in variable contribution margin	%
2022 Period	13.5
Revenue - fixed	-0.2
Revenue - variable	0.4
Change in mix and other	0.8
2023 Period	14.5

(1) Variable contribution equals revenue less the cost of purchased transportation and commissions to agents.

(2) Variable contribution margin equals variable contribution divided by revenue.

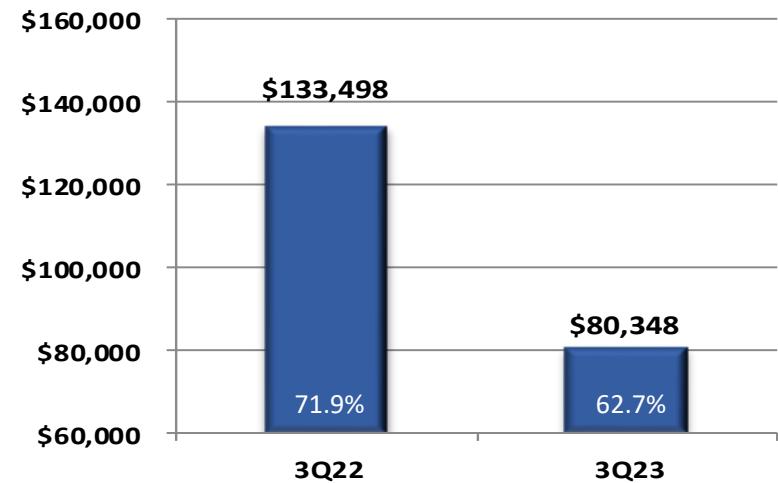
(3) Revenue on transactions where the Company's variable contribution margin was based on a contractually pre-determined percentage of revenue accounted for 40% and 43% of revenue in the 2022 and 2023 year-to-date periods, respectively, and 39% and 45% of revenue in the 2022 and 2023 third quarters, respectively.

## *Operating Income as a % of Gross Profit (\$'s in thousands)*

Year-to-Date



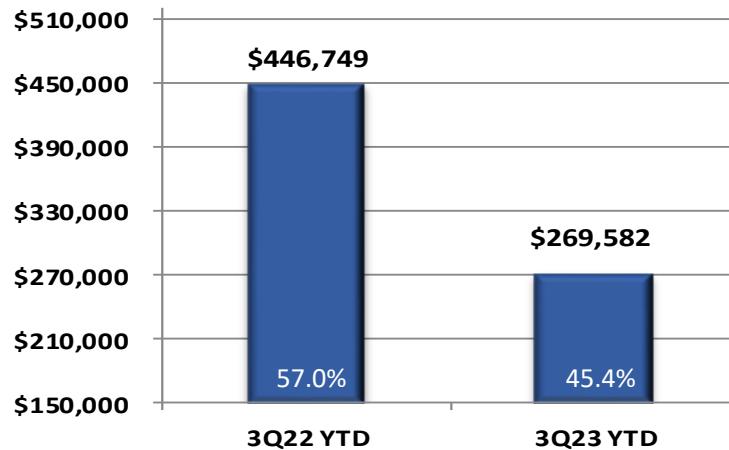
Quarter



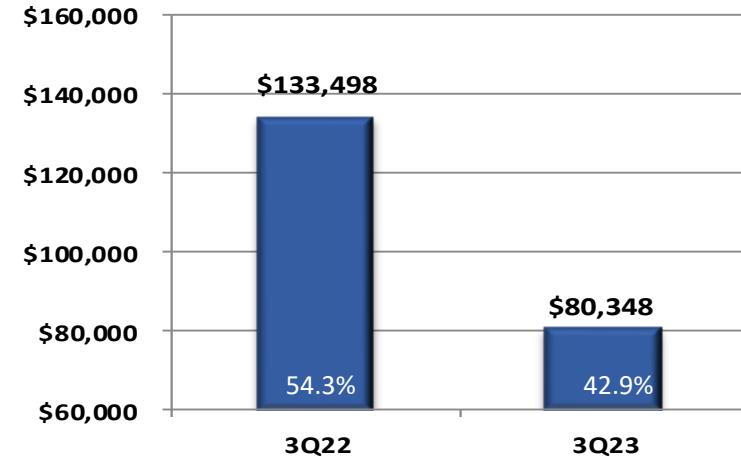
# *Operating Income as a % of Variable Contribution*

*(\$'s in thousands)*

Year-to-Date



Quarter



	3rd Qtr YTD
<b>Changes in operating income as a % of variable contribution</b>	%
2022 Period	57.0
Other operating costs	-2.4
Insurance and claims	-1.5
SG&A	-5.7
Depreciation and amortization	-2.0
2023 Period	45.4

	3rd Qtr
<b>Changes in operating income as a % of variable contribution</b>	%
2022 Period	54.3
Other operating costs	-2.7
Insurance and claims	-1.6
SG&A	-5.4
Depreciation and amortization	-1.7
2023 Period	42.9

# Truck Capacity Data

(All information is provided as of the end of the applicable period)

	Sep 24, 2022 <sup>(2)</sup>	Dec 31, 2022	Sep 30, 2023 <sup>(2)</sup>
BCO Independent Contractors	10,742	10,393	9,455
Truck Brokerage Carriers:			
Approved and Active <sup>(1)</sup>	71,207	66,745	51,717
Other Approved	30,222	30,999	27,925
	101,429	97,744	79,642
Total Available Truck Capacity Providers	112,171	108,137	89,097
Trucks Provided by BCO Independent Contractors	11,644	11,281	10,253

(1) Active refers to truck brokerage carriers who hauled freight for Landstar in the 180 day period immediately preceding the period end.

(2) Fuel surcharges billed to customers on freight hauled by BCO Independent Contractors, which are paid 100% to the BCO and excluded from revenue, and the cost of purchased transportation were \$244.9 million and \$330.2 million in the 2023 and 2022 year-to-date periods, respectively, and \$78.4 million and \$120.4 million in the 2023 and 2022 third quarters, respectively.

# ***Key Balance Sheet and Cash Flow Statistics***

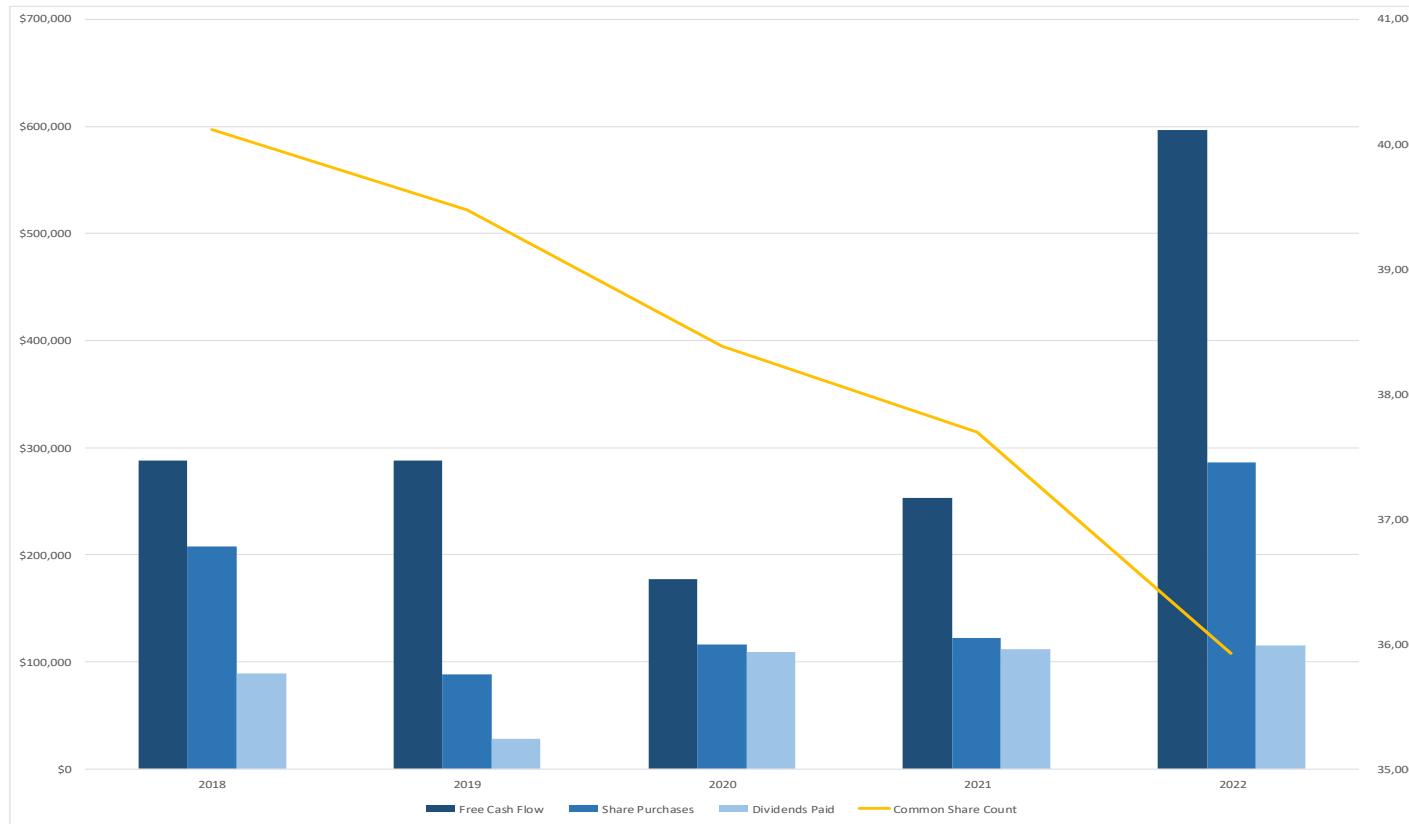
***(\$'s in thousands)***

	Sep 24, 2022	Sep 30, 2023
<b>Balance sheet (period end amounts):</b>		
Debt to Capital	11%	7%
Net Cash (1)	\$ 118,963	\$ 421,377
<b>Cash flow (year-to-date):</b>		
Cash flow from operations	\$ 436,381	\$ 303,785
Capital expenditures	\$ 21,096	\$ 15,394
Share repurchases	\$ 285,983	\$ 15,433
Dividends paid	\$ 104,893	\$ 105,302
<b>Returns (trailing 12 months):</b>		
Return on Equity	52%	32%
Return on Invested Capital	46%	29%
Return on Assets	23%	16%

(1) Net cash is defined as cash and cash equivalents plus short term investments less outstanding debt.

# ***Free Cash Flow <sup>(1)</sup>, Stock Purchases and Dividends***

(In Thousands)



Third Quarter 2023 YTD	(000's)
Free cash flow <sup>(1)</sup>	\$ 288,391
Share purchases	\$ 15,433
Dividends paid	\$ 105,302
Ending common share count	35,946

(1) Free cash flow is defined as cash flow from operations less capital expenditures, each set forth on the prior slide.

# Appendix A

## ***Reconciliation of Gross Profit to Variable Contribution***

***('\$s in thousands)***

	Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Revenue	\$ 4,098,877	\$ 5,761,795	\$ 1,289,345	\$ 1,816,132
Costs of revenue:				
Purchased transportation	3,141,234	4,512,341	986,743	1,416,323
Commissions to agents	363,397	465,759	115,244	154,125
Variable costs of revenue	3,504,631	4,978,100	1,101,987	1,570,448
Trailing equipment depreciation	24,240	27,760	7,721	9,397
Information technology costs (1)	19,791	13,868	6,298	4,829
Insurance-related costs (2)	88,484	98,821	30,102	32,380
Other operating costs	40,998	34,878	15,158	13,356
Other costs of revenue	173,513	175,327	59,279	59,962
Total costs of revenue	<u>3,678,144</u>	<u>5,153,427</u>	<u>1,161,266</u>	<u>1,630,410</u>
Gross profit	<u>\$ 420,733</u>	<u>\$ 608,368</u>	<u>\$ 128,079</u>	<u>\$ 185,722</u>
Gross profit margin	10.3%	10.6%	9.9%	10.2%
Plus: other costs of revenue	<u>173,513</u>	<u>175,327</u>	<u>59,279</u>	<u>59,962</u>
Variable contribution	<u>\$ 594,246</u>	<u>\$ 783,695</u>	<u>\$ 187,358</u>	<u>\$ 245,684</u>
Variable contribution margin	14.5%	13.6%	14.5%	13.5%

(1) Includes costs of revenue 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.

(2) Primarily includes (i) insurance premiums paid for commercial auto liability, general liability, cargo and other lines of coverage related to the transportation of freight; (ii) the related cost of claims incurred under those programs; and (iii) brokerage commissions and other fees incurred relating to the administration of insurance programs available to BCO Independent Contractors that are reinsured by the Company, which are included in selling, general and administrative in the Company's Consolidated Statements of Income.

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