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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 27, 2026

OR

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

For the transition period from________________ to ____________________

Commission File Number: 0-21238

LANDSTAR SYSTEM, INC.
(Exact name of registrant as specified in its charter)

Delaware	**06-1313069**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

13410 Sutton Park Drive South, Jacksonville, Florida
(Address of principal executive offices)

32224
(Zip Code)

(904) 398-9400
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LSTR	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files):

Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

The number of shares of the registrant’s common stock, par value $0.01 per share, outstanding as of the close of business on July 20, 2026 was 33,936,925.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements contained herein reflect all adjustments (all of a normal, recurring nature) which, in the opinion of management, are necessary for a fair statement of the financial condition, results of operations, cash flows and changes in shareholders’ equity for the periods presented. They have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the twenty-six weeks ended June 27, 2026 are not necessarily indicative of the results that may be expected for the entire fiscal year ending December 26, 2026.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s 2025 Annual Report on Form 10-K.

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

	June 27, 2026	December 27, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 294,350	$ 396,694
Short-term investments	53,352	55,531
Trade accounts receivable, less allowance of $9,135 and $12,490	866,879	670,137
Other receivables, including advances to independent contractors, less allowance of $14,727 and $18,759	47,306	52,784
Assets held for sale	—	12,231
Other current assets	59,159	28,949
Total current assets	1,321,046	1,216,326
Operating property, less accumulated depreciation and amortization of $488,271 and $473,642	252,963	261,322
Goodwill	34,005	34,005
Other assets	134,521	124,282
Total assets	$ 1,742,535	$ 1,635,935
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current Liabilities		
Cash overdraft	$ 71,849	$ 56,654
Accounts payable	468,780	369,567
Current maturities of long-term debt	24,686	28,342
Insurance claims	59,020	87,343
Dividends payable	—	68,117
Liabilities held for sale	—	6,961
Other current liabilities	99,588	78,856
Total current liabilities	723,923	695,840
Long-term debt, excluding current maturities	42,088	48,480
Insurance claims	98,686	62,706
Deferred income taxes and other noncurrent liabilities	41,108	33,244
Shareholders’ Equity		
Common stock, $0.01 par value, authorized 160,000,000 shares, issued 68,631,174 and 68,590,708 shares	686	686
Additional paid-in capital	266,673	261,256
Retained earnings	2,913,890	2,852,680
Cost of 34,694,249 and 34,531,982 shares of common stock in treasury	(2,336,862)	(2,313,245)
Accumulated other comprehensive loss	(7,657)	(5,712)
Total shareholders’ equity	836,730	795,665
Total liabilities and shareholders’ equity	$ 1,742,535	$ 1,635,935

See accompanying notes to consolidated financial statements.

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

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Revenue	$ 2,603,555	$ 2,363,885	$ 1,432,264	$ 1,211,383
Investment income	5,679	7,327	2,705	3,729
Costs and expenses:				
Purchased transportation	2,030,397	1,839,289	1,123,400	941,411
Commissions to agents	201,578	192,836	109,435	99,522
Other operating costs, net of gains on asset sales/dispositions	32,745	31,424	17,945	19,595
Insurance and claims	74,923	70,301	39,359	30,449
Selling, general and administrative	129,158	117,288	68,193	55,706
Depreciation and amortization	20,969	24,375	10,409	12,149
Total costs and expenses	2,489,770	2,275,513	1,368,741	1,158,832
Operating income	119,464	95,699	66,228	56,280
Interest and debt expense	1,330	539	812	698
Income before income taxes	118,134	95,160	65,416	55,582
Income taxes	29,743	23,461	16,465	13,689
Net income	$ 88,391	$ 71,699	$ 48,951	$ 41,893
Basic and diluted earnings per share	$ 2.60	$ 2.05	$ 1.44	$ 1.20
Average basic and diluted shares outstanding	33,979,000	35,037,000	33,935,000	34,870,000
Dividends per common share	$ 0.80	$ 0.76	$ 0.40	$ 0.40

See accompanying notes to consolidated financial statements.

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

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Net income	$ 88,391	$ 71,699	$ 48,951	$ 41,893
Other comprehensive (loss) income:				
Unrealized holding (losses) gains on available-for-sale investments, net of tax (benefit) expense of ($184), $424, $30 and $160	(667)	1,546	113	582
Foreign currency translation (losses) gains	(1,278)	3,300	(683)	3,250
Other comprehensive (loss) income	(1,945)	4,846	(570)	3,832
Comprehensive income	$ 86,446	$ 76,545	$ 48,381	$ 45,725

See accompanying notes to consolidated financial statements.

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

	Twenty-Six Weeks Ended	
	June 27, 2026	June 28, 2025
OPERATING ACTIVITIES		
Net income	$ 88,391	$ 71,699
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,969	24,375
Non-cash interest charges	132	132
Provisions for losses on trade and other accounts receivable	2,785	9,912
Gains on sales/disposals of operating property	(368)	(1,389)
Deferred income taxes, net	7,671	(5,904)
Stock-based compensation	5,420	3,657
Changes in operating assets and liabilities:		
Increase in trade and other accounts receivable	(194,049)	(44,941)
Increase in other assets	(25,744)	(26,544)
Increase in accounts payable	99,213	18,224
Increase in other liabilities	15,733	6,903
Increase in insurance claims	7,657	6,712
NET CASH PROVIDED BY OPERATING ACTIVITIES	27,810	62,836
INVESTING ACTIVITIES		
Sales and maturities of investments	78,673	84,755
Purchases of investments	(80,970)	(86,838)
Purchases of operating property	(8,714)	(4,383)
Proceeds from sales of operating property	2,851	5,690
NET CASH USED BY INVESTING ACTIVITIES	(8,160)	(776)
FINANCING ACTIVITIES		
Increase (decrease) in cash overdraft	15,195	(2,892)
Dividends paid	(95,298)	(97,236)
Taxes paid in lieu of shares issued related to stock-based compensation plans	(1,057)	(916)
Purchases of common stock	(24,149)	(102,300)
Principal payments on finance lease obligations	(15,245)	(16,883)
NET CASH USED BY FINANCING ACTIVITIES	(120,554)	(220,227)
Effect of exchange rate changes on cash and cash equivalents	(1,619)	2,386
Decrease in cash and cash equivalents, including cash and cash equivalents classified as assets held for sale	(102,523)	(155,781)
Plus: Net change in cash and cash equivalents classified as assets held for sale	179	—
Net change in cash and cash equivalents	(102,344)	(155,781)
Cash and cash equivalents at beginning of period	396,694	515,018
Cash and cash equivalents at end of period	$ 294,350	$ 359,237

See accompanying notes to consolidated financial statements.

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LANDSTAR SYSTEM, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
Twenty-Six and Thirteen Weeks Ended June 27, 2026 and June 28, 2025
(Dollars in thousands)
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock at Cost		Accumulated Other Comprehensive Loss	Total
	Shares	Amount			Shares	Amount		
Balance December 27, 2025	68,590,708	$ 686	$261,256	$ 2,852,680	34,531,982	$(2,313,245)	$ (5,712)	$ 795,665
Net income				39,440				39,440
Dividends ($0.40 per share)				(13,614)				(13,614)
Purchases of common stock					150,923	(22,587)		(22,587)
Issuance of stock related to stock-based compensation plans	28,532		(3)		8,125	(1,037)		(1,040)
Stock-based compensation			2,487					2,487
Other comprehensive loss							(1,375)	(1,375)
Balance March 28, 2026	68,619,240	$ 686	$263,740	$ 2,878,506	34,691,030	$(2,336,869)	$ (7,087)	$ 798,976
Net income				48,951				48,951
Dividends ($0.40 per share)				(13,567)				(13,567)
Purchases of common stock						24		24
Issuance of stock related to stock-based compensation plans	11,934				3,219	(17)		(17)
Stock-based compensation			2,933					2,933
Other comprehensive loss							(570)	(570)
Balance June 27, 2026	68,631,174	$ 686	$266,673	$ 2,913,890	34,694,249	$(2,336,862)	$ (7,657)	$ 836,730

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	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock at Cost		Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount			Shares	Amount		
Balance December 28, 2024	68,559,269	$ 686	$255,260	$ 2,859,916	33,243,196	$(2,131,413)	$ (12,010)	$ 972,439
Net income				29,806				29,806
Dividends ($0.36 per share)				(12,688)				(12,688)
Purchases of common stock					386,318	(60,945)		(60,945)
Issuance of stock related to stock-based compensation plans	22,503		(2)		6,081	(907)		(909)
Stock-based compensation			2,038					2,038
Other comprehensive income							1,014	1,014
Balance March 29, 2025	68,581,772	$ 686	$257,296	$ 2,877,034	33,635,595	$(2,193,265)	$ (10,996)	$ 930,755
Net income				41,893				41,893
Dividends ($0.40 per share)				(13,916)				(13,916)
Purchases of common stock					300,141	(42,350)		(42,350)
Issuance of stock related to stock-based compensation plans	7,646				146	(7)		(7)
Stock-based compensation			1,619					1,619
Other comprehensive income							3,832	3,832
Balance June 28, 2025	68,589,418	$ 686	$258,915	$ 2,905,011	33,935,882	$(2,235,622)	$ (7,164)	$ 921,826

See accompanying notes to consolidated financial statements.

LANDSTAR SYSTEM, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The consolidated financial statements include the accounts of Landstar System, Inc. and its subsidiary, Landstar System Holdings, Inc., and reflect all adjustments (all of a normal, recurring nature) which are, in the opinion of management, necessary for a fair statement of the results for the periods presented. The preparation of the consolidated financial statements requires the use of management's estimates. Actual results could differ from those estimates. Landstar System, Inc. and its subsidiary are herein referred to as "Landstar" or the "Company." Significant intercompany accounts have been eliminated in consolidation.

These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's 2025 Annual Report on Form 10-K.

(1) Significant Accounting Policies

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 twenty-six-week and thirteen-week periods ended June 27, 2026 and June 28, 2025 (dollars in thousands):

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
Mode	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Truck – BCO Independent Contractors	40%	38%	39%	38%
Truck – Truck Brokerage Carriers	53%	54%	54%	54%
Rail intermodal	2%	2%	2%	2%
Ocean and air cargo carriers	4%	5%	3%	4%
Truck Equipment Type				
Van equipment	$1,320,919	$1,186,071	$717,513	$591,276
Unsided/platform equipment	$ 860,737	$ 741,270	$492,168	$400,862
Less-than-truckload	$ 48,912	$ 47,749	$ 25,124	$ 25,313
Other truck transportation (1)	$ 185,591	$ 192,766	$ 99,073	$100,687

(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) Share-based Payment Arrangements

As of June 27, 2026, 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"). 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 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):

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Total cost of the Plans during the period	$ 5,420	$ 3,657	$ 2,933	$ 1,619
Amount of related income tax benefit recognized during the period	(1,341)	(792)	(883)	(344)
Net cost of the Plans during the period	$ 4,079	$ 2,865	$ 2,050	$ 1,275

Included in income tax benefits recognized in the twenty-six-week periods ended June 27, 2026 and June 28, 2025 were tax (benefits) deficiencies from stock-based awards of ($14,000) and $104,000, respectively.

As of June 27, 2026, there were 161,928 shares of the Company's common stock reserved for issuance under the 2022 DSCP and 2,600,923 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:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding at December 27, 2025	203,712	$ 143.95
Granted	61,940	$ 134.35
Forfeited	(42,744)	$ 154.46
Outstanding at June 27, 2026	222,908	$ 139.27

During the twenty-six-week period ended June 27, 2026, the Company granted RSUs with a performance condition and RSUs with a market condition, as further described below. Outstanding RSUs at both December 27, 2025 and June 27, 2026 include RSUs with a performance condition and RSUs with a market condition, as further described below and in the Company's 2025 Annual Report on Form 10-K.

RSUs with a performance condition granted during the twenty-six-week period ended June 27, 2026 may vest on January 31 of 2029, 2030 and 2031 based on growth in diluted earnings per share as compared to the results from the 2025 fiscal year, adjusted to reflect the add back of (i) the charge taken by the Company in the 2025 first quarter in connection with a supply chain fraud relating to the Company's international freight forwarding operations; and (ii) impairment charges recorded in the Company's 2025 fiscal year related to: the decision to actively market for sale Landstar Metro, S.A.P.I. de C.V., the Company's wholly-owned Mexican operating subsidiary; the decision to wind-down the Landstar Blue TMS; and a non-controlling equity investment made by the Company in Cavnue, LLC, a privately held technology start-up company.

On January 30, 2026, the Company granted 6,715 RSUs that vest based on a market condition. These RSUs may vest based on the achievement of a specific total shareholder return ("TSR") compound annual growth rate, adjusted to reflect dividends (if any) paid during such periods and capital adjustments as may be necessary, and are eligible to vest 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 $3,022,000 and $1,253,000 of share-based compensation expense related to RSU awards in the twenty-six-week periods ended June 27, 2026 and June 28, 2025, respectively. As of June 27, 2026, there was a maximum of $47.9 million of total unrecognized compensation cost related to RSU awards granted under the Plans with an expected average remaining life of approximately 3.1 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 following table summarizes information regarding the Company's outstanding shares of non-vested restricted stock and Deferred Stock Units (defined below) under the Plans:

	Number of Shares and Deferred Stock Units	Weighted Average Grant Date Fair Value
Non-vested at December 27, 2025	53,776	$ 168.95
Granted	36,135	$ 155.77
Vested	(31,570)	$ 167.44
Forfeited	(4,354)	$ 164.93
Non-vested at June 27, 2026	53,987	$ 161.33

The fair value of each share of non-vested restricted stock issued and Deferred Stock Unit granted under the Plans is based on the fair value of a share of the Company's common stock on the date of grant. Shares of non-vested restricted stock are generally subject to vesting in three equal annual installments either on the first, second and third anniversary of the date of the grant or the third, fourth and fifth anniversary of the date of the grant, in two equal annual installments on the first and second anniversary of the date of the grant or 100% on the first or third anniversary of the date of the grant. For restricted stock awards granted under the 2022 DSCP, each recipient may elect to defer receipt of shares and instead receive restricted stock units ("Deferred Stock Units"), which represent contingent rights to receive shares of the Company's common stock on the date of the recipient's separation from service from the Board of Directors, or, if earlier, upon a change in control event of the Company. Deferred Stock Units become vested 100% on the first anniversary of the date of the grant. Deferred Stock Units do not represent actual ownership in shares of the Company's common stock and the recipient does not have voting rights or other incidents of ownership until the shares are issued. However, Deferred Stock Units do contain the right to receive dividend equivalent payments prior to settlement into shares.

As of June 27, 2026, there was $7,061,000 of total unrecognized compensation cost related to non-vested shares of restricted stock and Deferred Stock Units granted under the Plans. The unrecognized compensation cost related to these non-vested shares of restricted stock and Deferred Stock Units is expected to be recognized over a weighted average period of 2.0 years.

(3) Income Taxes

The provisions for income taxes for the 2026 and 2025 twenty-six-week periods were based on estimated annual effective income tax rates of 25.1% and 24.3%, respectively, adjusted for discrete events, such as excess tax benefits or deficiencies resulting from stock-based awards. The effective income tax rate for the 2026 twenty-six-week period was 25.2%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2026 period primarily attributable to state taxes. The effective income tax rate for the 2025 twenty-six-week period was 24.7%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2025 period primarily attributable to state taxes.

(4) Earnings Per Share

Basic earnings per common share are based on the weighted average number of 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 dilutive effect of outstanding stock awards, if applicable. 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. 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 each of the 2026 and 2025 twenty-six-week periods.

(5) Additional Cash Flow Information

During the 2026 twenty-six-week period, Landstar paid income taxes and interest of $22,188,000 and $2,449,000, respectively. During the 2025 twenty-six-week period, Landstar paid income taxes and interest of $33,972,000 and $2,816,000, respectively. Landstar acquired operating property by entering into finance leases in the amount of $5,197,000 in the 2026 twenty-six-week period. Landstar did not acquire any operating property by entering into finance leases in the 2025 twenty-six-week period. During the 2026 twenty-six-week period, the Company purchased its common stock at a total cost of $22,563,000, including $22,387,000 in cash purchases and accrued excise tax of $176,000, which is included in other current liabilities in the consolidated balance sheet at June 27, 2026. The Company also paid $1,762,000 in excise tax on its common stock purchases, which was included in other current liabilities in the consolidated balance sheet at December 27, 2025. During the 2025 twenty-six-week period, the Company purchased its common stock at a total cost of $103,295,000, including $102,300,000 in cash purchases and accrued excise tax of $995,000, which was included in other current liabilities in the consolidated balance sheet at June 28, 2025.

(6) Segment Information

The Company reports the results of two operating segments: the transportation logistics segment and the insurance segment. The Company’s chief operating decision maker (“CODM”) is our Chief Executive Officer. The CODM evaluates each segment’s performance and makes decisions about resource allocations primarily based on operating income, which is the principal financial metric utilized to monitor budgeted versus actual results by segment of the Company. Asset information by segment is not typically provided to the CODM for purposes of evaluating performance or allocating resources, and therefore such information has not been presented.

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The following tables summarize information about the Company's reportable business segments as of and for the twenty-six-week and thirteen-week periods ended June 27, 2026 and June 28, 2025 (in thousands):

	Twenty-Six Weeks Ended					
	June 27, 2026			June 28, 2025		
	Transportation Logistics	Insurance	Total	Transportation Logistics	Insurance	Total
External revenue	$ 2,574,766	$ 28,789	$2,603,555	$ 2,334,432	$ 29,453	$2,363,885
Internal revenue		51,623	51,623		53,093	53,093
Total revenue	2,574,766	80,412	2,655,178	2,334,432	82,546	2,416,978
Investment income		5,679	5,679		7,327	7,327
Purchased transportation	2,030,397		2,030,397	1,839,289		1,839,289
Commissions to agents	201,578		201,578	192,836		192,836
Other operating costs, net of gains on asset sales/dispositions	32,745		32,745	31,424		31,424
Insurance and claims	61,461	65,085	126,546	63,373	60,021	123,394
Selling, general and administrative	122,742	6,416	129,158	111,985	5,303	117,288
Depreciation and amortization	20,969		20,969	24,375		24,375
Operating income	104,874	14,590	119,464	71,150	24,549	95,699
Goodwill	34,005		34,005	41,399		41,399
Operating income			119,464			95,699
Interest and debt expense [(1)]			1,330			539
Income before income taxes			118,134			95,160

	Thirteen Weeks Ended					
	June 27, 2026			June 28, 2025		
	Transportation Logistics	Insurance	Total	Transportation Logistics	Insurance	Total
External revenue	$ 1,417,765	$ 14,499	$1,432,264	$ 1,196,687	$ 14,696	$1,211,383
Internal revenue		40,329	40,329		41,514	41,514
Total revenue	1,417,765	54,828	1,472,593	1,196,687	56,210	1,252,897
Investment income		2,705	2,705		3,729	3,729
Purchased transportation	1,123,400		1,123,400	941,411		941,411
Commissions to agents	109,435		109,435	99,522		99,522
Other operating costs, net of gains on asset sales/dispositions	17,945		17,945	19,595		19,595
Insurance and claims	30,835	48,853	79,688	29,517	42,446	71,963
Selling, general and administrative	64,956	3,237	68,193	52,559	3,147	55,706
Depreciation and amortization	10,409		10,409	12,149		12,149
Operating income	60,785	5,443	66,228	41,934	14,346	56,280
Operating income			66,228			56,280
Interest and debt expense [(1)]			812			698
Income before income taxes			65,416			55,582

(1) Interest and debt expense includes (i) interest income earned on cash balances held by the transportation logistics segment of $1,251 and $2,409 in the 2026 and 2025 twenty-six-week periods, respectively, and $473 and $741 in the 2026 and 2025 thirteen-week periods, respectively, and (ii) consolidated total interest expense of $2,581 and $2,948 in the 2026 and 2025 twenty-six-week periods, respectively, and $1,285 and $1,439 in the 2026 and 2025 thirteen-week periods, respectively.

In the twenty-six-week periods ended June 27, 2026 and June 28, 2025, no single customer accounted for more than 10% of the Company's consolidated revenue.

(7) Other Comprehensive Income

The following table presents the components of and changes in accumulated other comprehensive loss, net of related income taxes, as of and for the twenty-six-week period ended June 27, 2026 (in thousands):

	Unrealized Holding Losses on Available-for-Sale Securities	Foreign Currency Translation	Total
Balance as of December 27, 2025	$ (396)	$ (5,316)	$(5,712)
Other comprehensive loss	(667)	(1,278)	(1,945)
Balance as of June 27, 2026	$ (1,063)	$ (6,594)	$(7,657)

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 twenty-six-week period ended June 27, 2026.

(8) Investments

Investments include primarily investment-grade corporate bonds, asset-backed securities, commercial paper and U.S. treasury obligations 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 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 $1,355,000 and $504,000 at June 27, 2026 and December 27, 2025, respectively.

The amortized cost and fair values of available-for-sale investments are as follows at June 27, 2026 and December 27, 2025 (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
June 27, 2026				
Money market investments	$ 8,886	$ —	$ —	$ 8,886
Asset-backed securities	14,690	13	1,025	13,678
Corporate bonds, commercial paper and direct obligations of government agencies	104,156	323	659	103,820
U.S. Treasury obligations	22,723	—	7	22,716
Total	$150,455	$ 336	$ 1,691	$149,100
December 27, 2025				
Money market investments	$ 15,046	$ —	$ —	$ 15,046
Asset-backed securities	19,380	43	1,128	18,295
Corporate bonds, commercial paper and direct obligations of government agencies	103,425	1,097	523	103,999
U.S. Treasury obligations	9,666	7	—	9,673
Total	$147,517	$ 1,147	$ 1,651	$147,013

For those available-for-sale investments with unrealized losses at June 27, 2026 and December 27, 2025, 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
June 27, 2026						
Asset-backed securities	$ 3,757	$ 500	$ 6,481	$ 525	$10,238	$ 1,025
Corporate bonds, commercial paper, and direct obligations of government agencies	56,411	272	1,691	387	58,102	659
U.S. Treasury obligations	12,726	7	—	—	12,726	7
Total	$72,894	$ 779	$ 8,172	$ 912	$81,066	$ 1,691
December 27, 2025						
Asset-backed securities	$ 2,768	$ 386	$10,425	$ 742	$13,193	$ 1,128
Corporate bonds, commercial paper, and direct obligations of government agencies	16,772	56	13,818	467	30,590	523
Total	$19,540	$ 442	$24,243	$ 1,209	$43,783	$ 1,651

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.

(9) 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 lease right-of-use assets 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 other build-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-use assets 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.

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 for the twenty-six weeks ended June 27, 2026 were (in thousands):

Finance leases:	
Amortization of right-of-use assets	$ 8,325
Interest on lease liability	1,896
Total finance lease cost	10,221
Operating leases:	
Lease cost	3,191
Variable lease cost	—
Sublease income	(3,124)
Total net operating lease cost	67
Total net lease cost	$10,288

A summary of the lease classification on the Company's consolidated balance sheet as of June 27, 2026 is as follows (in thousands):

Assets:

Operating lease right-of-use assets	Other assets	$ 482
Finance lease assets	Operating property, less accumulated depreciation and amortization	105,257
Total lease assets		$105,739

Liabilities:

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 June 27, 2026 (in thousands):

	Finance Leases	Operating Leases
2026 Remainder	$15,803	$ 150
2027	22,718	263
2028	18,814	94
2029	14,345	—
2030	2,949	—
Thereafter	496	—
Total future minimum lease payments	75,125	507
Less amount representing interest (1.6% to 6.4%)	8,351	25
Present value of minimum lease payments	$66,774	$ 482

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Current maturities of long-term debt	24,686	
Long-term debt, excluding current maturities	42,088	
Other current liabilities		286
Deferred income taxes and other noncurrent liabilities		196

The weighted average remaining lease term and the weighted average discount rate for finance and operating leases as of June 27, 2026 were:

	Finance Leases	Operating Leases
Weighted average remaining lease term (years)	3.2	1.8
Weighted average discount rate	5.5%	5.5%

(10) Debt

Other than the finance lease obligations as presented on the consolidated balance sheets, the Company had no outstanding debt as of June 27, 2026 and December 27, 2025.

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into a third amended and restated credit agreement, dated June 30, 2026, with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent (the “Third Amended and Restated Credit Agreement”), which amended and restated the existing second amended and restated credit agreement. The Third Amended and Restated Credit Agreement, which matures June 30, 2031, provides for borrowing capacity in the form of a revolving credit facility of $300,000,000, $100,000,000 of which may be utilized in the form of letters of credit. The Third Amended and Restated Credit Agreement also includes an uncommitted “accordion” feature permitting up to an additional $500,000,000 in increases to the revolving credit facility.

The Third Amended and Restated Credit Agreement is referred to herein as the “Credit Agreement.” As of June 27, 2026, 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 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 Net 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 0.175% to 0.25%, based on the Company’s Net 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 interest coverage ratio, as described in the Credit Agreement, and maintain a Net 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 Net 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 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.

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(11) Commitments and Contingencies

Short-term investments include $53,352,000 in current maturities of investments held by the Company's insurance segment at June 27, 2026. The non-current portion of the bond portfolio of $95,748,000 is included in other assets. The short-term investments, together with $30,349,000 of non-current investments, provide collateral for the $75,331,000 of letters of credit issued to guarantee payment of insurance claims. As of June 27, 2026, Landstar also had $34,886,000 of additional letters of credit outstanding under the Company's Credit Agreement.

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.

(12) Change in Accounting Estimate for Self-Insured Claims

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 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.

The following table summarizes the adverse effect of the increase in the cost of insurance claims resulting from unfavorable development of prior year self-insured claims estimates on operating income, net income and basic and diluted earnings per share set forth in the consolidated statements of income for the twenty-six-week and thirteen-week periods ended June 27, 2026 and June 28, 2025 (in thousands, except per share amounts):

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Operating income	$ 15,393	$ 13,641	$ 10,505	$ 2,289
Net income	$ 11,529	$ 10,272	$ 7,868	$ 1,726
Basic and diluted earnings per share	$ 0.34	$ 0.29	$ 0.23	$ 0.05

The unfavorable development of prior years' claims during the twenty-six-week period ended June 27, 2026 was primarily attributable to several specific commercial trucking claims and cargo loss experience as a result of fraud and theft in the supply chain.

(13) Subsidiary Wind Down

During the 2025 fiscal year, the Company entered into an arrangement with a financial advisor to actively market its Mexican subsidiary, Landstar Metro, S.A.P.I. de C.V. ("Landstar Metro") and to consider other strategic alternatives for this subsidiary. During the second fiscal quarter of 2026, the Company stopped actively marketing Landstar Metro and initiated a wind-down of its operations and sales of certain assets. As such, the assets and liabilities of Landstar Metro are no longer presented as held for sale within the consolidated balance sheet at June 27, 2026. It is not anticipated that the disposition of Landstar Metro will adversely affect the Company's ability to provide U.S.-Mexico cross-border services, given that Landstar Metro was principally engaged in intra-Mexico truck transportation services.

In the 2026 twenty-six-week period, the Company recognized an impairment of $679,000 included in selling, general and administrative costs within the Company's consolidated statements of income related to Landstar Metro. While the Company does not currently anticipate any further charges to be incurred as a result of the wind-down process, no assurances can be provided that there will not be additional charges and expenses incurred by the Company in connection with any ultimate dissolution of Landstar Metro.

(14) Recent Accounting Pronouncements

Accounting Standards Issued But Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”), which expands disclosures about certain categories of expenses. ASU 2024-03 is effective for annual periods beginning after December 15, 2026. The Company is currently evaluating the impact of ASU 2024-03 on its disclosures, but this standard update is not expected to impact the Company’s results of operations or financial condition.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the interim consolidated financial statements and notes thereto included herein, and with the Company’s audited financial statements and notes thereto for the fiscal year ended December 27, 2025 and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in the 2025 Annual Report on Form 10-K.

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-Q 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,” “would,” “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: decreased demand for transportation services; U.S. trade relationships and potential or imposed tariffs; an increase in the frequency or severity of accidents or other claims; unfavorable development of existing accident claims; substantial verdicts or settlements rendered in connection with accidents or other 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 second largest such agent by revenue in the 2025 fiscal year; 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; acquisitions and investments; and other operational, financial or legal risks or uncertainties detailed in Landstar’s Form 10-K for the 2025 fiscal year, described in Item 1A “Risk Factors,” in this report or in Landstar’s other Securities and Exchange Commission 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.

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 freight transportation and logistics solutions focused on safety, security and service 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 information coordination and are delivered through a network of approximately 990 independent commission sales agents and over 72,000 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 freight transportation and logistics services 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 a freight transportation and logistics business primarily throughout North America with revenue of $4.7 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 freight transportation and logistics services. 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, hazardous materials (“haz-mat”), cold chain/temperature-controlled, U.S.-Canada and U.S.-Mexico cross-border, 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, military 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 the twenty-six weeks ended June 27, 2026, revenue generated by BCO Independent Contractors, Truck Brokerage Carriers and railroads represented approximately 40%, 53% and 2%, respectively, of the Company’s consolidated revenue. Collectively, revenue generated by air and ocean cargo carriers represented approximately 4% of the Company’s consolidated revenue in the twenty-six-week period ended June 27, 2026.

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 reinsures certain risks of the Company’s BCO Independent Contractors and provides certain property and casualty insurance 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 the twenty-six-week period ended June 27, 2026.

Changes in Financial Condition and Results of Operations

Management believes the Company’s success principally depends on its ability to generate freight transportation opportunities through its network of independent commission sales agents and to deliver freight safely, securely and efficiently utilizing BCO Independent Contractors and other 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 (“Million Dollar Agents”). 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 technologies they may use to grow revenue and increase efficiencies at their businesses. During the 2025 fiscal year, 457 independent commission sales agents generated $1 million or more of Landstar revenue and thus qualified as Million Dollar Agents. During the 2025 fiscal year, the average revenue generated by a Million Dollar Agent was $9,827,000 and revenue generated by Million Dollar Agents in the aggregate represented 95% of consolidated revenue.

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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:

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Revenue generated through (in thousands):				
Truck transportation				
Truckload:				
Van equipment	$ 1,320,919	$ 1,186,071	$ 717,513	$ 591,276
Unsided/platform equipment	860,737	741,270	492,168	400,862
Less-than-truckload	48,912	47,749	25,124	25,313
Other truck transportation (1)	185,591	192,766	99,073	100,687
Total truck transportation	2,416,159	2,167,856	1,333,878	1,118,138
Rail intermodal	47,075	39,515	27,761	22,028
Ocean and air cargo carriers	97,713	116,426	49,744	50,789
Other (2)	42,608	40,088	20,881	20,428
	$ 2,603,555	$ 2,363,885	$ 1,432,264	$ 1,211,383
Revenue on loads hauled via BCO Independent Contractors included in total truck transportation	$ 1,038,421	$ 888,489	$ 563,073	$ 461,432
Number of loads:				
Truck transportation				
Truckload:				
Van equipment	575,472	572,154	297,761	284,091
Unsided/platform equipment	246,695	246,241	132,141	128,996
Less-than-truckload	65,895	76,830	30,970	41,250
Other truck transportation (1)	95,768	90,185	49,378	46,173
Total truck transportation	983,830	985,410	510,250	500,510
Rail intermodal	15,110	13,970	8,520	7,820
Ocean and air cargo carriers	13,870	16,560	7,160	7,440
	1,012,810	1,015,940	525,930	515,770
Loads hauled via BCO Independent Contractors included in total truck transportation	432,210	398,000	224,600	203,930
Revenue per load:				
Truck transportation				
Truckload:				
Van equipment	$ 2,295	$ 2,073	$ 2,410	$ 2,081
Unsided/platform equipment	3,489	3,010	3,725	3,108
Less-than-truckload	742	621	811	614
Other truck transportation (1)	1,938	2,137	2,006	2,181
Total truck transportation	2,456	2,200	2,614	2,234
Rail intermodal	3,115	2,829	3,258	2,817
Ocean and air cargo carriers	7,045	7,031	6,947	6,826
Revenue per load on loads hauled via BCO Independent Contractors	$ 2,403	$ 2,232	$ 2,507	$ 2,263
Revenue by capacity type (as a % of total revenue):				
Truck capacity providers:				
BCO Independent Contractors	40%	38%	39%	38%
Truck Brokerage Carriers	53%	54%	54%	54%
Rail intermodal	2%	2%	2%	2%
Ocean and air cargo carriers	4%	5%	3%	4%
Other	2%	2%	1%	2%

(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.

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 on the dates indicated:

	June 27, 2026	June 28, 2025
BCO Independent Contractors	7,719	7,844
Truck Brokerage Carriers:		
Approved and active [1]	37,656	41,842
Other approved	26,951	27,672
	64,607	69,514
Total available truck capacity providers	72,326	77,358
Trucks provided by BCO Independent Contractors	8,544	8,611

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

As previously disclosed by the Company in current and periodic reports filed with the SEC, during the last week of the Company's 2025 first quarter, the Company identified a supply chain fraud relating to the Company's international freight forwarding operations. Other operating costs during the twenty-six-week period ended June 28, 2025 included a $4.8 million expense relating to this matter.

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.

Landstar retains liability through a self-insured retention for commercial trucking claims up to $5 million per occurrence. The Company also maintains third party insurance arrangements providing coverage for commercial trucking liabilities in excess of $5 million. Historically, these third party insurance arrangements were based on policy year periods beginning on May 1 and ending on the subsequent April 30. Beginning with the policy year period commencing May 1, 2025, the Company and its third party insurance providers adjusted the applicable policy year period, beginning in 2026, to commence on June 1 and end on the subsequent May 31.

Effective June 1, 2026, the Company entered into a new three year commercial auto liability insurance arrangement for losses incurred between $5 million and $10 million (the "2026 Initial Excess Policy") with a third party insurance company. For commercial trucking claims incurred on or after June 1, 2026 through May 31, 2029, the 2026 Initial Excess Policy provides for a limit for a single loss of $5 million, with a $10 million per policy year aggregate limit and an aggregate limit of $15 million over the thirty-six month term. It also includes a $2.5 million per policy year aggregate loss corridor. Moreover, in the event paid aggregate losses under the 2026 Initial Excess Policy during the three year period ending May 31, 2029 exceed a pre-determined threshold amount, the 2026 Initial Excess Policy requires the Company to pay an additional premium up to a maximum amount of $4 million.

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. Over the past fifteen years, there has been a significant increase in the occurrence 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 May 31, 2027, the Company experienced an increase of approximately $21 million, or approximately 390%, 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 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 $65 million incurred during the annual policy year ending May 31, 2027, the Company would have an aggregate financial exposure of approximately $33 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 also 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.

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 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 may be reduced by various legal defenses and other factors including the extent to which such carriers maintain their own insurance coverage. However, Montgomery v. Caribe Transport II, LLC has narrowed our ability to rely on Federal Aviation Administration Authorization Act of 1994 (the "FAAAA") preemption as a defense by holding that state-law negligent selection claims against freight brokers fall within the statute's motor vehicle safety exception, which could have an adverse impact on our claims experience. 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. For more information, see Part II, Item 1A, "Risk Factors—Increased exposure to Broker Liability Claims" in this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors—Increased severity or frequency of accidents and other claims or a material unfavorable development of existing claims" in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

Selling, general and administrative

During the twenty-six-week period ended June 27, 2026, employee compensation and benefits accounted for approximately 64% 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 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.

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

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	June 28, 2025	June 27, 2026	June 28, 2025
Revenue	$ 2,603,555	$ 2,363,885	$ 1,432,264	$ 1,211,383
Costs of revenue:				
Purchased transportation	2,030,397	1,839,289	1,123,400	941,411
Commissions to agents	201,578	192,836	109,435	99,522
Variable costs of revenue	2,231,975	2,032,125	1,232,835	1,040,933
Trailing equipment depreciation	12,619	13,844	6,351	6,867
Information technology costs	5,683	7,609	3,080	3,934
Insurance-related costs (1)	75,654	71,317	39,716	30,793
Other operating costs	32,745	31,424	17,945	19,595
Other costs of revenue	126,701	124,194	67,092	61,189
Total costs of revenue	2,358,676	2,156,319	1,299,927	1,102,122
Gross profit	$ 244,879	$ 207,566	$ 132,337	$ 109,261
Gross profit margin	9.4%	8.8%	9.2%	9.0%
Plus: other costs of revenue	126,701	124,194	67,092	61,189
Variable contribution	$ 371,580	$ 331,760	$ 199,429	$ 170,450
Variable contribution margin	14.3%	14.0%	13.9%	14.1%

(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 44% of the Company's consolidated revenue in the twenty-six-week period ended June 27, 2026 was generated under transactions that pay a fixed percentage of revenue to the third party capacity provider and/or agents while approximately 56% 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 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.

	Twenty-Six Weeks Ended		Thirteen Weeks Ended	
	June 27, 2026	**June 28, 2025**	**June 27, 2026**	**June 28, 2025**
Gross profit	$244,879	$207,566	$132,337	$109,261
Operating income	$119,464	$ 95,699	$ 66,228	$ 56,280
Operating income as % of gross profit	**48.8%**	**46.1%**	**50.0%**	**51.5%**
Variable contribution	$371,580	$331,760	$199,429	$170,450
Operating income	$119,464	$ 95,699	$ 66,228	$ 56,280
Operating income as % of variable contribution	**32.2%**	**28.8%**	**33.2%**	**33.0%**

The increase in operating income as a percentage of gross profit from the 2025 twenty-six-week period to the 2026 twenty-six-week period resulted from the increase of operating income at a more rapid percentage rate than the increase in gross profit, as the Company was able to scale its fixed cost infrastructure, primarily certain components of selling, general and administrative costs, across a larger gross profit base, and the impact of the supply chain fraud matter in the 2025 twenty-six-week period. The decrease in operating income as a percentage of gross profit from the 2025 thirteen-week period to the 2026 thirteen-week period was primarily due to an increased provision for incentive compensation in the 2026 thirteen-week period.

The increase in operating income as a percentage of variable contribution from the 2025 twenty-six-week period to the 2026 twenty-six-week period resulted from the increase of operating income at a more rapid percentage rate than the increase in variable contribution, as the Company was able to scale its fixed cost infrastructure, primarily certain components of selling, general and administrative costs across a larger variable contribution base, and the impact of the supply chain fraud matter in the 2025 twenty-six-week period. The slight increase in operating income as a percentage of variable contribution from the 2025 thirteen-week period to the 2026 thirteen-week period resulted from the increase in operating income occurring at a slightly more rapid percentage rate than the increase in variable contribution, as the Company was able to scale its fixed cost infrastructure, primarily certain components of selling, general and administrative costs, across a larger variable contribution base, almost entirely offset by increased insurance and claims costs and an increased provision for incentive compensation in the 2026 thirteen-week period.

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.

TWENTY-SIX WEEKS ENDED JUNE 27, 2026 COMPARED TO TWENTY-SIX WEEKS ENDED JUNE 28, 2025

Revenue for the 2026 twenty-six-week period was $2,603,555,000, an increase of $239,670,000, or 10%, compared to the 2025 twenty-six-week period. Transportation revenue increased $240,334,000, or 10%. The increase in transportation revenue was attributable to an increased revenue per load of approximately 11%, while the number of loads was relatively flat as compared to the 2025 twenty-six-week period. Reinsurance premiums were $28,789,000 and $29,453,000 for the 2026 and 2025 twenty-six-week periods, 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 the 2026 twenty-six-week period compared to the 2025 twenty-six-week period.

Truck transportation revenue generated by BCO Independent Contractors and Truck Brokerage Carriers (together, the "third party truck capacity providers") for the 2026 twenty-six-week period was $2,416,159,000, representing 93% of total revenue, an increase of $248,303,000, or 11%, compared to the 2025 twenty-six-week period. Revenue per load on loads hauled by third party truck capacity providers increased approximately 12% in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period, while the number of loads hauled by third party truck capacity providers was relatively flat in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period.

The increase in revenue per load on loads hauled via truck was primarily due to a tightening truck capacity environment in the 2026 twenty-six-week period and the impact of higher diesel fuel costs on loads hauled via Truck Brokerage Carrier. During the 2026 twenty-six-week period, revenue per load on less-than-truckload loadings increased 19%, on loads hauled via unsided/platform equipment increased 16%, and on loads hauled via van equipment increased 11%, while revenue per load on other truck transportation services decreased 9%, in each case, as compared to the 2025 twenty-six-week period.

The number of loads hauled via truck for the 2026 twenty-six-week period compared to the 2025 twenty-six-week period was relatively flat. Loads hauled via other truck transportation services increased 6%, loads hauled via van equipment increased 1% and loads hauled via unsided/platform equipment were relatively flat, while less-than-truckload loadings decreased 14%, in each case, as compared to the 2025 twenty-six-week period.

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 $71,237,000 and $54,016,000 in the 2026 and 2025 twenty-six-week periods, respectively. It should be noted that billings to many customers of the Company's truck brokerage services include a single all-in rate that 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 the 2026 twenty-six-week period was $144,788,000, or 6% of total revenue, a decrease of $11,153,000, or 7%, compared to the 2025 twenty-six-week period. The number of loads hauled by multimode capacity providers decreased approximately 5% in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period, and revenue per load on revenue generated by multimode capacity providers decreased approximately 2% over the same period. The decrease in the number of loads hauled by multimode capacity providers was due to a 19% decrease in ocean loadings and an 8% decrease in air loadings, while rail loadings increased 8%. The 19% decrease in ocean loadings was broad-based with decreases at several customers. The 8% decrease in air loadings was primarily attributable to decreases at two specific agencies. The 8% increase in rail loadings was primarily attributable to increased loadings at one specific agency. Revenue per load on loads hauled via ocean decreased approximately 1%, while air and rail intermodal revenue per load increased approximately 23% and 10%, respectively, during the 2026 twenty-six-week period as compared to the 2025 twenty-six-week period. The decrease in revenue per load on loads hauled by ocean cargo carriers was primarily attributable to decreases at several customers during the 2026 twenty-six-week period. The increase in revenue per load on loads hauled by air cargo carriers was primarily attributable to increases at several specific customers during the 2026 twenty-six-week period. The increase in revenue per load on loads hauled by rail intermodal carriers was attributable to increases at several specific customers during the 2026 twenty-six-week period. 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 78.0% and 77.8% of revenue in the 2026 and 2025 twenty-six-week periods, 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, partially offset by favorable mix. Commissions to agents were 7.7% and 8.2% of revenue in the 2026 and 2025 twenty-six-week periods, 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.

Investment income was $5,679,000 and $7,327,000 in the 2026 and 2025 twenty-six-week periods, respectively. The decrease in investment income was attributable to a lower average investment balance held by the insurance segment in the 2026 twenty-six-week period and lower average rates of return on investments during the 2026 twenty-six-week period.

Other operating costs increased $1,321,000 in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period. The increase in other operating costs compared to the prior year was primarily due to increased trailer equipment maintenance costs, increased trailer rental costs and decreased gains on sales of operating property, partially offset by an approximately $4,800,000 expense relating to the supply chain fraud matter in the 2025 twenty-six-week period referenced above under "*Expenses - Other operating costs, net of gains on asset sales/dispositions.*"

Insurance and claims increased $4,622,000 in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period. The increase in insurance and claims expense compared to the prior year was primarily due to increased net unfavorable development of prior years' claims in the 2026 twenty-six-week period and increased BCO miles traveled during the 2026 twenty-six-week period, partially offset by decreased frequency of both current year trucking and current year cargo claims during the 2026 twenty-six-week period. During the 2026 and 2025 twenty-six-week periods, insurance and claims costs included $15,393,000 and $13,641,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

Selling, general and administrative costs increased $11,870,000 in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period. The increase in selling, general and administrative costs compared to prior year was primarily attributable to increased provisions for incentive compensation and stock-based compensation expense and increased wages, partially offset by a decreased provision for customer bad debt in the 2026 twenty-six-week period. Included in selling, general and administrative costs was incentive compensation expense of $9,832,000 and $1,950,000, respectively, and stock-based compensation expense of $5,420,000 and $3,657,000, respectively, for the 2026 and 2025 twenty-six-week periods.

Depreciation and amortization decreased $3,406,000 in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period. The decrease in depreciation and amortization expense was primarily due to decreased depreciation on information technology software and decreased trailing equipment depreciation in the 2026 twenty-six-week period.

Interest and debt expense increased $791,000 in the 2026 twenty-six-week period compared to the 2025 twenty-six-week period. The increase in interest and debt expense was primarily attributable to decreased interest income earned on cash balances held by the transportation logistics segment, partially offset by decreased interest expense related to finance lease obligations.

The provisions for income taxes for the 2026 and 2025 twenty-six-week periods were based on estimated annual effective income tax rates of 25.1% and 24.3%, respectively, adjusted for discrete events, such as excess tax benefits or deficiencies resulting from stock-based awards. The effective income tax rate for the 2026 twenty-six-week period was 25.2%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2026 period primarily attributable to state taxes. The effective income tax rate for the 2025 twenty-six-week period was 24.7%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2025 period primarily attributable to state taxes.

Net income was $88,391,000, or $2.60 per basic and diluted share, in the 2026 twenty-six-week period. Net income was $71,699,000, or $2.05 per basic and diluted share, in the 2025 twenty-six-week period.

THIRTEEN WEEKS ENDED JUNE 27, 2026 COMPARED TO THIRTEEN WEEKS ENDED JUNE 28, 2025

Revenue for the 2026 thirteen-week period was $1,432,264,000, an increase of $220,881,000, or 18%, compared to the 2025 thirteen-week period. Transportation revenue increased $221,078,000, or 18%. The increase in transportation revenue was attributable to an increased revenue per load of approximately 16% and an increased number of loads hauled of approximately 2% as compared to the 2025 thirteen-week period. Reinsurance premiums were $14,499,000 and $14,696,000 for the 2026 and 2025 thirteen-week periods, 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 the 2026 thirteen-week period compared to the 2025 thirteen-week period.

Truck transportation revenue generated by third party truck capacity providers for the 2026 thirteen-week period was $1,333,878,000, representing 93% of total revenue, an increase of $215,740,000, or 19%, compared to the 2025 thirteen-week period. Revenue per load on loads hauled by third party truck capacity providers increased approximately 17% in the 2026 thirteen-week period compared to the 2025 thirteen-week period, and the number of loads hauled by third party truck capacity providers increased approximately 2% in the 2026 thirteen-week period compared to the 2025 thirteen-week period.

The increase in revenue per load on loads hauled via truck was primarily due to a tightening truck capacity environment in the 2026 thirteen-week period and the impact of higher diesel fuel costs on loads hauled via Truck Brokerage Carriers. During the 2026 thirteen-week period, revenue per load on less-than-truckload loadings increased 32%, via unsided/platform equipment increased 20% and on loads hauled via van equipment increased 16%, while revenue per load on other truck transportation services decreased 8%, in each case, as compared to the 2025 thirteen-week period.

The increase in the number of loads hauled via truck for the 2026 thirteen-week period compared to the 2025 thirteen-week period was primarily due to increased demand from the 2025 thirteen-week period for the Company’s van, unsided/platform and other truck transportation services and, secondarily, due to efforts by customers in the 2025 first quarter to “pull-forward” shipments typically scheduled to occur later in the year in an effort to avoid the potential impact of tariffs that subsequently may have become effective in fiscal year 2025. Loads hauled via other truck transportation services increased 7%, loads hauled via van equipment increased 5% and loads hauled via unsided/platform equipment increased 2%, while less-than-truckload loadings decreased 25%, in each case, as compared to the 2025 thirteen-week period.

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 $44,546,000 and $27,091,000 in the 2026 and 2025 thirteen-week periods, respectively.

Transportation revenue generated by multimode capacity providers for the 2026 thirteen-week period was $77,505,000, or 5% of total revenue, an increase of $4,688,000, or 6%, compared to the 2025 thirteen-week period. Revenue per load on revenue generated by multimode capacity providers increased approximately 4% in the 2026 thirteen-week period compared to the 2025 thirteen-week period, and the number of loads hauled by multimode capacity providers increased approximately 3% over the same period. Revenue per load on loads hauled via air and rail intermodal increased approximately 50% and 16%, respectively, while ocean revenue per load decreased approximately 5% during the 2026 thirteen-week period as compared to the 2025 thirteen-week period. The increase in revenue per load on loads hauled by air cargo carriers was primarily attributable to increases at several specific customers during the 2026 thirteen-week period. The increase in revenue per load on loads hauled by rail intermodal carriers was broad-based with increases at multiple customers during the 2026 thirteen-week period. The decrease in revenue per load on loads hauled by ocean was primarily attributable to decreases at several customers during the 2026 thirteen-week period. 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 increase in the number of loads hauled by multimode capacity providers was due to a 9% increase in rail loadings, while air loadings decreased 5% and ocean loadings decreased 3%. The 9% increase in rail loadings was primarily attributable to increased loadings at one specific agency. The 5% decrease in air loadings was primarily attributable to decreases at one specific agency. The 3% decrease in ocean loadings was broad-based with decreases at several customers.

Purchased transportation was 78.4% and 77.7% of revenue in the 2026 and 2025 thirteen-week periods, respectively. The increase in purchased transportation as a percentage of revenue was primarily due to an increased cost of purchased transportation as a percentage of revenue on revenue generated by Truck Brokerage Carriers, partially offset by favorable mix. Commissions to agents were 7.6% and 8.2% of revenue in the 2026 and 2025 thirteen-week periods, 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.

Investment income was $2,705,000 and $3,729,000 in the 2026 and 2025 thirteen-week periods, respectively. The decrease in investment income was attributable to a lower average investment balance held by the insurance segment in the 2026 thirteen-week period and lower average rates of return on investments during the 2026 thirteen-week period.

Other operating costs decreased $1,650,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The decrease in other operating costs compared to the prior year was primarily due to the reclassification of the approximately $4,800,000 expense relating to the supply chain fraud matter referenced above under “*Expenses - Other operating costs, net of gains on asset sales/dispositions”* from selling, general and administrative costs in the 2025 thirteen-week period, partially offset by increased trailer equipment maintenance costs, increased trailer rental costs and decreased gains on sales of operating property in the 2026 thirteen-week period.

Insurance and claims increased $8,910,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The increase in insurance and claims expense compared to the prior year was primarily due to increased net unfavorable development of prior years' claims in the 2026 thirteen-week period, increased BCO miles traveled during the 2026 thirteen-week period and increased severity of current year trucking claims during the 2026 thirteen-week period, partially offset by decreased frequency of both current year trucking and current year cargo claims during the 2026 thirteen-week period. During the 2026 and 2025 thirteen-week periods, insurance and claims costs included $10,505,000 and $2,289,000 of net unfavorable adjustments to prior years' claims estimates, respectively.

Selling, general and administrative costs increased $12,487,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The increase in selling, general and administrative costs compared to prior year was primarily attributable to an increased provision for incentive compensation, reclassification of the approximately $4,800,000 expense relating to the supply chain fraud matter referenced above under "*Expenses - Other operating costs, net of gains on asset sales/dispositions*" to other operating costs in the 2025 thirteen-week period, increased stock-based compensation expense and increased information technology project consulting fees, partially offset by decreased employee benefit costs, primarily attributable to decreased medical and pharmacy costs under the self-insured portion of the Company's medical plan, in the 2026 thirteen-week period. Included in selling, general and administrative costs was incentive compensation expense of $6,436,000 and $950,000, respectively, and stock-based compensation expense of $2,933,000 and $1,619,000, respectively, for the 2026 and 2025 thirteen-week periods.

Depreciation and amortization decreased $1,740,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The decrease in depreciation and amortization expense was primarily due to decreased depreciation on information technology software and decreased trailing equipment depreciation in the 2026 thirteen-week period.

Interest and debt expense increased $114,000 in the 2026 thirteen-week period compared to the 2025 thirteen-week period. The increase in interest and debt expense was primarily attributable to decreased interest income earned on cash balances held by the transportation logistics segment, partially offset by decreased interest expense related to finance lease obligations.

The provisions for income taxes for the 2026 and 2025 thirteen-week periods were based on estimated annual effective income tax rates of 25.1% and 24.3%, respectively, adjusted for discrete events, such as excess tax benefits or deficiencies resulting from stock-based awards. The effective income tax rate for the 2026 thirteen-week period was 25.2%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2026 period primarily attributable to state taxes. The effective income tax rate for the 2025 thirteen-week period was 24.6%. The effective income tax rate was higher than the statutory federal income tax rate of 21% in the 2025 period primarily attributable to state taxes.

Net income was $48,951,000, or $1.44 per basic and diluted share, in the 2026 thirteen-week period. Net income was $41,893,000, or $1.20 per basic and diluted share, in the 2025 thirteen-week period.

CAPITAL RESOURCES AND LIQUIDITY

Working capital and the ratio of current assets to current liabilities were $597,123,000 and 1.8 to 1, respectively, at June 27, 2026, compared with $520,486,000 and 1.7 to 1, respectively, at December 27, 2025. 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 $27,810,000 in the 2026 twenty-six-week period compared with $62,836,000 in the 2025 twenty-six-week period. The decrease in cash flow provided by operating activities was primarily attributable to unfavorable net working capital impacts in connection with increased net receivables, defined as accounts receivable less accounts payable, partially offset by the impact of increased net income.

The Company declared and paid $0.80 per share, or $27,181,000 in the aggregate, in cash dividends during the twenty-six-week period ended June 27, 2026 and, during such period, also paid $68,117,000 of dividends payable which were declared in December 2025 and included in current liabilities in the consolidated balance sheet at December 27, 2025. The Company declared and paid $0.76 per share, or $26,604,000 in the aggregate, in cash dividends during the twenty-six-week period ended June 28, 2025 and, during such period, also paid $70,632,000 of dividends payable which were declared in December 2024 and included in current liabilities in the consolidated balance sheet at December 28, 2024. During the twenty-six-week period ended June 27, 2026, the Company purchased 150,923 shares of its common stock at a total cost of $22,563,000, including $22,387,000 in cash purchases and accrued excise tax of $176,000, which is included in other current liabilities in the consolidated balance sheet at June 27, 2026. The Company also paid $1,762,000 in excise tax on its common stock purchases, which was included in other current liabilities in the consolidated balance sheet at December 27, 2025. During the twenty-six-week period ended June 28, 2025, the Company purchased 686,459 shares of its common stock at a total cost of $103,295,000, including $102,300,000 in cash purchases and accrued excise tax of $995,000, which was included in other current liabilities in the consolidated balance sheet at June 28, 2025. As of June 27, 2026, the Company may purchase in the aggregate up to 1,115,195 shares of its common stock under its authorized stock purchase programs. Long-term debt, including current maturities, was $66,774,000 at June 27, 2026, $10,048,000 lower than at December 27, 2025.

Shareholders’ equity was $836,730,000, or 93% of total capitalization (defined as long-term debt including current maturities plus equity), at June 27, 2026, compared to $795,665,000, or 91% of total capitalization, at December 27, 2025. The increase in shareholders’ equity 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 in the 2026 twenty-six-week period.

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into a third amended and restated credit agreement, dated June 30, 2026, with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent (the “Third Amended and Restated Credit Agreement”) which amended and restated the existing second amended and restated credit agreement. The Third Amended and Restated Credit Agreement, which matures June 30, 2031, provides for borrowing capacity in the form of a revolving credit facility of $300,000,000, $100,000,000 of which may be utilized in the form of letters of credit. The Third Amended and Restated Credit Agreement also includes an uncommitted “accordion” feature permitting up to an additional $500,000,000 in increases to the revolving credit facility. The Third Amended and Restated Credit Agreement is also referred to herein as the “Credit Agreement.” As of June 27, 2026, the Company had no borrowings outstanding under the Credit Agreement.

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 interest coverage ratio, as described in the Credit Agreement, and maintain a Net 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 Net 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 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 June 27, 2026, the Company had no borrowings outstanding and $34,886,000 of letters of credit outstanding under the Credit Agreement. At June 27, 2026, there was $265,114,000 available for future borrowings under the Credit Agreement and access to an additional $500,000,000 under the Credit Agreement’s “accordion” feature. In addition, the Company has $75,331,000 in letters of credit outstanding as collateral for insurance claims that are secured by investments totaling $83,701,000 at June 27, 2026. Investments, all of which are carried at fair value, include primarily investment-grade bonds, asset-backed securities, commercial paper and U.S. Treasury obligations 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 the 2026 twenty-six-week period, the Company purchased $8,714,000 of operating property and acquired $5,197,000 of trailing equipment by entering into finance leases. Landstar anticipates acquiring either by purchase or lease financing during the remainder of fiscal year 2026 approximately $105,000,000 in operating property consisting primarily of new trailing equipment to replace older trailing equipment and information technology hardware and software.

Management believes that available cash and 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 MATTERS

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 POLICIES AND 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 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 the 2026 and 2025 twenty-six-week periods, insurance and claims costs included $15,393,000 and $13,641,000 of net unfavorable adjustments to prior years' claims estimates, respectively. It is reasonably likely that the ultimate outcome of settling all outstanding claims will be more or less than the estimated claims liability at June 27, 2026, 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 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.

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 June, September and December.

Item 3. 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 June 30, 2026. and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into the Third Amended and Restated Credit Agreement, dated June 30, 2026, with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent, which amended and restated the existing second amended and restated credit agreement. The Third Amended and Restated Credit Agreement, which matures June 30, 2031, provides for borrowing capacity in the form of a revolving credit facility of $300,000,000, $100,000,000 of which may be utilized in the form of letters of credit. The Third Amended and Restated Credit Agreement also includes an uncommitted "accordion" feature permitting up to an additional $500,000,000 in increases to the revolving credit facility.

The revolving credit loans under the Credit Agreement as of June 27, 2026, 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. During the entire second quarter of 2026 and as of June 27, 2026 and December 27, 2025, 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 investment-grade bonds and asset-backed securities having maturities of up to five years. Assuming that the long-term portion of investments remains at $95,748,000, the balance at June 27, 2026, 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 primarily of short-term investment-grade instruments and the current maturities of investment-grade corporate bonds and asset-backed securities. Accordingly, any future interest rate risk on these short-term investments would not be material to the Company's operating results.

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 June 27, 2026 were collectively, as translated to U.S. dollars, less than 2% of total consolidated assets. Accordingly, translation gains or losses of 55% or less related to the Canadian and Mexican operations would not be material.

Item 4. Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q, 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”), of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under 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 were effective as of June 27, 2026 to provide reasonable assurance that information required to be disclosed by the Company in 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 Securities and Exchange Commission rules and forms.

There were no changes in the Company’s internal control over financial reporting during the second quarter of 2026, which were identified in connection with management’s evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

In designing and evaluating disclosure controls and procedures, Company management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitation in any control system, no evaluation or implementation of a control system can provide complete assurance that all control issues and all possible instances of fraud have been or will be detected.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 2, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Legal Matters*”

Item 1A. Risk Factors

For a discussion identifying risk factors and other important factors that could cause actual results to differ materially from those anticipated, see the discussions under Part I, Item 1A, “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 27, 2025, and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Notes to Consolidated Financial Statements” in this Quarterly Report on Form 10-Q.

Except as set forth below, there have been no material changes to the Risk Factors described in Part I “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 27, 2025 as filed with the SEC.

Increased exposure to Broker Liability Claims. In recent years, there has been a very significant increase throughout the United States in the number of, and potential loss exposure associated with, claims asserted against freight brokers in connection with accidents involving motor carriers the freight broker has engaged and contracted with to haul a shipment. The claims asserted against freight brokers often involve claims of negligent selection of the motor carrier who was involved in the relevant accident. Within the transportation logistics industry, these matters are often referred to as “Broker Liability Claims.” On May 14, 2026, the U.S. Supreme Court issued its decision in Montgomery v. Caribe Transport II, LLC, in which the Company is not a party, holding that the Broker Liability Claim at issue fell within the “safety exception” under the FAAAA and therefore is not preempted by the FAAAA. The decision narrowed a freight broker’s ability to rely on federal preemption as a defense to Broker Liability Claims and may increase the frequency, severity and potential loss associated with such claims. Following the decision, others in our industry have faced Broker Liability Claims resulting in Nuclear Verdicts in excess of $100 million. Any Broker Liability Claim brought against the Company could result in a Nuclear Verdict or a substantial settlement, and no assurance can be given that insurance maintained by the Company or recoveries from other parties to such claims will be available or sufficient to cover any such liabilities. An increase in the frequency or severity of Broker Liability Claims, the unfavorable development of an existing Broker Liability Claim or a Nuclear Verdict or settlement in excess of available insurance could have a material adverse effect on Landstar’s business, cost of insurance and claims and its results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Company

The Company did not purchase any shares of its common stock during the period from March 29, 2026 to June 27, 2026, the Company’s second fiscal quarter.

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 June 27, 2026, the Company had authorization to purchase in the aggregate up to 1,115,195 shares of its common stock under these programs. No specific expiration date has been assigned to the December 6, 2022 or December 4, 2023 authorizations.

Dividends

On June 30, 2026, and as previously disclosed in a Form 8-K filed with the SEC on July 6, 2026, Landstar entered into the Third Amended and Restated Credit Agreement with a bank syndicate led by JPMorgan Chase Bank, N.A., as administrative agent, which amended and restated the existing second amended and restated credit agreement. The Credit Agreement provides for a restriction on cash dividends and other distributions to stockholders on the Company’s capital stock in the event 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 Net Leverage Ratio, as defined in the Credit Agreement, would exceed 2.5 to 1 on a pro forma basis as of the end of the Company’s most recently completed fiscal quarter.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the twenty-six-week period ended June 27, 2026, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Landstar’s securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits

The exhibits listed on the Exhibit Index are furnished as part of this quarterly report on Form 10-Q.

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EXHIBIT INDEX

Registrant's Commission File No.: 0-21238

Exhibit No.	Description
(10)	Material Contracts
10.1	Third Amended and Restated Credit Agreement, dated as of June 30, 2026, among Landstar System Holdings, Inc., the Company, the lenders named therein, and JPMorgan Chase Bank, N.A. as Administrative Agent (including exhibits and schedules thereto). (Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on July 6, 2026 (Commission File No. 0-21238))
(31)	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.1*	Chief Executive Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Chief Financial Officer certification, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32)	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.1**	Chief Executive Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
** Furnished herewith

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SIGNATURES

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

	LANDSTAR SYSTEM, INC.
Date: July 29, 2026	/s/ Frank A. Lonegro
	Frank A. Lonegro President and Chief Executive Officer
Date: July 29, 2026	/s/ James P. Todd
	James P. Todd Vice President, Chief Financial Officer and Assistant Secretary

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Frank A. Lonegro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landstar System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ Frank A. Lonegro
Frank A. Lonegro
President and Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, James P. Todd, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Landstar System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 29, 2026

/s/ James P. Todd

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

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Landstar System, Inc. (the “Company”) on Form 10-Q for the period ending June 27, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Frank A. Lonegro, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2026

/s/ Frank A. Lonegro
Frank A. Lonegro
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Landstar System, Inc. (the “Company”) on Form 10-Q for the period ending June 27, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James P. Todd, Vice President, Chief Financial Officer and Assistant Secretary of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 29, 2026

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