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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2025

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: 001-42002

LKQ CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**36-4215970**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
5846 Crossings Boulevard	
Antioch, Tennessee	**37013**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (615) 781-5200

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

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.01 per share	**LKQ**	**The Nasdaq Global Select Market**
4.125% Notes due 2031	**LKQ31**	**The Nasdaq Global Select Market**

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

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

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

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

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

As of June 30, 2025, the aggregate market value of common stock outstanding held by stockholders who were not affiliates (as defined by regulations of the Securities and Exchange Commission) of the registrant was approximately $9.5 billion (based on the closing sale price on The Nasdaq Global Select Market on such date). The number of outstanding shares of the registrant's common stock as of February 13, 2026 was 255,132,267.

Documents Incorporated by Reference

Those sections or portions of the registrant's proxy statement for the Annual Meeting of Stockholders to be held on May 6, 2026, described in Part III hereof, are incorporated by reference in this report.

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TABLE OF CONTENTS

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PART I

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Statements and information in this Annual Report on Form 10-K that are not historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the “safe harbor” provisions of such Act.

Forward-looking statements include, but are not limited to, statements regarding our outlook, guidance, expectations, beliefs, hopes, intentions and strategies. Words such as "may," "will," "plan," "should," "expect," "anticipate," "believe," "if," "estimate," "intend," "project" and similar words or expressions are used to identify these forward-looking statements. These statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different. All forward-looking statements are based on information available to us at the time the statements are made. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

You should not place undue reliance on our forward-looking statements. Actual events or results may differ materially from those expressed or implied in the forward-looking statements. The risks, uncertainties, assumptions and other factors that could cause actual results to differ from the results predicted or implied by our forward-looking statements include those identified in the sections entitled "Risk Factors" in Part 1A and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this Annual Report on Form 10-K.

Copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through our website at www.lkqcorp.com ("website") as soon as reasonably practicable after we electronically file the material with, or furnish it to, the Securities and Exchange Commission ("SEC").

We routinely post important information on our website in the “Investor Relations” section. We also may use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this document.

ITEM 1. BUSINESS

OVERVIEW

LKQ Corporation ("LKQ," the "Company" or "we") is a global distributor of vehicle products, including replacement parts, components and systems used in the repair and maintenance of vehicles, and specialty aftermarket products and accessories to improve the performance, functionality and appearance of vehicles.

Buyers of vehicle replacement products have the option to purchase from primarily four sources: new products produced by original equipment manufacturers ("OEMs"); new products produced by companies other than the OEMs, which are referred to as aftermarket products; salvaged products taken from total loss vehicles; and reconditioned products that have been refurbished or remanufactured. Collectively, we refer to the three sources that are not new OEM products as alternative parts.

We sell a variety of alternative replacement and maintenance parts including collision parts, which are typically exterior components used in the collision repair process to restore a vehicle's appearance and safety, such as bumper covers, fenders, paint and related body repair products, and lights; hard parts, which are typically internal components that are either mechanical in nature, such as alternators, starters, and clutches, or functional components that are replaced as part of routine maintenance, such as brake pads, discs and sensors, filters and batteries; and major mechanical parts, such as engines and transmissions. We also sell specialty products and accessories, which are vehicle products that improve the performance, functionality and appearance of vehicles.

We are organized into three operating segments: North America (formerly known as ("f/k/a") Wholesale - North America); Europe; and Specialty, each of which is presented as a reportable segment. Refer to Note 12, "Revenue Recognition" and Note 26, "Segment and Geographic Information" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for financial information by reportable segment and by geographic region.

Our North America segment is a leading provider of alternative vehicle collision replacement products, paint and related body repair products, and alternative vehicle mechanical replacement and maintenance products, with our sales, processing, and distribution facilities reaching most major markets in the United States ("U.S.") and Canada. Our Europe segment is a leading provider of alternative vehicle replacement and maintenance products in Germany, the United Kingdom ("U.K."), the Benelux region (Belgium, Netherlands, and Luxembourg), Italy, Czech Republic, Austria, Slovakia, France and various other European countries. Our Specialty segment is a leading distributor of specialty vehicle aftermarket products and accessories reaching most major markets in the U.S. and Canada.

On September 30, 2025, we completed the sale of our Self Service segment to an affiliate of Pacific Avenue Capital Partners, LLC. We have made certain reclassifications to the prior period financial information to reflect discontinued operations presentation as a result of the sale of our Self Service segment. Refer to Note 4, "Discontinued Operations and Divestitures" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information.

STRATEGY

Our mission is to be the leading global value-added and sustainable distributor of vehicle parts and accessories by offering our customers the most comprehensive, available and cost-effective selection of parts and service solutions while building strong partnerships with our employees and the communities in which we operate. To achieve this mission, our strategy focuses on executing three key initiatives:

Capitalizing on profitable growth opportunities

We are dedicated to building competitive advantages, widening the moats around each of our operating segments, and maintaining our leadership positions in the markets in which we operate. We focus on profitable growth and increasing free cash flow while maintaining a resilient, investment grade balance sheet. We foster an entrepreneurial and employee-centric culture that enables agility and innovation, empowering our businesses to succeed in the markets they serve with a compensation structure that is aligned with our strategy to deliver long-term total shareholder returns. To continuously enhance the quality of our portfolio, our growth strategy is driven by organic investments in automation, productivity improvements, talent development, and strategic acquisitions that are aligned with the ongoing evolution of the car parc.

Drive lean operating model globally

We are committed to generating sustainable returns on invested capital by driving operational excellence and lean management across our businesses. We continuously evaluate and pursue initiatives to improve operating efficiencies, enhance margins and leverage the intellectual capital opportunities that exist across our operating segments. Through targeted productivity efforts and a disciplined approach to cost management, we target specific performance metrics including free cash flow generation, organic growth and margins. Our current initiatives include optimizing working capital, enhancing margins through our inventory optimization efforts and reducing selling, general and administrative costs through streamlining our footprint and reducing complexity across our business.

Disciplined capital allocation and portfolio simplification

We are focused on maximizing return on invested capital through an efficient capital allocation strategy. We apply strict criteria, targeting accretive tuck-in acquisitions with high synergies that align with the core businesses and strategy. We proactively divest businesses that no longer align with our strategic vision, financial objectives or have limited long-term value potential, as demonstrated by our divestments of certain operations in Poland, Slovenia, and Bosnia in 2024 and our Self Service segment in 2025. Additionally, in 2025, aligning with our ongoing strategy to simplify our portfolio and concentrate on our core segments, we commenced a process to explore the potential sale of our Specialty segment. Finally, we maintain a prudent and disciplined financial policy that prioritizes returning cash to shareholders through share repurchases and dividends, while maintaining our investment grade credit rating.

In addition to the above, on January 26, 2026 our Board of Directors (the "Board") announced it has initiated a comprehensive review of strategic alternatives to enhance shareholder value. As part of the review, the Board is working with its advisors to evaluate our strategic alternatives, including a potential sale of the Company.

BUSINESS TRANSFORMATION

As part of executing our strategy to deliver profitable growth, drive a lean operating model and maximize returns on invested capital, we will, from time to time, engage in restructuring and business transformation initiatives. These initiatives can range in scope from broad changes such as centralizing and standardizing non-customer facing teams and divesting non-strategic assets, to targeted changes such as, consolidating underutilized facilities and closing underperforming locations. Executing on these initiatives can take a few months to several years to fully implement depending on the scope and complexity of the initiative. Additionally, initiatives can change or expand based on the information obtained while executing on the initiative and when additional initiative activities are identified. See Note 13, "Restructuring and Transaction Related Expenses" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information on restructuring charges related to these initiatives.

NORTH AMERICA SEGMENT

Our North America segment operates in the U.S., Canada, and Mexico. In the U.S. and Canada, we primarily sell aftermarket, salvage and reconditioned collision parts; aftermarket and salvage hard parts; and salvage and reconditioned major mechanical parts through our businesses, including Keystone and Bumper to Bumper (f/k/a Canadian Automotive Group), amongst others. We also, to a lesser extent, provide services for vehicles including mobile and remote diagnostics services and hybrid battery reconditioning and installation services through our businesses, including Elitek Vehicle Services and Green Bean Battery, amongst others. In Mexico, we remanufacture engines and transmissions for sale in the U.S.

Inventory

Our aftermarket products encompass items commonly prone to damage in a collision, including bumper covers, fenders, paint and paint related body repair products, and lights, as well as mechanical automotive parts and accessories. Our private label products include the Platinum Plus line which is marketed under the Keystone brand and the "Value Line" product category designed for value-oriented, often self-pay, consumers. Certain products receive certifications from the Certified Automotive Parts Association, an independent organization that evaluates the quality and performance of aftermarket parts relative to OEM collision replacement products. Our salvage products include both mechanical and collision parts, including engines; transmissions; door assemblies; sheet metal products such as trunk lids, fenders and hoods; lights; and bumper assemblies.

We prioritize procurement of products with the highest expected demand, based on factors such as historical vehicle sales by model and year, customer requests, and projected supply and demand trends. Because lead times for imported aftermarket products may extend to 40 days or more, sales volumes and inventory levels are key considerations in our procurement planning.

We source our aftermarket products from independent manufacturers and distributors located primarily in North America and Asia, with a significant concentration in Taiwan. In 2025, approximately 44% of our aftermarket purchases were made from our top six vendors, with our largest vendor accounting for approximately 13% of our annual inventory purchases for the North America segment. This concentration is largely attributable to our paint, body and equipment ("PBE") business, through which we established a strategic relationship with a key supplier of paint and related products. This partnership is expected to remain an important contributor to our paint-related offerings. We believe we are among the largest customers of each of these suppliers. Outside of this group, no other supplier accounted for more than 4% of our aftermarket product purchases in 2025. Approximately 49% of our aftermarket products in 2025 were purchased from vendors located in the U.S.; however, we believe that most of these products were manufactured in Taiwan, Mexico, or other foreign countries. The remaining aftermarket products were purchased directly from manufacturers in Taiwan and other foreign countries.

We procure salvage products by dismantling total loss vehicles, which we typically acquire through regional salvage auctions. The availability and pricing of total loss vehicles used in our salvage products operations are influenced by several factors, including new vehicle production levels and the overall availability of total loss vehicles. We utilize a proprietary software application to analyze current inventory, historical demand, and recent average selling prices to help determine bid prices for available salvage vehicles.

Customers

We sell our products to wholesale customers, including collision and mechanical repair shops and new and used car dealerships, as well as to retail customers. These customers represent the primary source of revenue for the segment. While our distribution generally follows a two-step model, our Bumper to Bumper business utilizes a combination of a two-step model (direct sales to repair shop customers) and a three-step model (sales to distributors who then sell to repair shop customers).

Automobile insurance companies influence demand for our collision products. Although insurers do not purchase our products directly, they ultimately bear repair costs for insured vehicles above the deductible amount and therefore often influence the types of products used in repairs. The use of our alternative parts that offer comparable quality and performance to new OEM products provides insurers with direct benefits, including lower repair costs, reduced repair times and lower associated rental-car expenses.

During the process of a sale, our sales staff can supply either aftermarket, salvaged or reconditioned parts to meet customer demand. Additionally, certain customers have access to a full suite of e-commerce tools designed to improve order accuracy, reduce return rates and integrate more effectively with customer workflows. Through these tools, customers can search, price and order products directly within their own operating systems.

Our salvage operations generate scrap metal and other materials that we sell to metals recyclers. Vehicles that have been dismantled for salvage products and "crush only" end-of-life vehicles acquired from other companies are typically crushed using equipment on site. In other cases, we will hire mobile crushing equipment to crush the vehicles before they are transported to shredders and scrap metal processors. Damaged and unusable wheel cores are melted in our aluminum furnace and sold to consumers of aluminum ingots and sows for use in the production of various automotive products. We also sell the precious metals recovered from certain recycled parts, such as catalytic converters.

Distribution

We believe our North America segment operates the largest distribution network of alternative vehicle parts and accessories serving the vehicle collision and mechanical repair markets in North America. Our network of warehouses and cross-dock facilities enables us to maintain high service levels for local repair shops and to provide industry-leading fulfillment rates supported by our nationwide footprint.

We operate a fleet of trucks and vans that deliver multiple product types on shared routes, which helps reduce distribution costs, enhance customer service, and lower environmental impacts. Our delivery fleet uses third-party software to optimize routing and monitor delivery progress. This software integrates with each of our wholesale systems, providing a single interface that allows our management team to coordinate deliveries to customers regardless of product line or operating system.

Our local presence supports a responsive and predictable customer experience, including the ability to deliver daily when required and to use consistent drivers for each route. Our sales force and local delivery personnel cultivate and maintain key relationships with repair shops, which benefit from access to the broad product assortment made possible by our regional inventory network.

Competition

We consider all suppliers of vehicle collision and mechanical products to be competitors, including aftermarket suppliers, recycling businesses, refurbishing operations, parts remanufacturers, OEMs and internet-based suppliers. We compete with alternative parts distributors utilizing our nationwide distribution system, the breadth, depth and availability of our product lines, our customer service and relationships with insurance companies, and, to a lesser extent, price. We compete with OEMs primarily on the basis of price and, to a lesser extent, service and product quality.

Information Technology Systems

Across our aftermarket operations, we use a third-party enterprise management system along with other third-party software packages to support and enhance our online business-to-business platforms, including OrderKeystone.com and Keyless, while Bumper to Bumper continues to operate on its existing, separate enterprise management system.

Our wholesale salvage product locations in North America use LKQX, an internally-developed, proprietary enterprise management system. Operating on a single platform across most of our wholesale salvage product operations streamlines the sales process, supports standard operating procedures, strengthens training efficiency and employee mobility, and facilitates access to our national inventory database, management reporting, and data storage. LKQX also enables electronic part-exchange capabilities with select recyclers and supports brokered sales to fulfill customer orders for items not in stock.

In addition, we utilize other third party software solutions, including a data warehouse and an integrated budgeting system, to centralize information and enable more advanced analytics and reporting.

EUROPE SEGMENT

Our Europe segment operates in approximately 20 countries throughout continental Europe and the U.K. In these countries, we primarily sell aftermarket hard parts through our various businesses such as LKQ Euro Car Parts, LKQ Rhiag Group, and LKQ Stahlgruber, among others. In certain countries, we also sell, to a lesser extent, aftermarket and salvaged collision products, salvaged and reconditioned hard parts, and provide certain repair services.

Inventory

Our aftermarket hard part offerings consist mainly of parts used in the repair of vehicles between 3 and 15 years old. We also offer a number of private label products under our Optimal, ERA, and MPM Oils brands. Our top-selling products include brake pads, discs and sensors, clutches, electrical components such as spark plugs and batteries, steering and suspension parts, filters, oil and automotive fluids, and paint and paint related consumables. We maintain an inventory of more than 900,000 SKUs, with parts for common passenger vehicles representing the largest category. We remain focused on simplifying our business by optimizing our product assortment. Current initiatives include evaluating product mix and market demand for common passenger vehicle parts to identify opportunities for streamlining, such as reducing the number of SKUs offered, consolidating suppliers, and increasing private-label penetration. We have evaluated approximately 87% of our passenger vehicle portfolio and started implementation actions on this population. The remainder of the passenger vehicle portfolio review is on track to be finished in 2026 with further implementation actions to follow.

In 2025, our largest supplier accounted for 7% of aftermarket inventory purchases within our Europe segment, and no other supplier represented more than 5% of purchases. During the year, 93% of our products were sourced from companies located in Europe, and 74% and 17% of our total inventory purchases were denominated in euros and pounds sterling, respectively.

We procure salvaged products from dismantling total loss vehicles, which we typically acquire from insurance companies and auctions. These vehicles are either transferred to our dismantling facilities for processing or sold to third-party dismantlers.

Customers

We primarily operate a two-step distribution model in Europe, under which we sell directly to repair shop customers. Certain businesses in Italy, the Netherlands, Germany, Switzerland and Hungary also operate elements of a three-step model, in which we sell to distributors who then sell to repair shop customers. In our two-step operations, we sell the majority of our products to commercial customers, primarily professional repairers, including independent mechanical repair shops and collision repair shops. In our three-step operations, we sell products to wholesale distributors or jobbers. In addition to sales to repair shops and wholesale distributors, we generate a portion of our revenue from sales to retail customers through e-commerce platforms and point-of-sale transactions at branch locations.

Demand for collision related products, which are an overall smaller component of revenue for this segment, are influenced by insurance companies. Although insurance companies are not direct customers, they ultimately bear the repair costs for insured vehicles above the deductible amount and therefore often influence the types of products used in repairs.

Distribution

We believe our Europe segment operations represent the broadest and largest footprint in the European aftermarket industry and include a distribution network that exceeds those of our principal competitors. We operate a distribution model which utilizes a combination of large distribution centers, regional hubs and branch sales locations to fulfill customer demand. Our larger distribution centers are located in Tamworth, England; Sulzbach-Rosenberg, Germany; and Berkel en Rodenrijs, the Netherlands; and regularly replenish the smaller branches and hubs through our distribution network via our fleet of trucks and vans or through common carriers.

Competition

We consider all suppliers of replacement repair products to be competitors, including other alternative parts suppliers as well as OEMs and their dealer networks. We face significant competition across many of our markets, where even smaller participants can compete effectively on price and service, and OEMs benefit from consumer brand loyalty while also remaining competitive on price, service, and product availability. We believe we differentiate ourselves from other alternative parts suppliers through the scale of our distribution network, the efficiency of our inventory management systems, and our proprietary technology, which together enable us to deliver products quickly, reliably, and at competitive prices.

Information Technology Systems

Across our aftermarket operations, we utilize various information technology ("IT") systems that support the diverse needs of our markets. These systems are designed to manage a broad set of functions, including customer ordering, inventory management, budgeting, analytics, warehouse and logistics activities, data warehousing, and financial reporting. Several of our IT platforms can interface directly with the systems used by our repair shop customers, enabling them to identify and order the appropriate parts required for their repairs.

Similarly, across our salvage operations, we utilize IT systems to facilitate vehicle acquisition. These systems allocate cars obtained from insurance companies to our salvage operations. Once cars are dismantled, the parts are entered into the system as available for sale stock. These systems also then sync with estimating systems at repair shops to allow for the selection and quotation of parts necessary to complete a repair.

As part of our broader integration efforts, we are executing a multi-year plan to develop and deploy a European-wide Enterprise Resource Planning ("ERP") system. This plan has already reduced, and is expected to continue reducing, the number of IT systems we operate.

SPECIALTY SEGMENT

Our Specialty segment is a leading distributor and marketer of specialty vehicle aftermarket products and accessories in the U.S. and Canada. We primarily sell aftermarket parts and accessories under seven key product categories: recreational vehicle ("RV"); truck and off-road; towing; speed and performance; wheels and tires; marine; and miscellaneous accessories through our brands such as TrailFX, Fabtech, Fab Fours, and Warn. Additionally, in 2025, aligning with our ongoing strategy to simplify our portfolio and concentrate on our core segments, we commenced a process to explore the potential sale of our Specialty segment.

Inventory

We source the specialty vehicle aftermarket products and accessories we distribute, as well as the raw materials used in our manufacturing operations, from suppliers located primarily in the U.S., Canada, and China. Our top-selling products include RV appliances and air conditioners; towing hitches; truck bed covers; vehicle protection products; marine electronics; cargo management products; wheels, tires, and suspension components; winches; hoists; and bumpers.

Our suppliers are generally small to medium-sized independent businesses that concentrate on specific product categories or market niches. As a result of this highly fragmented supplier base, our supplier concentration within this segment is limited. In 2025, approximately 19% of our specialty vehicle aftermarket purchases were made from our top three suppliers, with our largest supplier accounting for approximately 10% of our annual inventory purchases. No other supplier represented more than 4% of our purchases during 2025.

Customers

Our customers are principally small, independent businesses that rely on us to provide a broad range of products, rapid delivery, marketing support and technical assistance. In addition to these traditional customers, we also sell to several large online retailers of parts and accessories.

We promote our products through a range of marketing programs, including (i) catalogs, advertising, sponsorships and promotional activities, (ii) product-level marketing and merchandising support, and (iii) online and digital marketing initiatives. We also stage in-person and/or virtual trade shows across the U.S., which provide opportunities to increase sales by showcasing new and innovative products from our vendors to our customers.

Customers can place orders for our products through our ekeystone.com, viantp.com and SeaWideB2B.com platforms, as well as through our mobile application. These platforms allow customers to match products to specific vehicle makes and models, review product information such as images and attributes, and search inventory availability before placing orders. In addition, these platforms can generate incremental sales opportunities by suggesting complementary products based on customer inquiries.

Distribution

Our Specialty segment operates under a hub-and-spoke distribution model that enables the movement of products from our primary distribution centers to our non-inventory-stocking cross-dock locations. Several of these cross docks are co-located with our North America operations, providing distribution points to key regional markets and creating synergies with our existing infrastructure. We believe this model enhances the value we provide to customers by supporting a broader product offering and a more efficient distribution process.

We utilize our delivery routes to manage both deliveries and returns directly to and from customers across all 48 continental United States and 9 Canadian provinces, and we also ship products globally to customers in other countries. Our delivery fleet uses third-party software to optimize routing and monitor the progress of delivery vehicles.

Competition

Industry participants have a variety of supply options. Vendors may deliver products through warehouse distributors and mail order catalog businesses, or directly to retailers and/or consumers. We view all distributors of specialty vehicle aftermarket equipment and accessories as our competitors. We believe we differentiate ourselves from other specialty vehicle aftermarket parts and equipment distributors primarily through our broad product selection, which encompasses both widely used and hard-to-find products, our national distribution network, our efficient inventory management systems, and the quality of our service. We compete on the basis of product breadth and depth, rapid and reliable delivery, marketing initiatives, support services, and price.

Information Technology Systems

Most of our Specialty operations use an internally developed inventory management and order entry system that integrates with third party software solutions supporting accounting, transaction processing, inventory and warehouse management, data analytics, and reporting. Leveraging an internally developed platform allows us to implement real-time updates, enhancements, and new capabilities that align with the business's evolving operational needs.

HUMAN CAPITAL

At LKQ, our team members are at the heart of everything we do. As of December 31, 2025, we employ approximately 44,000 people globally, of which approximately 17,000 are based in North America, 25,000 based in Europe and 2,000 based in Asia. Of our employees in North America, approximately 1,000 are represented by unions. Outside of North America, we have government-mandated collective bargaining agreements and union contracts in certain countries, particularly in Europe where approximately 7,000 of our employees are represented by unions and/or works councils.

Health and Safety

We are dedicated to ensuring a safe and secure work environment for all team members, where risks are minimized, and safety is a shared priority. Our proactive approach includes implementing a range of programs and practices aimed at preventing accidents and fostering a culture of safety throughout our organization.

Employee Empowerment

We strive to create an environment where creativity thrives, and team members are empowered to make decisions that are best for their teams and the business. One example of this practice is our global employee engagement survey, which provides an opportunity for us to listen to our organization, understand what we are doing well, and identify areas for improvement. As a result of feedback from this survey, we launched the Inspired to Thrive global initiative, which reinforces our commitment to fostering an inclusive culture where every team member feels valued, respected, and empowered to contribute their unique perspectives and talents. This initiative is built on five pillars: (i) holistic well-being; (ii) financial empowerment; (iii) inclusive culture; (iv) professional growth; and (v) community engagement. Each of these pillars is supported by robust programs that enable our team members to lead fulfilling lives both in and outside of the workplace. Through this initiative, we prioritize the well-being, development, and engagement of our workforce, recognizing that an inclusive environment drives both innovation and success.

Commitment to Values and Ethics

Our Code of Ethics empowers our team members to make principled decisions in every aspect of their work. Covering essential topics such as the responsible use of company assets, bribery and corruption, conflicts of interest, discrimination, harassment, health and safety, privacy and data protection, and the safeguarding of confidential information, our Code of Ethics reflects our dedication to maintaining a high level of integrity. Additionally, our global Speak Up Program provides a secure, anonymous channel for reporting complaints related to potential violations of our Code of Ethics, policies, laws, or safety practices.

INTELLECTUAL PROPERTY

We own and have the right to use various intellectual property, including intellectual property acquired as a result of past acquisitions. In addition to trade names, trademarks and patents, we also have technology-based intellectual property that has been both internally developed and obtained through license agreements and acquisitions. We do not believe that our business is materially dependent on any single item of intellectual property, or any single group of related intellectual property, owned or licensed, nor would the expiration of any particular item or related group of intellectual property, or the termination of any particular intellectual property license agreement, materially affect our business. See the risk factor "***Intellectual property claims relating to aftermarket products could adversely affect our business.***" in Part I, Item 1A of this Annual Report on Form 10-K for further information regarding the risks related to intellectual property.

REGULATION

Our operations and properties are subject to laws and regulations relating to the protection of the environment in the U.S. and the other countries in which we operate. We may be affected by tariffs and other import laws and restrictions because we import into the U.S. a significant number of products for sale and distribution. Our business processes and operations are subject to laws and regulations relating to privacy and data protection. Some jurisdictions have enacted laws to restrict or prohibit the sale of alternative vehicle parts. We have thousands of employees located in the U.S. and many other countries and are subject to labor and employment laws in numerous jurisdictions. See "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K for further information regarding the effects of environmental laws and regulations on us, importation risks, privacy and data protection risks, regulatory restrictions on the sale of our products, and labor and employment risks.

SEASONALITY

Our operating results are subject to quarterly variations based on a variety of factors, including, but not limited to, seasonal weather patterns and events. For our North America segment, we tend to see higher demand for our collision related products during periods of inclement weather, which creates a higher likelihood of increased collision frequency and repairable claims. For our Europe segment, many of our aftermarket service-related products are impacted by weather patterns. For example, during periods of extreme cold, our Europe segment historically witnesses an increase in battery demand. Our Specialty segment sells parts for RV and marine products, and as a result, we tend to see higher demand for our products during periods of warmer weather due to an increased level of outdoor leisure activity.

SUSTAINABILITY MATTERS

Profitably Delivering Sustainable Solutions

Our mission statement of being a leading global value-added and sustainable distributor of vehicle parts and accessories is supported by our recycling expertise and efforts as well as our hard parts, aftermarket collision, paint, and diagnostics businesses across our North American and European operations.

LKQ purchases end-of-life vehicles and removes certain components for reuse in the repair of vehicles which helps reduce the use of raw materials and contributes to a circular economy. Once the parts are removed from purchased vehicles, some of the remaining valuable materials are collected and repurposed for use in the manufacturing of new basic materials such as steel, aluminum, plastic, and rubber. Additionally, we extract fluids, some of which are recycled or utilized in our own operations, such as fuel to run our own on- and off-site fleet, and washer fluid.

Our recycling and remanufacturing efforts preserve natural resources, reduce the demand for scarce landfill space, and help decrease air and water pollution, the latter attributed to the avoidance of new manufacturing activities that would otherwise be required.

People-led Performance

Part of LKQ's mission is to build strong partnerships with our employees and the communities in which we operate. Along those lines, we strive to create a culture of respect and inclusivity and encourage everyone to be their authentic selves. We are committed to maintaining a physically and psychologically safe and inclusive environment, free from bullying and harassment, in alignment with our core values. And in furtherance of our mission, we established the LKQ Community Foundation, which is committed to supporting charitable organizations that help the communities where our employees live and LKQ operates.

Strong Governance and Ethical Practices

Our Board refreshment process has resulted in over half of our current Board being added since May 2024, and currently, 22% of our Board is comprised of persons from underrepresented groups. Additionally, eight of our nine directors are independent.

We have adopted "proxy access," which permits an eligible stockholder to nominate and include in our proxy materials director nominees (subject to the terms set forth in our Bylaws). We also have majority voting for the election of our directors, requiring a director who fails to receive a majority vote to tender his or her resignation to the Board.

Our Board adopted a revised Code of Ethics in 2024, which covers a variety of topics, including the use of company assets, bribery and corruption, conflicts of interest, discrimination, harassment, health and safety, privacy and data protection, and the safeguarding of confidential information, and reporting Code of Ethics violations. It is available in 17 languages through our website.

More information on our Sustainability initiatives can be found in our most recent Sustainability Report on our website. The Sustainability Report is not incorporated by reference and should not be considered part of this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The occurrence of any of the following risks or of unknown risks and uncertainties may adversely affect our business, operating results and financial condition.

Risks Relating to Our Business

Our operating results and financial condition have been and could continue to be adversely affected by the economic, political and social conditions in North America, Europe, Taiwan and other countries, as well as the economic health of vehicle owners and numbers and types of vehicles sold.

Changes in economic, political and social conditions in North America, Europe, Taiwan and other countries in which we are located or do business could have a material effect on our company. Negative effects to our supply chain, costs of doing business, sales and distribution activity may occur due to factors such as war or threats of war, restrictive governmental actions (e.g., tariffs), natural disasters, nuclear facility accidents, public health emergencies, major logistics disruptions, sanctions, utility interruptions, terrorism and social unrest.

Our business is also affected by a number of other factors. For example, the number and types of new vehicles produced and sold by OEM affects our business. A decrease in the number of vehicles on the road may result in a decrease in repairs. In addition, our sales are impacted by changes to the economic health of vehicle owners. The economic health of vehicle owners is affected by many factors, including, among others, general business conditions, interest rates, inflation, insurance premiums and deductibles, consumer debt levels, the availability of consumer credit, taxation, fuel prices, new and used vehicle pricing, unemployment trends and other matters that influence consumer confidence and spending. Many of these factors are outside of our control. If inflationary pressures or any of these other conditions worsen, our business, results of operations, financial condition and cash flows could be adversely affected.

In addition, economic conditions, including decreased access to credit, may result in financial difficulties leading to restructurings, bankruptcies, liquidations and other unfavorable events for our customers, suppliers, logistics and other service providers and financial institutions that are counterparties to our credit facilities and hedge transactions. These unfavorable events affecting our business partners could have an adverse effect on our business, results of operations, financial condition and cash flows.

We have a presence in Ukraine and are monitoring the situation there carefully. In addition, a number of our suppliers are based in China and Taiwan and so increasing strains and any political repercussions may have implications upon our supply chain.

Although we do not have significant customers or suppliers in the Middle East region, we do have customers and suppliers in regions that may be affected. Additional and/or increased geopolitical tensions, including the crisis in the Red Sea and increased trade barriers or restrictions on global trade, could result in, among other things, supply disruptions, lower consumer demand, and changes to foreign exchange rates and financial markets, any of which may adversely affect our business, financial condition and results of operations.

We face competition from local, national, international, and internet-based vehicle products providers, and this competition could negatively affect our business.

The vehicle replacement products industry and vehicle accessory parts industry are highly competitive and are served by numerous suppliers of OEM, recycled, aftermarket, refurbished and remanufactured products. Within each of these categories of suppliers, there are local owner-operated companies, larger regional suppliers, national and international providers, and internet-based suppliers and distributors. Providers of vehicle replacement and accessory products that have traditionally sold only certain categories of such products may decide to expand their product offerings into other categories of vehicle products, which may further increase competition. Some of our current and potential competitors may have more operational expertise; greater financial, technical, manufacturing, distribution, and other resources; longer operating histories; lower cost structures; and better relationships in the insurance and vehicle repair industries or with consumers, than we do. Business transacted on online marketplaces continues to increase, which presents additional competitive pressures on us; in addition, the owners of these online marketplaces control access to their platforms and may prohibit us from participating.

In North America and Europe, local companies have formed cooperative efforts to compete in our industry. As a result of these factors, our competitors may be able to provide products that we are unable to supply, provide their products at lower costs, or supply products to customers that we are unable to serve.

We believe that a majority of collision parts by dollar amount are supplied by the OEMs, with the balance being supplied by distributors of alternative aftermarket, recycled, refurbished and remanufactured collision parts like us. The OEMs are therefore able to exert pricing pressure in the marketplace. We compete with the OEMs primarily on price and, to a lesser extent, on service and quality. Our operations worldwide are dependent upon clear laws and regulation regarding the manufacture of automotive parts in competition with OEM parts.

From time to time, the OEMs have engaged in efforts seeking to increase OEM market share and to restrict consumers' choice to use recycled or aftermarket parts to repair consumers' vehicles. Examples of these efforts include blocking the use of vehicle telematics by the independent repair industry, demanding that suppliers provide certain parts exclusively to the OEMs, embedding software in certain vehicle parts that prevents them from being recycled and used to repair other vehicles, repair shop certification programs that, in some cases, require the repair shops to use only OEM parts, refusing to sell certain OEM parts unless the buyer is an OEM-certified shop, obtaining patents and trademarks on various subcomponents of vehicles to prohibit the use of an aftermarket part alternative, and price matching and rebate programs on certain aftermarket products. See the risk factor entitled "***Intellectual property claims relating to aftermarket products could adversely affect our business.***" for further information about the OEM patents and trademarks.

With respect to telematics, vehicles are increasingly being equipped with systems that transmit data to the OEMs wirelessly regarding, among other items, accident incidents, maintenance requirements, location of the vehicle, identification of the closest dealership, and other statistics about the vehicle and its driving history. To the extent that this data is not shared with alternative suppliers, the OEMs will have an advantage with respect to such matters as contacting the vehicle driver, recommending repairs and maintenance, and directing the vehicle owner to an affiliated dealership.

The frequency and intensity of these OEM efforts has been increasing over time. The growth and effectiveness of these efforts or the introduction of new ones could have a material adverse effect on our business.

We rely upon insurance companies and our customers to promote the usage of alternative parts.

We rely on business relationships with insurance companies and our customers, and our success depends, in part, on the acceptance and promotion of alternative parts usage by automotive insurance companies and vehicle repair facilities. There can be no assurance that current levels of alternative parts usage will be maintained or will increase in the future.

These insurance companies encourage vehicle repair facilities to use products we provide. The business relationships include in some cases participation in aftermarket quality and service assurance programs that may result in a higher usage of our aftermarket products than would be the case without the programs. Our arrangements with these companies may be terminated by them at any time, including in connection with their own business concerns relating to the offering, availability, standards or operations of the aftermarket quality and service assurance programs. We rely on these relationships for sales to some repair shops, and a modification or termination of these relationships may result in a loss of sales, which could adversely affect our results of operations.

In addition, to the extent that the repair industry continues to consolidate, the buying power of repair shop customers may further increase, putting additional pressure on our financial returns.

Intellectual property claims relating to aftermarket products could adversely affect our business.

OEMs and others have attempted to use claims of intellectual property infringement against manufacturers and distributors of aftermarket products to restrict or eliminate the sale of aftermarket products that are the subject of the claims. OEMs have brought such claims in court and with the U.S. International Trade Commission. In some cases, we have entered into patent license agreements with OEMs that allow us to sell aftermarket parts that replicate the patented protected parts in exchange for a royalty and otherwise in accordance with the terms of the agreements.

To the extent OEMs and other manufacturers obtain design patents or trademarks and are successful in asserting claims of infringement of these patents or trademarks against us, we could be restricted or prohibited from selling certain aftermarket products, which could have an adverse effect on our business. In the event that our license agreements, or other similar license arrangements with OEMs or others, are terminated or we are unable to agree upon renewal terms, we may be subject to costs and uncertainties of litigation as well as restrictions on our ability to sell aftermarket parts that replicate parts covered by those design patents or trademarks. We have filed, and may file in the future, challenges to OEM patents, including patents owned by OEMs with which we have patent license agreements. We also may file challenges to OEM trademarks. To the extent OEMs are successful in defending their patents or trademarks, we could be restricted or prohibited from selling the corresponding aftermarket products, which could have an adverse effect on our business. Also, we will likely incur expenses investigating, pursuing and defending intellectual property claims.

U.S. Customs and Border Protection has taken the position that certain of our aftermarket parts infringe certain OEM trademarks and seized our aftermarket parts as we attempted to import them into the U.S. We have incurred costs and expenses coordinating with Customs and Border Protection to release the seized goods and in litigation where we sought a determination of non-infringement. In the event Customs and Border Protection seizes our products again in the future, we may be unsuccessful in obtaining their release, and such goods may be subject to forfeiture and other penalties, and we would incur legal fees in contesting those seizures.

Independent organizations that certify aftermarket products may revoke the certification of products that are the subject of intellectual property disputes. Lack of certification may negatively impact us because many major insurance companies recommend or require the use of aftermarket products only if they have been certified by such an organization.

If the number of vehicles involved in accidents or being repaired declines, or the mix of the types of vehicles in the overall vehicle population changes, our business could suffer.

Our business depends on vehicle accidents, mechanical failures and routine maintenance for both the demand for repairs using our products and services and the supply of recycled, remanufactured and refurbished parts. In addition, our business is impacted by factors that influence the number and/or severity of accidents and mechanical failures including, but not limited to, the number of vehicles on the road, the number of miles driven, the ages of drivers, the occurrence and severity of certain weather conditions, the congestion of traffic, distracted driving, the use of alcohol or drugs by drivers, the usage rate and effectiveness of accident avoidance systems in new vehicles, the reliability of new OEM parts, the condition of roadways and the increase in vehicle speeds. In addition, an increase in fuel prices may cause the number of vehicles on the road, the number of miles driven, and the need for mechanical repairs and maintenance to decline, as motorists seek alternative transportation options. Mild weather conditions, particularly during winter months, tend to result in a decrease in vehicle accidents. Moreover, legislation banning the use of handheld electronic devices while driving could lead to a decline in accidents.

Systems designed to minimize accident frequency and severity are becoming more prevalent and more technologically sophisticated. To the extent OEMs install or are mandated by law to install accident avoidance systems in their vehicles, the number and severity of accidents could decrease, which could have a material adverse effect on our business.

The average number of new vehicles sold annually has fluctuated from year-to-year. Periods of decreased sales could result in a reduction in the number of vehicles on the road and consequently fewer vehicles involved in accidents or in need of mechanical repair or maintenance. Substantial declines in automotive sales in the future could have a material adverse effect on our business, results of operations and/or financial condition. In addition, if vehicle population trends result in a disproportionately high number of older vehicles on the road, insurance companies may find it uneconomical to repair such vehicles or there could be less costly repairs. If vehicle population trends result in a disproportionately high number of newer vehicles on the road, the demand generally for mechanical repairs and maintenance would likely decline due to the newer, longer-lasting parts in the vehicle population and mechanical failures being covered by OEM warranties for the first years of a vehicle's life. Moreover, alternative collision and mechanical parts are less likely to be used on newer vehicles. Our Specialty segment depends on sales of pickup trucks, sport utility vehicles, crossover utility vehicles, high performance vehicles, marine vehicles and RVs; any reduction in the number of such vehicles in operation will adversely affect demand for our Specialty products.

Electric vehicles do not have traditional engines, transmissions, and certain related parts. Engines and transmissions represent some of our largest revenue generating SKUs in North America, and parts for engines and transmissions represent a significant amount of the revenue of our European operations. Thus, an increase in electric vehicles as a percentage of vehicles sold could have a negative impact on our sales of engines, transmissions, and other related parts.

Fluctuations in the prices of commodities could adversely affect our financial results.

Our recycling operations generate scrap metal and precious metals (such as platinum, palladium, and rhodium) as well as other metals that we sell. After we dismantle or process a vehicle, the remaining vehicle hulks are sold to scrap processors and other remaining metals are sold to processors and brokers of metals. In addition, we receive "crush only" vehicles or vehicles to be further processed from other companies, including OEMs, which we dismantle and which generate scrap metal and other metals, in accordance with the guidelines of our agreements with the providing company. The prices of scrap and other metals have historically fluctuated, sometimes significantly, due to market factors. In addition, buyers may stop purchasing metals entirely due to excess supply. To the extent that the prices of metals decrease materially or buyers stop purchasing metals, our revenue from such sales will suffer and a write-down of our inventory value could be required.

The cost of our salvaged inventory purchases will change as a result of fluctuating scrap metal and other metals prices. In a period of falling metal prices, there can be no assurance that our inventory purchasing cost will decrease the same amount or at the same rate as the scrap metal and other metals prices decline, and there may be a delay between the scrap metal and other metals price reductions and any inventory cost reductions. The prices of steel, aluminum, and plastics are components of the cost to manufacture products for our aftermarket business. If the prices of commodities rise and result in higher costs to us for products we sell, we may not be able to pass these higher costs on to our customers.

An adverse change in our relationships with our suppliers, disruption to our supply of inventory, or the misconduct, performance failures or negligence of our third party vendors or service providers could increase our expenses, impede our ability to serve our customers, or expose us to liability.

Our North American business is dependent on a relatively small number of suppliers of aftermarket products, a large portion of which are sourced from Taiwan. Our European business acquires products from a wide variety of suppliers, including products from Asian sources. We incur substantial freight costs to import parts from our suppliers, many of which are located in Asia. The cost of freight and shipping containers have historically fluctuated, sometimes significantly, due to market factors. If the cost of freight and shipping containers rise in the future, we might not be able to pass the cost increases on to our customers. Furthermore, although alternative suppliers exist for substantially all aftermarket products distributed by us, the loss of any one supplier could have an adverse effect on us until alternative suppliers are located and have commenced manufacturing and providing the relevant products. In addition, we are subject to disruptions from work stoppages and other labor disputes at port facilities through which we import our inventory. We also face the risk that our suppliers could attempt to circumvent us and sell their product directly to our customers; consolidation of our suppliers could enhance their ability to distribute products through additional sales channels and thus decrease their reliance on wholesale distributors like us.

Moreover, our operations are subject to the customary risks of doing business abroad, including, among other things, natural disasters, the occurrence and severity of certain weather conditions, transportation costs and delays, political instability, currency fluctuations and the imposition of tariffs, import and export controls and other non-tariff barriers (including changes in the allocation of quotas). See the risk factor entitled "***If significant tariffs or other restrictions are placed on products or materials we import or any related counter-measures are taken by countries to which we export products, our revenue and results of operations may be materially harmed***" for further information.

Because a substantial volume of our sales involves products manufactured from sheet metal, we can be adversely impacted if sheet metal becomes unavailable or is only available at higher prices, which we may not be able to pass on to our customers. In addition, as OEMs convert to raw materials other than steel, it may be more difficult or expensive to source aftermarket parts made with such materials, and it may be more difficult for repair shops to work with such materials in the repair process.

Most of our wholesale recycled inventory is obtained from vehicles offered at salvage auctions that are owned and operated by third party companies. We do not typically have contracts with these auction companies. According to industry analysts, a small number of companies control a large percentage of the salvage auction market. If an auction company prohibited us from participating in its auctions, began competing with us, or significantly raised its fees, our business could be adversely affected through higher costs or the resulting potential inability to service our customers. Moreover, we face competition in the purchase of vehicles from direct competitors, rebuilders, exporters and other bidders. To the extent that the number of bidders increases, it may have the effect of increasing our cost of goods sold for wholesale salvaged products. Some jurisdictions regulate bidders to help ensure that salvage vehicles are purchased for legal purposes by qualified buyers. Auction companies have been actively seeking to reduce, circumvent or eliminate these regulations, which would further increase the number of bidders.

In addition, there is a limited supply of salvage vehicles in North America, and thus the costs to us of these vehicles could increase over time. In some states, when a vehicle is deemed a total loss, a salvage title is issued. Whether states issue salvage titles is important to the supply of inventory for the vehicle recycling industry because an increase in vehicles that qualify as salvage vehicles provides greater availability and typically lowers the price of such vehicles. Currently, these titling issues are a matter of state law. The vehicle recycling industry generally favors a uniform definition, since it would avoid inconsistencies across state lines, and generally favors a definition that expands the number of damaged vehicles that qualify as salvage. However, certain interest groups, including repair shops and some insurance associations, may oppose this type of legislation. There can be no assurance that such legislation will be enacted in the future.

We also acquire inventory directly from insurance companies, OEMs, and others. To the extent that these suppliers decide to discontinue these arrangements, our business could be adversely affected through higher costs or the resulting potential inability to service our customers.

As vehicle technology changes, some parts will become more complex and the design or technology of those parts may be covered by patents, proprietary software, access restrictions or other rights that make it difficult for manufacturers to supply such aftermarket parts to companies such as ours. The complexity of the parts may include software or other technical aspects that make it difficult to identify what is wrong with the vehicle. More complex parts may be difficult to repair and may require expensive or difficult to obtain software updates, limiting our ability to compete with the OEMs.

We rely on third parties to provide products, services and data relating to our industry that are integral to our operations. If we fail to adequately assess, monitor and regulate the performance of our third party vendors and service providers, we could be subject to additional risk caused by the misconduct, performance failures or negligence of these third parties. For example, these could include violations of, or noncompliance with, laws and/or regulations governing our business (including, but not limited to, anti-slavery, bribery, child labor, cybersecurity or privacy laws), which could lead to sanctions and/or fines from governmental agencies. Our arrangements with third party vendors and service providers may cause us financial and reputational harm if those third parties fail to satisfy their obligations to us, including their obligations to maintain and protect the security and confidentiality of our information and data or the information and data relating to our customers. See the risk factor entitled "***The costs of complying with the requirements of laws pertaining to the privacy and security of personal information and the potential liability associated with the failure to comply with such laws could materially adversely affect our business and results of operations***" for further information about the security and confidentiality of our information and data. Further, noncompliance with contract terms by our third party vendors or service providers could expose us to liability to other third parties or our employees.

Future public health emergencies could have a material adverse impact on our business, results of operation, financial condition and liquidity, the nature and extent of which is highly uncertain.

The global outbreak of the coronavirus significantly increased economic, demand and operational uncertainty. Other public health emergencies could result in unpredictable responses by authorities around the world which could negatively impact our global operations, customers and suppliers. Any future pandemics or public health emergencies could reduce demand for our products and/or result in disruptions to our operations, including higher rates of employee absenteeism, and supply chain challenges, which could negatively impact our ability to meet customer demand. The extent to which other public health emergencies could impact our business, results of operations, financial condition or liquidity is highly uncertain and would depend on future developments, including the spread and duration of any such virus and the variants thereof, potential actions taken by governmental authorities and how quickly economic conditions stabilize and recover.

If we determine that our goodwill or other intangible assets have become impaired, we may incur significant charges to our pretax income.

Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. In the future, our goodwill and intangible assets may increase as a result of acquisitions. Goodwill is reviewed at least annually for impairment. Impairment may result from, among other things, deterioration in the performance of acquired businesses, deterioration of expected future cash flows or performance, increases in our cost of capital, adverse market conditions, and adverse changes in applicable laws or regulations, including modifications that restrict the activities of the acquired business. As of December 31, 2025, our total goodwill subject to future impairment testing was $5,414 million. For further discussion of our annual impairment test, see "Goodwill Impairment" in the Critical Accounting Estimates section of Part II, Item 7 and "Intangible Assets" in Note 2, "Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Except for indefinite-lived intangibles, we amortize other intangible assets over the assigned useful lives, each of which is based upon the expected period to be benefited. We review indefinite-lived intangible assets for impairment annually or sooner if events or changes in circumstances indicate that the carrying value may not be recoverable. We review finite-lived intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. In the event conditions change that affect our ability to realize the underlying cash flows associated with our intangible assets, we may record an impairment charge. As of December 31, 2025, the value of our other intangible assets, net of accumulated amortization, was $1,072 million.

We could be subject to product liability claims and involved in product recalls.

If our products cause injury or property damage, we could be subject to product liability claims. The successful assertion of this type of claim could have an adverse effect on our business, results of operations or financial condition. In addition, we may become involved in the recall of a product that is determined to be defective. More generally, a recall involving alternative parts, even if we did not sell the recalled products, could adversely affect the perceived quality of alternative parts, leading to decreased usage of alternative parts. The expenses of a recall and the damage to our reputation, or the reputation of alternative parts generally, could have an adverse effect on our business, results of operations or financial condition.

In certain circumstances, we have agreed to defend and indemnify insurance companies and customers against claims and damages relating to product liability and product recalls. The existence of claims or damages for which we must defend and indemnify these parties could also negatively impact our business, results of operations or financial condition.

We may not be able to successfully acquire businesses or integrate acquisitions, and we may not be able to successfully divest certain businesses.

We may not be able to successfully complete potential strategic acquisitions if we cannot reach agreement on acceptable terms, if we do not obtain required antitrust or other regulatory approvals, or for other reasons. Moreover, we may not be able to identify acquisition candidates at reasonable prices and/or be able to successfully integrate acquisitions.

If we buy a business or a division of a business, we may experience difficulty integrating that business' or division's personnel and operations, which could negatively affect our operating results. In addition, the key personnel of the acquired business may decide not to work for us; customers of the acquired business may decide not to purchase products from us; suppliers of the acquired business may decide not to sell products to us; we may experience business disruptions as a result of IT systems conversions; we may experience additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, and financial reporting; we may be held liable for environmental, tax or other risks and liabilities as a result of our acquisitions, some of which we may not have discovered during our due diligence; we may intentionally assume the liabilities of the businesses we acquire, which could result in material adverse effects on our business; the acquired business could place unanticipated demands on our management, operational resources and financial and internal control systems; our existing business may be disrupted or receive insufficient management attention; we may not be able to realize the cost savings or other financial benefits we anticipated, either in the amount or in the time frame that we expect; and we may incur debt or issue equity securities to pay for any future acquisition, the issuance of which could involve the imposition of restrictive covenants or be dilutive to our existing stockholders.

In addition to acquisitions, we have divested, and will continue to divest, certain businesses, either because they do not meet our performance standards or for other reasons. As a result of a divestment, we may not recover the carrying value of our investment; in addition, such divestment transactions require significant management time and attention.

Risks Relating to Our Financial Structure

We have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business.

As of December 31, 2025, we had (a) approximately $1,011 million aggregate principal amount of unsecured, variable-rate debt outstanding under our Credit Agreement (the "credit agreement") and Term Loan Credit Agreement (the "CAD Note"), of which $500 million matures during 2027, $510 million during 2029, and $1 million matures in 2030, and (b) approximately $1,885 million of availability under the credit agreement ($1,999 million of availability reduced by $114 million of amounts outstanding under letters of credit). In addition, as of December 31, 2025, we had approximately $2,575 million aggregate principal amount of unsecured, fixed rate debt outstanding comprised of €250 million ($294 million) of 4.125% senior notes due 2028 (the "Euro Notes (2028)"), $800 million of 5.75% senior notes due 2028 (the "U.S. Notes (2028)"), €750 million ($881 million) of 4.125% senior notes due 2031 (the "Euro Notes (2031)"), and $600 million of 6.25% senior notes due 2033 (the "U.S. Notes (2033)," and together with the Euro Notes (2028), the U.S. Notes (2028), and the Euro Notes (2031), the "senior notes").

Our substantial amount of debt and our debt service obligations could limit our ability to satisfy our obligations, limit our ability to operate our business and impair our competitive position. For example, our debt and our debt service obligations could increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, because a portion of our borrowings are and will continue to be at variable rates of interest; require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which would reduce the availability of our cash flow from operations to fund working capital, capital expenditures, dividends, share repurchases, other investments or other general corporate purposes; limit our flexibility in planning for, or reacting to, changes in our business and industry; place us at a disadvantage compared to competitors that may have proportionately less debt; limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants in our debt agreements and indentures; and increase our cost of borrowing.

In addition, if we or our subsidiaries incur additional debt, the risks associated with our leverage and the ability to service such debt would increase.

Our senior notes do not impose any limitations on our ability to incur additional debt or protect against certain other types of transactions, and we may incur certain additional indebtedness under our credit agreement and CAD Note.

Although we are subject to our credit agreement and CAD Note for so long as each of those respective agreements remain in effect, the indentures governing the senior notes do not restrict the future incurrence of unsecured indebtedness, guarantees or other obligations. The indentures contain certain limitations, including limitations on our ability to incur liens on assets, engage in sale and leaseback transactions, and engage in certain change of control transactions or merge or consolidate with or into other companies. Certain additional restrictions in the indenture governing our Euro Notes (2028) (including restrictions on asset dispositions and restricted payments) are not currently applicable, but will become applicable to us if our Euro Notes (2028) are no longer investment grade. Furthermore, these limitations in our debt agreements are subject to important exceptions. In addition, the indentures do not contain many other restrictions, including certain restrictions contained in our credit agreement and CAD Note, including, without limitation, making investments, prepaying subordinated indebtedness or engaging in transactions with our affiliates.

Our credit agreement will permit, subject to specified conditions and limitations, the incurrence of a significant amount of additional indebtedness under the credit agreement. As of December 31, 2025, we would have been able to incur an additional $1,885 million of indebtedness under our credit agreement ($1,999 million of availability reduced by $114 million of amounts outstanding under letters of credit). If we or our subsidiaries incur additional debt, the risks associated with our leverage and the need to service such debt would increase.

Each of our credit agreement and CAD Note imposes operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

Each of our credit agreement and CAD Note imposes operating and financial restrictions on us. These restrictions may limit our ability to, among other things: incur, assume or permit to exist additional indebtedness (including guarantees thereof) outside of our existing indebtedness; incur liens on assets; engage in transactions with affiliates; sell certain assets or merge or consolidate with or into other companies; guarantee indebtedness; and alter the business we conduct.

As a result of these covenants and restrictions, we may be limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. In the event we fail to maintain compliance with these covenants in the future, we may be unable to obtain waivers from the lenders and/or amend the covenants. In addition, our failure to maintain compliance with such covenants may trigger consent requirements under our senior notes, which we may be unable to obtain. Failure to comply with any of these covenants would cause a default under the credit agreement and the CAD Note. A default, if not waived, could result in acceleration of our debt (including our senior notes), in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing were available, it may be on terms that are less attractive to us than our existing credit facilities or it may be on terms that are not acceptable to us.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot guarantee that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. If our operating results and available cash are insufficient to meet our debt service obligations, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds that we hope to realize from them, and these proceeds may not be adequate to meet any debt service obligations then due. Any future refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants which could further restrict our business operations.

Our future capital needs may require that we seek to refinance our debt or obtain additional debt or equity financing, events that could have a negative effect on our business.

We may need to raise additional funds in the future to, among other things, refinance existing debt, fund our existing operations, improve or expand our operations, respond to competitive pressures, or make acquisitions. From time to time, we may raise additional funds through public or private financing, strategic alliances, or other arrangements. Funds may not be available or available on terms acceptable to us as a result of different factors, including but not limited to turmoil in the credit markets that results in the tightening of credit conditions and current or future regulations applicable to the financial institutions from which we seek financing. If adequate funds are not available on acceptable terms, we may be unable to meet our business or strategic objectives or compete effectively. If we raise additional funds by issuing equity securities, stockholders may experience dilution of their ownership interests, and the newly issued securities may have rights superior to those of our common stock. If we raise additional funds by issuing debt, we may be subject to higher borrowing costs and further limitations on our operations. If we refinance or restructure our debt, we may incur charges to write off the unamortized portion of deferred debt issuance costs from a previous financing, or we may incur charges related to hedge ineffectiveness from our interest rate swap obligations. There are limitations in the indentures that govern the U.S. Notes (2028), Euro Notes (2031) and U.S. Notes (2033) on our ability to refinance such notes prior to May 15, 2028, December 13, 2030 and March 15, 2033, respectively. We could refinance the senior notes through open market purchases, subject to a limitation in our credit agreement and CAD Note on the amount of such purchases. If we fail to raise capital when needed, our business may be negatively affected.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Borrowings under our credit agreement and CAD Note are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Moreover, changes in market interest rates could affect the trading value of the senior notes.

Repayment of our indebtedness is dependent on cash flow generated by our subsidiaries.

We are a holding company and repayment of our indebtedness is dependent on cash flow generated by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are borrowers or guarantors of the indebtedness, our subsidiaries do not have any obligation to pay amounts due on the indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the senior notes. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries and, under certain circumstances, distributions from our subsidiaries may be subject to taxes that reduce the amount of such distributions available to us. While the indentures governing the senior notes limit the ability of our subsidiaries to restrict the payment of dividends or to restrict other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive sufficient distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the senior notes.

A downgrade in our credit rating would impact us.

Credit ratings have an important effect on our cost of capital. Credit rating agencies rate our debt securities on factors that include, among other items, our results of operations, business decisions that we make, their view of the general outlook for our industry, and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading, or downgrading the current rating or placing us on a watch list for possible future downgrading. We believe our current credit ratings enhance our ability to borrow funds at favorable rates. A downgrade in our current credit rating from a rating agency could adversely affect our cost of capital by causing us to pay a higher interest rate on borrowed funds under our credit facilities. A downgrade could also adversely affect our ability to issue debt securities in the future or incur other indebtedness upon favorable terms. If we are downgraded to a rating that is below investment grade, the pricing on our debt under the credit agreement and CAD Note may increase and we may also become subject to additional covenants under our senior notes.

The amount and frequency of our share repurchases and dividend payments may fluctuate.

The amount, timing and execution of our share repurchase program may fluctuate based on our priorities for the use of cash for other purposes such as operational spending, capital spending, acquisitions or repayment of debt. Changes in cash flows, tax laws and our share price could also impact our share repurchase program and other capital activities. In addition, decisions to return capital to shareholders, including through our repurchase program or the issuance of dividends on our common stock, remain subject to determination of our Board that any such activity is in the best interests of our shareholders and is in compliance with all applicable laws and contractual obligations.

Legal and Regulatory Risks

Existing or new laws and regulations, or changes to enforcement or interpretation of existing laws or regulations, may prohibit, restrict or burden the sale of aftermarket, recycled, refurbished or remanufactured products.

Many states have introduced or passed laws that limit the use of aftermarket products in collision repair. These laws include requirements relating to consumer disclosure, vehicle owner’s consent regarding the use of aftermarket products in the repair process, and the requirement to have aftermarket products certified by an independent testing organization. Additional legislation of this kind may be introduced in the future. If additional laws prohibiting or restricting the use of aftermarket products are passed, it could have an adverse impact on our aftermarket products business.

Certain independent organizations test the quality and safety of aftermarket products. If these organizations decide not to test a particular aftermarket product, or in the event that such organizations decide that a particular product does not meet applicable quality or safety standards, we may decide to discontinue sales of such product or insurance companies may decide to discontinue authorization of repairs using such product. Such events could adversely affect our business.

Some jurisdictions have enacted laws prohibiting or severely restricting the sale of certain salvage products that we provide, such as airbags. In addition, laws relating to the regulation of parts affecting vehicle emissions, such as California’s Proposition 65, may impact the ability of our Specialty segment to sell certain accessory products. These and other jurisdictions could enact similar laws or could prohibit or severely restrict the sale of additional salvage products. The passage of legislation with prohibitions or restrictions that are more severe than current laws could have a material adverse effect on our business. In addition, Congress could enact federal legislation restricting the use of aftermarket or recycled automotive products used in the course of vehicle repairs.

In Europe, the Motor Vehicle Block Exemption Regulations ("MVBER") regulate the competition rules on automotive spare parts. In April 2023, the MVBER was extended for 5 years. The MVBER and accompanying guidance clarified that data generated by vehicle sensors may be an 'essential input' for the provision of repair and maintenance services. Therefore, independent repairers should have access to such data on an equal footing to OEM authorized dealers. The existing principles for the provision of technical information, tools and training necessary for the repair and maintenance services have also been extended to explicitly cover vehicle-generated data. A similar regulation has also been adopted in the U.K. under the Motor Vehicle Block Exemption Order, which addresses technological and data requirements and remains in force until May 31, 2029.

The Federal Trade Commission has issued guides that regulate the use of certain terms such as “rebuilt” or “remanufactured” in connection with the sale of automotive parts. Restrictions on the products we are able to sell and on the marketing of such products could decrease our revenue and have an adverse effect on our business and operations.

We are subject to environmental regulations and incur costs relating to environmental matters.

We are subject to various environmental protection and health and safety laws and regulations governing, among other things: the emission and discharge of hazardous materials into the ground, air, or water; exposure to hazardous materials; and the generation, handling, storage, use, treatment, identification, transportation, and disposal of industrial by-products, waste water, storm water, and mercury and other hazardous materials. We are also required to obtain environmental permits from governmental authorities for certain of our operations. If we violate or fail to obtain or comply with these laws, regulations, or permits, we could be fined or otherwise sanctioned by regulators or lose our operating permits. We could also become liable if employees or other parties are improperly exposed to hazardous materials. We have an environmental management process designed to facilitate and support our compliance with these requirements; however, we cannot guarantee complete compliance with such requirements.

We have made and will continue to make capital and other expenditures relating to environmental matters. Although we presently do not expect to incur any capital or other expenditures relating to environmental controls or other environmental matters in amounts that would be material to us, we may be required to make such expenditures in the future.

Under certain environmental laws, we could be held responsible for all of the costs relating to any contamination at, or migration to or from, our present facilities or our predecessors' past facilities and at independent waste disposal sites. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances. Some of our facilities are located on or near properties with a history of industrial use that may have involved hazardous materials. As a result, some of our properties may be contaminated. Some environmental laws hold current or previous owners or operators of real property liable for the costs of cleaning up contamination. These environmental laws also impose liability on any person who disposes of, treats, or arranges for the disposal or treatment of hazardous substances, regardless of whether the affected site is owned or operated by such person, and at times can impose liability on companies deemed under law to be a successor to such person. Third parties may also make claims against owners or operators of properties, or successors to such owners or operators, for personal injuries and property damage associated with releases of hazardous or toxic substances.

Contamination resulting from the vehicle recycling processes can include soil and ground water contamination from the release, storage, transportation, or disposal of gasoline, motor oil, antifreeze, transmission fluid, chlorofluorocarbons from air conditioners, other hazardous materials, or metals such as aluminum, cadmium, chromium, lead, and mercury. Contamination from the refurbishment of chrome plated bumpers can occur from the release of the plating material. Contamination can migrate on-site or off-site, which can increase the risk, and the amount, of any potential liability.

When we identify a potential material environmental issue during our acquisition due diligence process, we analyze the risks, and, when appropriate, perform further environmental assessment to verify and quantify the extent of the potential contamination. Furthermore, where appropriate, we have established financial reserves for certain environmental matters. In the event we discover new information or if laws change, we may incur significant liabilities, which may exceed our reserves.

Environmental laws are complex, change frequently, and have tended to become more stringent over time. Our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous substances, may adversely affect our business, results of operations, or financial condition.

If we fail to maintain proper and effective internal control over financial reporting in the future, our ability to produce accurate and timely financial statements could be negatively impacted, which could harm our operating results and investor perceptions of our company and as a result may have a material adverse effect on the value of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 and related rules, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing, and, in some instances, remediation.

In addition, with the increasing frequency of cyber-related frauds perpetrated to obtain inappropriate payments, we need to ensure our internal controls related to authorizing the transfer of funds and changing our vendor master files are adequate. Furthermore, the introduction of new, and changes to existing, ERP and financial reporting information systems create implementation and change management risks that require effective internal controls to mitigate. Failure to maintain an effective internal control environment could have a material adverse effect on our ability to accurately report our financial results, the market's perception of our business, and our stock price.

We may be adversely affected by legal, regulatory or market responses to global climate change.

Growing concern over climate change has led policy makers to enact or consider the enactment of legislative and regulatory proposals that would impose mandatory requirements on greenhouse gas emissions. Such laws, if enacted, are likely to impact our business in a number of ways. For example, significant increases in fuel economy requirements, new regulatory restrictions on emissions of carbon dioxide or new incentive programs that may be imposed on vehicles and automobile fuels could adversely affect demand for vehicles, annual miles driven or the products we sell. We may not be able to accurately predict, prepare for and respond to new kinds of technological innovations with respect to electric vehicles and other technologies that minimize emissions.

Furthermore, we may be adversely affected by certain additional climate-related risks including natural disasters, carbon pricing, shift of vehicles in operation, and product and vehicle regulations. Compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, could require additional expenditures by us or our suppliers. Our inability or perceived inability to appropriately respond to such changes could adversely impact our business, financial condition, results of operations or cash flows.

Moreover, the perspectives of our customers, suppliers, stockholders, employees, community partners, regulatory agencies and other stakeholders regarding climate change are evolving. These stakeholders are increasingly requesting disclosures and actions relating to not only climate change but other environmental and social matters and corporate governance practices. The increase in costs to comply with such evolving expectations, including any rules or regulations resulting from these evolving expectations, as well as any risk of noncompliance or perceived unwillingness to comply with such evolving expectations, could adversely impact us.

Our amended and restated bylaws provide that the courts in the State of Delaware are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware (or if the Court of Chancery does not have jurisdiction, another court of the State of Delaware, or if no court of the State of Delaware has jurisdiction, the federal district court for the District of Delaware) shall be the exclusive forum for the following types of actions or proceedings; any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising under the Delaware General Corporation Law, our certificate of incorporation, or our bylaws; any action asserting a claim governed by the internal-affairs doctrine; and any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or our bylaws.

The choice of forum provision in our bylaws does not apply to claims brought to enforce any duty or liability created by the Exchange Act or the Securities Act or any claim with respect to which the federal courts have exclusive jurisdiction.

Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers due to, among other possible factors, increased costs of such lawsuits and limitations on the ability to bring claims in a judicial forum that the plaintiffs may consider more favorable. Alternatively, if a court were to find the choice of forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and operating results.

Our effective tax rate could materially increase as a consequence of various factors, including U.S. and/or international tax legislation, applicable interpretations and administrative guidance, our mix of earnings by jurisdiction, and U.S. and foreign jurisdictional audits.

We are a U.S. based multinational company subject to income taxes in the U.S. and a number of foreign jurisdictions. Therefore, we are subject to changes in tax laws in each of these jurisdictions, and such changes could have a material adverse effect on our effective tax rate and cash flows.

The Organization for Economic Co-operation and Development (the "OECD") released a framework, referred to as Pillar Two, to implement a global minimum corporate tax rate of 15% on certain multinational enterprises. Certain countries have enacted legislation to adopt the Pillar Two framework while several countries are considering or still announcing changes to their tax laws to implement the minimum tax directive. While Pillar Two did not have a material impact on our effective tax rate for 2025, our analysis will continue as the OECD continues to release additional guidance and countries implement legislation.

Additionally, on July 4, 2025, new U.S tax legislation was signed into law, commonly referred to as the One Big Beautiful Bill Act ("OBBBA"), which includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act of 2017, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. These new provisions take effect starting in 2025 through 2027. The Company has evaluated the OBBBA enacted during the year and estimated its impact on the consolidated financial statements to be immaterial. We will continue to evaluate the full impact of these legislative changes as additional guidance becomes available.

The tax rates applicable in the jurisdictions within which we operate vary. Therefore, our effective tax rate may be adversely affected by changes in the mix of our earnings by jurisdiction.

We are also subject to ongoing audits of our income tax returns in various jurisdictions both in the U.S. and internationally. While we believe that our tax positions will be sustained, the outcomes of such audits could result in the assessment of additional taxes, which could adversely impact our cash flows and financial results.

If significant tariffs or other restrictions are placed on products or materials we import or any related counter-measures are taken by countries to which we export products, our revenue and results of operations may be materially harmed.

The U.S. historically has imposed tariffs on certain materials imported into the U.S. from China, announced additional tariffs on other goods from China and other countries, and threatened to impose additional tariffs on goods from other countries. Moreover, counter-measures have been taken by countries in retaliation for the U.S.-imposed tariffs and countries may take additional counter-measures and/or impose other restrictions on the importation of products in response to the threatened tariffs. The tariffs cover products and materials that we import, and the countermeasures may affect products we export. In March 2025, the U.S. government imposed additional tariffs on a significant number of countries and threatened to further increase the scope and amount of tariffs in the event of retaliatory countermeasures, causing the future of existing tariffs and the possibility for new tariffs to be uncertain. Depending on the breadth of products and materials ultimately affected by, and the duration of, the tariffs and countermeasures, our financial results may be materially harmed.

Governmental agencies may refuse to grant or renew our operating licenses and permits.

Our operating subsidiaries in our salvage and refurbishing operations must obtain licenses and permits from state and local governments to conduct their operations. When we develop or acquire a new facility, we must seek the approval of state and local units of government. Governmental agencies may resist the establishment of a vehicle recycling or refurbishing facility in their communities. There can be no assurance that future approvals or transfers will be granted. In addition, there can be no assurance that we will be able to maintain and renew the licenses and permits our operating subsidiaries currently hold.

The costs of complying with the requirements of laws pertaining to data privacy and cybersecurity of personal information and the potential liability associated with the failure to comply with such laws could materially adversely affect our business and results of operations.

We collect personally identifiable information ("PII") and other data as part of our business processes and operations. The legislative and regulatory framework relating to privacy and data protection is rapidly evolving worldwide and is likely to remain uncertain for the foreseeable future. This data is subject to a variety of U.S. and international laws and regulations. Many foreign countries and governmental bodies, including the European Union, Canada, U.K., Switzerland and other jurisdictions where we conduct business, have laws and regulations concerning the collection and use of PII and other data obtained from their residents or by businesses operating within their jurisdictions that are more restrictive than those in the U.S. In addition, the European Union adopted the General Data Protection Regulation ("GDPR") that imposes more stringent data protection requirements for processors and controllers of personal data, including expanded disclosures about how PII is to be used, limitations on retention of PII, mandatory data breach notification requirements, possible restrictions on cross border transfers of PII and higher standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. The GDPR provides severe penalties for noncompliance. In addition, stricter laws in this area are being enacted in certain states in the U.S. and in other countries, and more jurisdictions are likely to follow this trend. The SEC has implemented strict disclosure rules for material cybersecurity incidents.

Any inability, or perceived inability, to adequately address privacy and data protection issues, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations (including at newly-acquired companies) could result in additional cost and liability to us, result in governmental investigations and enforcement actions, give rise to civil litigation, result in damage to our reputation (including the loss of trust by our customers and employees), inhibit sales, and otherwise adversely affect our business. We also may be subject to these adverse effects if other parties with whom we do business, including lenders, suppliers, consultants and advisors, violate applicable laws or contractual obligations or suffer a security breach.

General Risk Factors

Our employees are important to successfully manage our business and achieve our objectives.

Our future success depends in large part upon the leadership and performance of our executive management team and key employees at the operating level. If we lose the services of one or more of our executive officers or key employees, or if one or more of them decides to join a competitor or otherwise compete directly or indirectly with us, we may not be able to successfully manage our business or achieve our business objectives. If we lose the services of any of our key employees at the operating or regional level, we may not be able to replace them with similarly qualified personnel, which could harm our business. In addition, we have experienced wage inflation in the jurisdictions in which we operate. An inability to respond to these inflationary pressures could impact our ability to retain key employees or we may experience increased costs due to difficulties related to hiring and retaining employees.

We operate in foreign jurisdictions, which exposes us to foreign exchange and other risks.

We have operations in North America, Europe and Taiwan, and we may expand our operations in the countries in which we do business and into other countries. Our foreign operations expose us to additional risks associated with international business, which could have an adverse effect on our business, results of operations and/or financial condition, including import and export requirements and compliance with anti-corruption laws, such as the U.K. Bribery Act 2010 and the Foreign Corrupt Practices Act. We also incur costs in currencies other than our functional currencies in some of the countries in which we operate. We are thus subject to foreign exchange exposure to the extent that we operate in different currencies, as well as exposure to foreign tax and other foreign and domestic laws. In addition, certain countries in which we operate have a higher level of political instability and criminal activity than the U.S. that could affect our operations and the ability to maintain our supply of products.

Our business may be adversely affected by union activities and labor and employment laws.

Certain of our employees are represented by labor unions and works councils and other employee representative bodies and work under collective bargaining or similar agreements, which are subject to periodic renegotiation. From time to time, there have been efforts to organize additional portions of our workforce and those efforts can be expected to continue. In addition, legislators and government agencies could adopt new regulations, or interpret existing regulations in a manner, that could make it significantly easier for unionization efforts to be successful. Also, we have been and may in the future be subject to strikes or work stoppages, union and works council campaigns, and other labor disruptions and disputes. Additional unionization efforts, new collective bargaining or similar agreements, and work stoppages could materially increase our costs and reduce revenue and could limit our flexibility in terms of work schedules, reductions in force and other operational matters.

We also are subject to laws and regulations that govern such matters as minimum wage, overtime and other working conditions. Some of these laws are technical in nature and could be subject to interpretation by government agencies and courts different than our interpretations. Efforts to comply with existing laws, changes to such laws and newly-enacted laws may increase our labor costs and limit our flexibility. If we were found not to be in compliance with such laws, we could be subject to fines, penalties and liabilities to our employees or government agencies. In addition, efforts to better protect local markets from foreign workers and decisions of countries to withdraw from treaties and joint economic areas may lead to increased restrictions on the free movement of people and labor and may limit our ability to place key personnel where they could best serve our needs.

We rely on information technology and communication systems in critical areas of our operations and a disruption relating to such technology and systems, including cybersecurity threats, could harm our business.

In the ordinary course of business, we rely upon IT networks and systems, some of which are provided by or leased from third parties, to process, transmit and store electronic information and to manage and support a variety of business processes and activities. The secure operation of these IT networks and the processing and maintenance of this information is critical to our business operations and strategy.

The IT networks and systems upon which we rely face increasing cybersecurity threats, including unauthorized access to sensitive data and service disruptions. These threats come from various actors such as foreign governments, criminals, competitors, hackers, cyber terrorists and politically motivated groups. These IT networks and infrastructure may also be vulnerable to damage, disruptions, shutdowns, or data theft due to future attacks by cyber criminals, employee error or malfeasance, disruptions during the process of upgrading or replacing computer software or hardware, terminations of business relationships by third party service providers, power outages, computer viruses, telecommunication or utility failures, terrorist acts, natural disasters or other catastrophic events. Additionally, political instability in certain geographic regions in which our business partners operate exposes us to an increased risk of state-sponsored threats.

The occurrence of any adverse cybersecurity events in the future involving us or third parties with which we do business could compromise our or the third parties' networks, and the information stored in those networks could be accessed, publicly disclosed, compromised, destroyed, lost or stolen. We have experienced cybersecurity incidents in the past. In November 2024, a third party obtained unauthorized access to IT systems within one of our Canadian business units. In addition, in early October 2025, we determined that an unauthorized actor gained access to our Oracle iReceivables application and downloaded certain customer, supplier and employee records. In both cases, based on our investigation and remediation efforts, we do not believe these incidents were material to our financial condition or results of operations.

While these incidents were contained, failure on our part to successfully prevent or mitigate cybersecurity threats in the future could result in data loss, legal liability and damage to our reputation. We may face legal and financial exposure from such threats, including higher transaction fees and regulatory fines, which could materially affect our business. While our insurance policies cover certain liabilities and lost profits, a significant security incident could result in damages exceeding our coverage. We cannot guarantee that insurance will remain available on reasonable terms or that insurers will not deny future claims. Large claims exceeding our coverage or changes in insurance policies, such as premium increases or higher deductibles, could materially affect our financial condition and cash flows.

We also may incur significant costs to protect against or remediate incidents and may need to invest more resources in prevention and mitigation activities as threats evolve. Regardless of any protective measures that we are taking or may take in the future, our preventative efforts could fail due to a variety of factors, including technical malfunctions and human error. Despite the implementation of any protective measures, we cannot guarantee total success in preventing or detecting all security threats.

In the event that we decide to switch providers or to implement upgrades or replacements to our own systems, we may be unsuccessful in the development of our own systems or we may underestimate the costs and expenses of switching providers or developing and implementing our own systems. Our revenue further may be hampered during the period of implementing an alternative system, which period could extend longer than we anticipated. We are in the midst of a systems conversion project for our European businesses, which will be subject to all of these risks.

Business interruptions in our distribution centers or other facilities may affect our operations, the function of our computer systems, and/or the availability and distribution of merchandise, which may affect our business.

Weather, terrorist activities, war or other disasters, or the threat of any of them, may result in the breakdown of our distribution center systems, closure of our distribution centers or other facilities or may adversely affect our ability to deliver inventory through our system on a timely basis. This may affect our ability to serve our customers, resulting in lost sales or a potential loss of customer loyalty. Some of our merchandise is imported from other countries and these goods could become difficult or impossible to bring into the countries in which we operate, and we may not be able to obtain such merchandise from other sources at similar prices. Such a disruption in revenue could potentially have a negative impact on our results of operations and financial condition.

If we experience problems with our fleet of trucks and other vehicles, our business could be harmed.

We use a fleet of trucks and other vehicles to deliver the majority of the products we sell. We are subject to the risks associated with providing delivery services, including inclement weather, disruptions in the transportation infrastructure, governmental regulation, availability and price of fuel, liabilities arising from accidents to the extent we are not covered by insurance, insurance premium increases, and ability to hire drivers. In addition, our failure to deliver products in a timely and accurate manner could harm our reputation and brand, which could have a material adverse effect on our business.

We may lose the right to operate at key locations.

We lease most of the properties at which we conduct our businesses. At the end of a lease term, we must negotiate a renewal, exercise a purchase option (to the extent we have that right), or find a new location. There can be no assurance that we will be able to negotiate renewals on terms acceptable to us or that we will find a suitable alternative location, especially with respect to our salvage operations (which have characteristics that are often not attractive to landlords, local governments, or neighbors). In such cases, we may lose the right to operate at key locations.

Activist investors could cause us to incur substantial costs, divert management's attention, and have an adverse effect on our business.

We have in the past received, and we may in the future be subject to, proposals by activist investors urging us to take certain corporate actions. Depending on the circumstances, we may reach agreements with such investors, such as the cooperation agreement that we entered into with Ancora Catalyst Institutional, LP, Engine Capital, LP and certain of their affiliates in February 2025 (amended May 2025). In some instances though, activist investor activities could cause our business to be adversely affected because responding to proxy contests and other demands by activist investors can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees. For example, we have retained, and may in the future be required to retain, the services of various professionals to advise us on activist investor matters, including legal, financial and communications advisors, the costs of which may negatively impact our future financial results. Campaigns by activist investors to effect changes at publicly traded companies are sometimes led by investors seeking to increase short term investor value through actions such as financial restructuring, increased debt, special dividends, stock repurchases, or sales of assets or the entire company. Perceived uncertainties as to our future direction, strategy or leadership that arise as a consequence of activist investor initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, employees and business partners, and cause our stock price to experience periods of volatility or stagnation.

We cannot assure you that our previously announced review of strategic alternatives will result in any transaction being consummated or any particular outcome being achieved, and speculation and uncertainty regarding the outcome of this review may adversely impact our business.

On January 26, 2026, we announced that our Board has initiated a comprehensive review of strategic alternatives to enhance shareholder value. As part of the review, the Board is working with its advisors to evaluate the Company's strategic alternatives, including a potential sale of all or a portion of the Company. There can be no assurance this review process will result in any transaction or outcome. Whether the process will result in any transaction, our ability to complete any such transaction, and if the Board decides to pursue one or more transactions, will depend on numerous factors, some of which are beyond our control. Such factors include the interest of potential acquirers or strategic partners in a potential transaction, the value potential acquirers or strategic partners attribute to our businesses, regulatory approvals, market conditions, the expected impact of the transaction on our outstanding indebtedness and financial condition, and industry trends. Potential strategic transactions that require stockholder approval may not be approved by our stockholders or, if required, a counterparty's stockholders. Furthermore, any strategic transaction into which we enter may be delayed or may ultimately not be consummated as a result of regulatory reviews (which may include domestic and foreign antitrust, foreign direct investment, CFIUS or other regulatory agency reviews) and determinations or other factors.

The price of our common stock and outstanding senior notes may be adversely affected if the strategic review process does not result in any transaction or if one or more transactions are consummated on terms that investors view as unfavorable to us. Even if one or more transactions are completed, there can be no assurance that any such transactions will be successful or have a positive effect on stockholder value. Our Board may also determine that no transaction is in the best interest of our stockholders, in which case no transaction will be consummated as a result of the strategic review process. Our financial results and operations (including our ability to refinance our outstanding indebtedness on favorable terms) could be adversely affected by the strategic process and by the uncertainty regarding its outcome.

The attention of management and our Board could be diverted from our core business operations as a result of this strategic review process. We have diverted capital and other resources to the process that otherwise could have been used in our business operations, and we expect to continue to do so until the process is completed. We could incur substantial expenses associated with identifying and evaluating potential strategic alternatives, including those related to employee retention payments, equity compensation, severance pay and legal, accounting and financial advisor fees. A considerable portion of these expenses will be incurred regardless of whether a transaction is completed. In addition, the process could lead us to lose or fail to attract, retain and motivate key employees, and to lose or fail to attract customers or business partners. The consummation of a transaction may also cause acceleration of the repayment or redemption dates for our outstanding indebtedness. For example, in certain circumstances we may be required to redeem our senior notes at a premium to face value. Furthermore, it could expose us to litigation. The public announcement of a strategic alternative may also yield a negative impact on operating results if prospective or existing customers, vendors or partners are reluctant to commit to new or renewed contracts.

We do not intend to disclose developments or provide updates on the progress or status of the strategic process until our Board deems further disclosure is appropriate or necessary or to the extent required by applicable law. Accordingly, speculation regarding any developments related to the review of strategic alternatives and perceived uncertainties related to the future of our company could cause the price of our common stock and senior notes to fluctuate significantly and could make it more difficult or costly for us to obtain amendments, consents or waivers under our existing debt agreements. If we are unable to mitigate these or other potential risks related to the uncertainty caused by our evaluation of strategic alternatives, it could disrupt our business and adversely impact operating results and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company's Board recognizes the critical importance of maintaining the trust and confidence of our customers, clients, business partners and employees. The Board is actively involved in oversight of the Company’s risk management program, and cybersecurity represents an important component of the Company’s overall approach to risk management. The Company’s cybersecurity policies, standards, processes and practices are fully integrated into the Company’s operations and are based on recognized frameworks established by the International Organization for Standardization, the National Institute of Standards and Technology and other industry standards. In general, the Company seeks to address cybersecurity risks through a comprehensive, cross-functional approach that is focused on preserving the confidentiality, integrity and availability of the information that the Company collects and stores and maintaining access to critical systems by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

Risk Management and Strategy

As one of the critical elements of the Company’s overall risk management approach, the Company’s cybersecurity program is focused on the following key areas:

Governance: As discussed in more detail under the heading “Governance,” the Board’s oversight of cybersecurity risk management is supported by the Audit Committee of the Board (the “Audit Committee”), which regularly interacts with the Company's Chief Information Security Officer (“CISO”) and other members of management.

Collaborative Approach: The Company has implemented a comprehensive, cross-functional approach to identifying, preventing and mitigating cybersecurity threats and incidents, while also implementing controls and procedures that provide for the prompt escalation of certain cybersecurity incidents so that decisions regarding the public disclosure and reporting of such incidents can be made by management in a timely manner. The Company's incident response process establishes a materiality committee, including members of senior leadership, who are responsible for evaluating materiality of any significant incidents.

Technical Safeguards: The Company deploys technical safeguards that are designed to protect the Company's information systems from cybersecurity threats, including but not limited to secure web gateways, secure e-mail gateways, multi-factor authentication, endpoint detection and response, cloud security posture management, privileged access management, firewalls, intrusion detection/prevention systems, and web application firewalls.

Incident Response and Recovery Planning: The Company has established and maintains comprehensive incident response and recovery plans that fully address the Company's response to a cybersecurity incident, and such plans are maintained, tested and evaluated on a regular basis.

Third Party Risk Management: The Company maintains a risk-based approach to identifying and overseeing cybersecurity risks presented by third parties, including vendors, service providers and other external users of the Company's systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third party systems. Additionally, the Company maintains cybersecurity insurance coverage to mitigate financial impacts from potential cyber incidents.

Education and Awareness: The Company provides regular, mandatory training for personnel regarding cybersecurity threats and best practices as a means to equip the Company's personnel with effective tools to address cybersecurity threats, and to communicate the Company's information security policies, standards, processes and practices.

The Company engages in the periodic assessment and testing of adherence to the Company's policies, standards, processes and practices that are designed to address cybersecurity risks, threats and incidents. These efforts include a wide range of activities, including audits, assessments, tabletop exercises, vulnerability testing and other exercises focused on evaluating the effectiveness of our cybersecurity measures and planning. The Company regularly engages third parties to perform assessments on our cybersecurity measures, including information security maturity assessments, audits and independent reviews of our information security control environment and operating effectiveness. The results of such assessments, audits and reviews are reported to the Risk Management Committee and the Board, and the Company adjusts its cybersecurity policies, standards, processes and practices as necessary based on the information provided by these assessments, audits and reviews.

Governance

The Board, in coordination with the Risk Management Committee, oversees the Company's risk management process, including the management of risks arising from cybersecurity threats. The Board, Audit Committee and the Risk Management Committee each receive regular presentations and reports on cybersecurity risks, which address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to the Company's peers and third parties. The Board and the Risk Management Committee also receive prompt and timely information regarding any cybersecurity incident that meets or could potentially meet materiality reporting thresholds, as well as ongoing updates regarding any such incident until it has been addressed. On an annual basis, the Board and the Company's senior executives and CISO discuss the Company's approach to cybersecurity risk management.

The CISO, in coordination with the Risk Management Committee, which includes our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Senior Vice President of Policy and Administration, and General Counsel ("GC"), works collaboratively across the Company to implement a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response and recovery plans. To facilitate the success of the Company's cybersecurity risk management program, multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the CISO monitors the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time, and reports significant (including potentially material) threats and incidents to executive leadership.

The CISO has served in various roles in IT and information security for over 28 years, including serving as the Chief Information Security Officer of two large public companies. The CISO holds an undergraduate degree in computer science and a graduate degree in business and attained professional certification as a Certified Information System Security Professional, Certified Information Security Manager and GIAC Certified Incident Handler. The Company's CEO, CFO, Senior Vice President of Policy and Administration, and GC each hold degrees in their respective fields, and each has experience managing risks at the Company and at similar companies, including risks arising from cybersecurity threats.

To date, we do not believe that any risks from any cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition. However, the sophistication of cyber threats continues to increase, and the preventative actions we take to reduce the risk of cybersecurity incidents and protect our systems and information may be insufficient. Accordingly, no matter how well designed or implemented our controls are, we will not be able to anticipate all security incidents of these types, and we may not be able to implement effective preventive measures against such security incidents in a timely manner. See the risk factor titled "***We rely on information technology and communication systems in critical areas of our operations and a disruption relating to such technology and systems, including cybersecurity threats, could harm our business.***" in Part I, Item 1A of this Annual Report on Form 10-K for further information.

ITEM 2. PROPERTIES

As of December 31, 2025, our operations included approximately 1,400 facilities, most of which are leased. Of our total facilities, approximately 400 facilities were located in the U.S. and approximately 1,000 facilities were located in approximately 25 other countries. Many of our locations stock multiple product types and/or serve more than one function.

Our principal executive offices and North American headquarters are located at 5846 Crossings Boulevard, Antioch, Tennessee 37013, and maintain certain centralized functions for our North America operations, including accounting, procurement, and information systems support.

Our European headquarters are located in Zug, Switzerland, and certain back-office support functions for our European segment are located in Katowice, Poland. Our largest distribution centers are located in Tamworth, England, Sulzbach-Rosenberg, Germany, and Berkel en Rodenrijs, the Netherlands.

Our Specialty operations maintain primary procurement, accounting and finance functions in Exeter, Pennsylvania.

Certain back-office support functions for our segments are performed in Bengaluru, India. Additionally, we operate an aftermarket parts warehouse in Taiwan to aggregate inventory for shipment to our locations in North America and manage supplier relationships and purchase orders.

Our properties are sufficient to meet our present needs, and we do not anticipate difficulty in securing additional space to conduct operations or additional office space, as needed, on terms acceptable to us.

ITEM 3. LEGAL PROCEEDINGS

We are from time to time subject to various claims and lawsuits incidental to our business. In the opinion of management, currently outstanding claims and lawsuits will not, individually or in the aggregate, have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Our common stock is traded on The Nasdaq Global Select Market under the symbol "LKQ." At February 13, 2026, there were 29 record holders of our common stock.

A summary of the dividend activity for our common stock for the year ended December 31, 2025 is as follows:

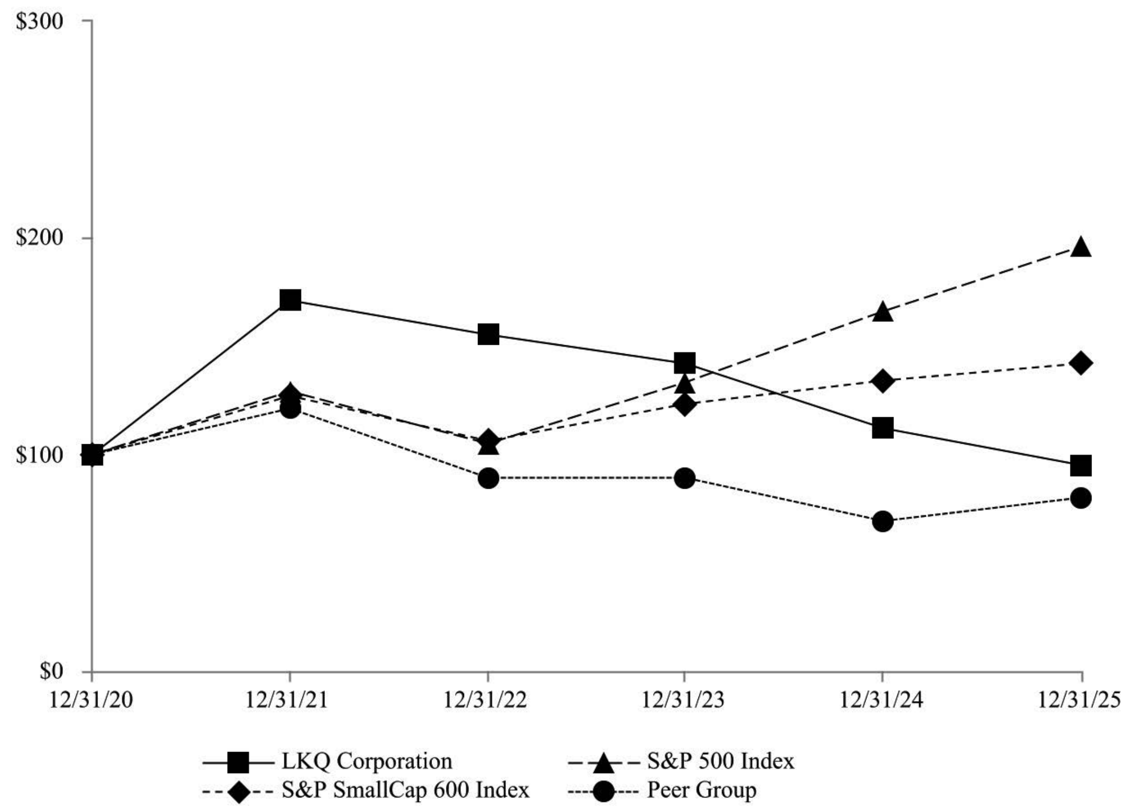
Dividend Amount	Declaration Date	Record Date	Payment Date
$0.30	February 18, 2025	March 13, 2025	March 27, 2025
$0.30	April 22, 2025	May 15, 2025	May 29, 2025
$0.30	July 22, 2025	August 14, 2025	August 28, 2025
$0.30	October 28, 2025	November 20, 2025	December 4, 2025

On February 17, 2026, our Board declared a quarterly cash dividend of $0.30 per share of common stock, payable on March 26, 2026, to stockholders of record at the close of business on March 12, 2026. The payment of any future dividends will be at the discretion of our Board and will depend upon our results of operations, financial condition, business prospects, capital requirements, contractual restrictions, any potential indebtedness we may incur, restrictions imposed by applicable law, tax considerations and other factors that our Board deems relevant.

Stock Performance Graph and Cumulative Total Return

The following graph compares the percentage change in the cumulative total returns on our common stock, the S&P 500 Index, the S&P SmallCap 600 Index of which the Company is a part of beginning in December 2025, and the Dow Jones U.S. Auto Parts Index (the "Peer Group") for the period beginning on December 31, 2020 and ending on December 31, 2025 (which was the last day of our 2025 fiscal year). The stock price performance in the graph is not necessarily indicative of future stock price performance. The graph assumes that the value of an investment in each of the Company's common stock, the S&P 500 Index, the S&P SmallCap 600 Index and the Peer Group was $100 on December 31, 2020 and that all dividends, where applicable, were reinvested.

Comparison of Cumulative Return
Among LKQ Corporation, the S&P 500 Index, the S&P SmallCap 600 Index and the Peer Group



	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025
LKQ Corporation	$ 100	$ 171	$ 155	$ 142	$ 112	$ 95
S&P 500 Index	$ 100	$ 129	$ 105	$ 133	$ 166	$ 196
S&P SmallCap 600 Index	$ 100	$ 127	$ 106	$ 123	$ 134	$ 142
Peer Group	$ 100	$ 121	$ 89	$ 89	$ 69	$ 80

This stock performance information is "furnished" and shall not be deemed to be "soliciting material" or subject to Rule 14A, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date of this report and irrespective of any general incorporation by reference language in any such filing, except to the extent that it specifically incorporates the information by reference.

Issuer Purchases of Equity Securities

Our Board has authorized a stock repurchase program under which we are able to purchase up to $4,500 million of our common stock from time to time through the scheduled duration of the program ending on October 25, 2026. Repurchases under the program may be made in the open market or in privately negotiated transactions, with the amount and timing of repurchases depending on market conditions and corporate needs. The repurchase program does not obligate us to acquire any specific number of shares and may be suspended or discontinued at any time.

The following table summarizes our stock repurchases for the three months ended December 31, 2025 (in millions, except per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1, 2025 - October 31, 2025	0.4	$ 30.42	0.4	$ 1,583
November 1, 2025 - November 30, 2025	0.4	$ 30.20	0.4	$ 1,570
December 1, 2025 - December 31, 2025	0.5	$ 29.92	0.5	$ 1,556
Total	1.3		1.3	

(1) Average price paid per share excludes the 1% excise tax accrued on our share repurchases as a result of the Inflation Reduction Act of 2022.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about our common stock that may be issued under our equity compensation plans as of December 31, 2025 included in Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 6. [RESERVED]

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

The following discussion of our financial condition and results of operations should be read in conjunction with our audited Consolidated Financial Statements and notes thereto included in Part II, Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K. Discussion of 2023 items and the year-over-year comparison of changes in our financial condition and the results of operations as of and for the years ended December 31, 2024 and December 31, 2023 for our Consolidated Results of Operations can be found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC on February 20, 2025. Unless otherwise indicated or the context otherwise requires, as used in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the terms "we," "us," "the Company," "our," "LKQ" and similar terms refer to LKQ Corporation and its subsidiaries.

Overview

We are a global distributor of vehicle products, including replacement parts, components, and systems used in the repair and maintenance of vehicles, and specialty aftermarket products and accessories to improve the performance, functionality and appearance of vehicles.

Buyers of vehicle replacement products have the option to purchase from primarily four sources: new products produced by OEMs; new products produced by companies other than the OEMs, which are referred to as aftermarket products; salvaged products taken from total loss vehicles; and reconditioned products that have been refurbished or remanufactured. Collectively, we refer to the three sources that are not new OEM products as alternative parts.

We are organized into three operating segments: North America; Europe; and Specialty, each of which is presented as a reportable segment. We have made certain reclassifications to the prior period financial information to reflect discontinued operations presentation as a result of the sale of our Self Service segment. See Note 4, "Discontinued Operations and Divestitures" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information.

We sell a variety of alternative replacement and maintenance parts including collision parts, which are typically exterior components used in the collision repair process to restore a vehicle's appearance and safety, such as bumper covers, fenders, paint and related body repair products, and lights; hard parts, which are typically internal components that are either mechanical in nature, such as alternators, starters, and clutches, or functional components that are replaced as part of routine maintenance, such as brake pads, discs and sensors, filters and batteries; and major mechanical parts, such as engines and transmissions. We also sell specialty products and accessories, which are vehicle products that improve the performance, functionality and appearance of vehicles.

Our North America segment is a leading provider of alternative vehicle collision replacement products, paint and related body repair products, and alternative vehicle mechanical replacement and maintenance products, with our sales, processing, and distribution facilities reaching most major markets in the U.S. and Canada. Our Europe segment is a leading provider of alternative vehicle replacement and maintenance products in Germany, the U.K., the Benelux region, Italy, Czech Republic, Austria, Slovakia, France and various other European countries. Our Specialty segment is a leading distributor of specialty vehicle aftermarket products and accessories reaching most major markets in the U.S. and Canada.

Our operating results have fluctuated on a quarterly and annual basis in the past and can be expected to continue to fluctuate in the future as a result of a number of factors, some of which are beyond our control. Please refer to the factors referred to in the Special Note on Forward-Looking Statements and Risk Factors above. Due to these factors and others, which may be unknown to us at this time, our operating results in future periods can be expected to fluctuate. Accordingly, our historical results of operations may not be indicative of future performance.

Portfolio Management

We continuously manage and assess the businesses and investments we own and the markets in which we operate. Our acquisition strategy is to target highly accretive tuck-in acquisitions with significant synergies or critical capabilities. See Note 3, "Business Combinations" and Note 10, "Equity Method Investments" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our acquisitions and investments. Additionally, from time to time, we have sold or divested businesses that do not align with our strategic vision, financial objectives or have limited long-term value potential. In 2025, aligning with our ongoing strategy to simplify our portfolio and concentrate on our core segments, we commenced a process to explore the potential sale of our Specialty segment. See Note 4, "Discontinued Operations and Divestitures" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our divestitures.

In addition to the above, on January 26, 2026 our Board announced it has initiated a comprehensive review of strategic alternatives to enhance shareholder value. As part of the review, the Board is working with its advisors to evaluate our strategic alternatives, including a potential sale of the Company.

Sources of Revenue

We report our revenue in two categories: (i) parts and services and (ii) other. Our parts revenue is generated from the sale of alternative parts and vehicle products including collision parts, which are typically exterior components used in the collision repair process to restore a vehicle's appearance and safety; hard parts, which are typically internal components that are either mechanical in nature or functional components that are replaced as part of routine maintenance; major mechanical parts; and specialty products and accessories, which are vehicle products that improve the performance, functionality and appearance of vehicles. Services revenue includes additional services that are generally billed concurrently with the related product sales, such as the sale of service-type warranties, and diagnostic and repair services. During the year ended December 31, 2025, parts and services revenue represented 97.5% of our consolidated revenue. Other revenue includes sales of scrap and other metals (including precious metals - platinum, palladium and rhodium - contained in recycled parts such as catalytic converters), bulk sales to mechanical manufacturers (including cores) and sales of aluminum ingots and sows from our furnace operations; all of which are typically acquired as byproducts of our salvage operations. Other revenue will vary from period to period based on fluctuations in commodity prices and the volume of materials sold. See Note 12, "Revenue Recognition" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information related to our sources of revenue.

Critical Accounting Estimates

The preparation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires management to make use of certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as related disclosure of contingent assets and liabilities in the Consolidated Financial Statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Historically, we have not made significant changes to the methods for determining these estimates as our actual results have not differed materially from our estimates. We do not believe it is reasonably likely that the estimates and related assumptions will change materially in the foreseeable future; however, actual results could differ from those estimates under different assumptions, judgments or conditions.

Critical accounting estimates are those that are most important to the portrayal of our financial condition and results of operations, and which require us to make our most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified the critical accounting estimates addressed below. For additional information related to significant accounting policies used in the preparation of our Consolidated Financial Statements, see Note 2, "Summary of Significant Accounting Policies" to the accompanying Consolidated Financial Statements.

Goodwill Impairment

Description

Goodwill is obtained through business acquisitions and recorded at the estimated fair value at the date of acquisition. Goodwill is not amortized but instead tested for impairment annually or sooner if events indicate that an impairment may exist. Each of our segments is considered a separate reporting unit for purposes of testing goodwill. In performing this test, we compare the carrying value of the assets of our reporting units to its fair value. To estimate the fair value for our reporting units that carry goodwill, we use a weighted-average approach that is reviewed annually for changes in facts and circumstances. The weighting generally incorporates a 75% income approach via a discounted cash flow analysis and a 25% market approach via a guideline public company method. If the carrying value of these assets exceeds the estimated fair value, the asset is considered impaired and an impairment charge is recognized. In performing the test for impairment of goodwill, goodwill is allocated to the reporting units expected to benefit from the business combination.

Judgments and Uncertainties

Determining whether impairment indicators exist and estimating fair values as part of impairment testing require significant judgment. Estimating the fair values of our reporting units which have goodwill requires the use of significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. As part of applying the discounted cash flow method and guideline public company method, we use significant assumptions which include sales growth, operating margins, discount rates, perpetual growth rates and market multiples which consider our budgets, business plans, economic projections and marketplace data.

Sensitivity of Estimate to Change

The assumptions used to assess impairment consider historical trends, macroeconomic conditions, and projections consistent with the Company's operating strategy. Changes in these estimates can have a significant impact on the assessment of fair value which could result in material impairment losses. We have not made material changes in the accounting methodology used to evaluate impairment of goodwill during the last three years. During fiscal year 2025, we elected to perform a quantitative impairment test for our goodwill with a testing date as of October 31, 2025.
For the Europe and North America segments, no impairment charges were recorded as a result of the testing as the fair value of these goodwill reporting units exceeded the calculated carrying value by at least 48%. The balance of goodwill in our North America and Europe segments together was $4,993 million and $4,701 million as of December 31, 2025 and December 31, 2024, respectively. Given the significant amount of headroom in these segments, it would take in excess of a 45% decrease in projected cash flows, or a greater than 740 basis point increase in the discount rate to result in an impairment to goodwill at either segment.

For the Specialty segment, we recorded a goodwill impairment charge of $52 million for the year ended December 31, 2025 as the carrying value was higher than its estimated fair value based on the results of our October 31, 2025 test. The impairment was driven by a combination of factors, including lower observed market multiples in the guideline public company method, lower long term revenue growth than previous forecasts, and higher margin product groups having a longer anticipated market recovery. As of December 31, 2025, the remaining Specialty goodwill balance was $421 million. A 1% decrease in projected cash flows or long term growth rate would result in approximately an additional $10 million of impairment, a 25 basis point increase in the discount rate would result in approximately an additional $30 million of impairment, or a 1.0 decrease in the market multiples assumption would result in approximately an additional $30 million of impairment. Given the sensitivity of the calculation to these assumptions, events that cause declines to Specialty's future cash flows such as underperformance relative to our forecasts, since actual results may differ from our estimates of future performance, or events that have a negative impact on the market value of the business, such as a deterioration in macroeconomic conditions, could result in additional future impairment to the goodwill in our Specialty segment.

Strategic Transformation Initiatives

See "Strategic Restructuring and Transformation Initiatives" in Note 13, "Restructuring and Transaction Related Expenses" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our strategic transformation initiatives.

Recently Issued Accounting Pronouncements

See "Recent Accounting Pronouncements" in Note 2, "Summary of Significant Accounting Policies" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to new accounting standards.

Financial Information by Geographic Area

See Note 12, "Revenue Recognition" and Note 26, "Segment and Geographic Information" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our revenue and long-lived assets by geographic region.

Key Performance Indicators

We believe that organic revenue growth, Segment EBITDA and free cash flow are key performance indicators for our business. Segment EBITDA is our key measure of segment profit or loss reviewed by our chief operating decision maker ("CODM"). Free cash flow is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles.

- *Organic revenue growth* - We define organic revenue growth as total revenue growth from continuing operations excluding the effects of acquisitions and divestitures (i.e., revenue generated from the date of acquisition to the first anniversary of that acquisition, net of reduced revenue due to the disposal of businesses) and foreign currency movements (i.e., impact of translating revenue at different exchange rates). Organic revenue growth includes incremental sales from both existing and new (i.e., opened within the last twelve months) locations and is derived from expanding business with existing customers, securing new customers and offering additional products and services. We believe that organic revenue growth is a key performance indicator as this statistic measures our ability to serve and grow our customer base successfully.

- *Segment EBITDA* - See Note 26, "Segment and Geographic Information" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for a description of the calculation of Segment EBITDA. We believe that Segment EBITDA provides useful information to evaluate our segment profitability by focusing on the indicators of ongoing operational results.

- *Free Cash Flow* - We calculate free cash flow as net cash provided by operating activities, less purchases of property, plant and equipment. Free cash flow provides insight into our liquidity and provides useful information to management and investors concerning cash flow available to meet future debt service obligations and working capital requirements, make strategic acquisitions, repurchase stock, and pay dividends.

These three key performance indicators are used as targets in determining incentive compensation at various levels of the organization, including senior management. By using these performance measures, we attempt to motivate a balanced approach to the business that rewards growth, profitability and cash flow generation in a manner that enhances our long-term prospects.

Results of Operations—Consolidated

The following table sets forth statements of income data as a percentage of total revenue for the periods indicated:

	Year Ended December 31,	
	2025	**2024**
Revenue	100.0 %	100.0 %
Cost of goods sold	61.4 %	61.1 %
Gross margin	38.6 %	38.9 %
Selling, general and administrative expenses	27.9 %	27.2 %
Restructuring and transaction related expenses	0.3 %	1.0 %
Impairment of goodwill	0.4 %	— %
Depreciation and amortization	2.7 %	2.5 %
Operating income	7.3 %	8.3 %
Total other expense, net	1.4 %	1.6 %
Income from continuing operations before provision for income taxes	5.9 %	6.7 %
Provision for income taxes	1.5 %	1.9 %
Equity in earnings of unconsolidated subsidiaries	— %	(0.1)%
Income from continuing operations	4.4 %	4.8 %
Net income from discontinued operations	0.1 %	0.2 %
Net income	4.4 %	5.0 %
Less: net income attributable to continuing noncontrolling interest	— %	— %
Net income attributable to LKQ stockholders	4.4 %	5.0 %

Note: In the table above, the sum of the individual percentages may not equal the total due to rounding.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

Revenue

The following table summarizes the changes in revenue by category (in millions):

	Year Ended December 31, 2025	Year Ended December 31, 2024	Change
Parts & services revenue	$ 13,306	$ 13,505	$ (199)
Other revenue	345	318	27
Total revenue	$ 13,651	$ 13,823	$ (172)

The decrease in parts and services revenue of $199 million, or 1.5%, represented decreases in segment revenue of $136 million, or 2.5%, in North America and $99 million, or 1.5%, in Europe, partially offset by an increase of $36 million, or 2.1%, in Specialty. This overall decrease was driven by an organic parts and services revenue decrease of $362 million, or 2.7% (2.3% decrease on a per day basis) and a $69 million, or 0.5%, decrease due to the net impact of acquisitions and divestitures, partially offset by an increase of $231 million, or 1.7%, due to fluctuations in foreign exchange rates. Refer to the discussion of our segment results of operations for factors contributing to the changes in revenue by segment for the year ended December 31, 2025 compared to the year ended December 31, 2024.

Cost of Goods Sold

Cost of goods sold decreased by $53 million, or 0.6%, to $8,386 million for the year ended December 31, 2025. Cost of goods sold primarily reflects decreases of $69 million from Europe and $20 million from North America, partially offset by an increase of $36 million from Specialty. Cost of goods sold as a percentage of revenue increased to 61.4% for the year ended December 31, 2025 from 61.1% for the year ended December 31, 2024. Cost of goods sold as a percentage of revenue primarily reflects an increase of 0.3% from North America. Refer to the discussion of our segment results of operations for factors contributing to the changes in cost of goods sold by segment for the year ended December 31, 2025 compared to the year ended December 31, 2024.

Selling, General and Administrative Expenses

Our SG&A expenses increased by $55 million, or 1.5%, to $3,813 million for the year ended December 31, 2025. The year over year increase in SG&A expense primarily reflects increases of $34 million from North America, $17 million from Europe, and $4 million from Specialty. SG&A expenses as a percentage of revenue increased to 27.9% for the year ended December 31, 2025 from 27.2% for the year ended December 31, 2024. SG&A expenses as a percentage of revenue primarily reflects increases of 0.5% from North America and 0.3% from Europe. Refer to the discussion of our segment results of operations for factors contributing to the changes in SG&A expenses by segment for the year ended December 31, 2025 compared to the year ended December 31, 2024.

Restructuring and Transaction Related Expenses

Restructuring and transaction related expenses decreased by $93 million, primarily due to a $70 million decrease in restructuring expenses related to our 2024 Global Restructuring plan and a $20 million decrease in restructuring expenses related to our Acquisition Integration plans.

Impairment of Goodwill

Impairment of goodwill increased by $52 million due to the impairment charge related to our Specialty reporting unit. See "Intangible Assets" in Note 2, "Summary of Significant Accounting Policies" and Note 9, "Intangible Assets" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further information.

Provision for Income Taxes

See Note 23, "Income Taxes" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further information.

Foreign Currency Impact

We translate our statements of income at the average exchange rates in effect for the period. Relative to the rates used for the year ended December 31, 2024, the Czech koruna, euro, and pound sterling rates used to translate the 2025 statements of income increased by 6.3%, 4.5%, and 3.2%, respectively, while the Canadian dollar rate decreased by 1.9%. Realized and unrealized currency gains and losses combined with the translation effect of the change in foreign currencies against the U.S. dollar had a net positive effect of $0.05 on diluted earnings per share from continuing operations relative to the prior year.

Results of Operations—Segment Reporting

We have three reportable segments: North America; Europe; and Specialty.

The following table presents our financial performance, including third party revenue, total revenue and Segment EBITDA, by reportable segment for the periods indicated (in millions):

	Year Ended December 31,					
	2025	% of Total Segment Revenue	2024	% of Total Segment Revenue	2023	% of Total Segment Revenue
Third Party Revenue						
North America	$ 5,650		$ 5,762		$ 5,281	
Europe	6,311		6,407		6,323	
Specialty	1,690		1,654		1,665	
Total third party revenue	$ 13,651		$ 13,823		$ 13,269	
Total Revenue						
North America	$ 5,651		$ 5,763		$ 5,282	
Europe	6,311		6,407		6,323	
Specialty	1,693		1,657		1,668	
Eliminations	(4)		(4)		(4)	
Total revenue	$ 13,651		$ 13,823		$ 13,269	
Segment EBITDA						
North America	$ 814	14.4 %	$ 940	16.3 %	$ 959	18.1 %
Europe	584	9.3 %	634	9.9 %	614	9.7 %
Specialty	111	6.5 %	113	6.8 %	134	8.0 %

Note: In the table above, the percentages of total segment revenue may not recalculate due to rounding.

The key measure of segment profit or loss reviewed by our CODM, our Chief Executive Officer, is Segment EBITDA. The CODM uses Segment EBITDA to compare profitability among the segments and evaluate business strategies. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. We calculate Segment EBITDA as Net Income excluding net income and loss attributable to noncontrolling interest; income and loss from discontinued operations; depreciation; amortization; interest; gains and losses on debt extinguishment; income tax expense; restructuring and transaction related expenses; change in fair value of contingent consideration liabilities; other gains and losses related to acquisitions, equity method investments, or divestitures; equity in losses and earnings of unconsolidated subsidiaries; equity investment fair value adjustments; impairment charges; and direct impacts of the Ukraine/Russia conflict. See Note 26, "Segment and Geographic Information" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for a reconciliation of total Segment EBITDA to net income.

Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

North America

The following table provides a reconciliation of Revenue to Segment EBITDA in our North America segment (in millions):

	Year Ended December 31,				
North America	**2025**	**% of Total Segment Revenue**	**2024**	**% of Total Segment Revenue**	**$ Change**
Parts & services revenue	$ 5,329		$ 5,465		$ (136) (1)
Other revenue	321		297		24
Intersegment revenue	1		1		—
Total segment revenue	5,651		5,763		(112)
Cost of goods sold	3,232		3,252		(20)
Gross margin	2,419	42.8 %	2,511	43.6 %	(92) (2)
Selling, general and administrative expenses[4]	1,622	28.7 %	1,588	27.5 %	34 (3)
Less: Other segment items[5]	(17)		(17)		—
Segment EBITDA	$ 814	14.4 %	$ 940	16.3 %	$ (126)

(1) Parts and services revenue decreased by $136 million, or 2.5%, to $5,329 million for the year ended December 31, 2025. This decrease was primarily due to an organic revenue decrease of $126 million, or 2.3% (1.9% on a per day basis), driven primarily by lower volumes in our PBE business from lower repairable claims and increased competition, and having one fewer selling days in the current year, partially offset by pricing initiatives to recoup tariff costs and targeted actions to increase market penetration. Additionally, revenue decreased due to a negative exchange rate effect of $18 million, or 0.3%, primarily due to the stronger U.S. dollar against the Canadian dollar.

(2) Gross margin decreased by $92 million, or 3.7%, to $2,419 million for the year ended December 31, 2025. This decrease was driven by lower revenue as described above as well as a decrease in gross margin percentage due to unfavorable customer mix, the dilutive effect of increasing prices to recoup tariff costs and higher other input costs not fully offset by price increases due to market competition.

(3) SG&A expenses increased by $34 million, or 2.1%, to $1,622 million for the year ended December 31, 2025. The increase in SG&A expense is primarily due to (i) a nonrecurring $35 million credit related to the favorable settlement of a legal claim in 2024, and (ii) $18 million from increased vehicle costs, partially offset by (iii) $14 million from decreased personnel costs due to cost savings initiatives which were partially offset by inflationary pressures, and (iv) other individually immaterial factors representing a $5 million favorable impact in the aggregate.

(4) Amounts include certain shared overhead costs that were historically allocated to the Self Service segment. See Note 4, "Discontinued Operations and Divestitures" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information.

(5) Amounts primarily represent other non operating income and expenses, as well as reconciling items to remove depreciation - cost of goods sold and restructuring - cost of goods sold, which are excluded from the calculation of Segment EBITDA. See Note 13, "Restructuring and Transaction Related Expenses" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information on restructuring charges.

Europe

The following table provides a reconciliation of Revenue to Segment EBITDA in our Europe segment (in millions):

	Year Ended December 31,				
Europe	2025	% of Total Segment Revenue	2024	% of Total Segment Revenue	$ Change
Parts & services revenue	$ 6,287		$ 6,386		$ (99) (1)
Other revenue	24		21		3
Total segment revenue	6,311		6,407		(96)
Cost of goods sold	3,884		3,953		(69)
Gross margin	2,427	38.4 %	2,454	38.3 %	(27) (2)
Selling, general and administrative expenses	1,872	29.7 %	1,855	28.9 %	17 (3)
Less: Other segment items(4)	(29)		(35)		6
Segment EBITDA	$ 584	9.3 %	$ 634	9.9 %	$ (50)

(1) Parts and services revenue decreased by $99 million, or 1.5%, to $6,287 million for the year ended December 31, 2025. This decrease was primarily due to (i) an organic revenue decrease of $274 million, or 4.3% (3.9% on a per day basis), driven by decreased volumes due to heightened competition in certain markets and difficult economic conditions, (ii) divestitures, net of acquisitions, of $77 million, or 1.2%, primarily related to the divestiture of certain operations in Poland, Slovenia and Bosnia in 2024, partially offset by (iii) the effect of an exchange rate increase of $252 million, or 4.0%, primarily due to the strengthening of the pound sterling and euro, and to a lesser extent, the Czech koruna against the U.S. dollar.

(2) Gross margin decreased by $27 million, or 1.1%, to $2,427 million for the year ended December 31, 2025. This decrease was primarily attributable to decreased revenue, partially offset by a $13 million reduction in cost of goods sold related to restructuring expenses incurred as part of the 2024 Global Restructuring Plan in the prior year. These restructuring expenses are excluded from the calculation of Segment EBITDA. See Note 13, "Restructuring and Transaction Related Expenses" and Note 26, "Segment and Geographic Information" for further information.

(3) SG&A expenses increased by $17 million, or 0.9%, to $1,872 million for the year ended December 31, 2025. The increase in SG&A expense includes a $74 million unfavorable foreign exchange impact from a weakening U.S. dollar. The remaining increase primarily relates to (i) a $9 million unfavorable impact in professional fees related to several strategic central and regional information technology initiatives, partially offset by (ii) a $23 million favorable impact from the divestiture of certain operations in Poland, Slovenia and Bosnia in 2024, (iii) $20 million from decreased personnel costs primarily due to lower incentive compensation in the current year, (iv) $10 million from lower freight, vehicle and fuel costs and (v) other individually immaterial factors representing an $13 million favorable impact in the aggregate.

(4) Amounts primarily represent other non operating income and expenses, as well as reconciling items to remove depreciation - cost of goods sold and restructuring - cost of goods sold, which are excluded from the calculation of Segment EBITDA. See Note 13, "Restructuring and Transaction Related Expenses" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information on restructuring charges.

Specialty

The following table provides a reconciliation of Revenue to Segment EBITDA in our Specialty segment (in millions):

	Year Ended December 31,				
Specialty	**2025**	**% of Total Segment Revenue**	**2024**	**% of Total Segment Revenue**	**$ Change**
Parts & services revenue	$ 1,690		$ 1,654		$ 36 [(1)]
Intersegment revenue	3		3		—
Total segment revenue	1,693		1,657		36
Cost of goods sold	1,274		1,238		36
Gross margin	419	24.8 %	419	25.3 %	—
Selling, general and administrative expenses	319	18.8 %	315	19.0 %	4
Less: Other segment items[(2)]	(11)		(9)		(2)
Segment EBITDA	$ 111	6.5 %	$ 113	6.8 %	$ (2)

(1) Parts and services revenue increased by $36 million, or 2.1%, to $1,690 million for the year ended December 31, 2025. This was primarily due to an organic revenue increase of $38 million, or 2.3% (2.7% on a per day basis), driven by volume growth in our marine and automotive product lines.

(2) Amounts primarily represent other non operating income and expenses, as well as a reconciling item to remove depreciation - cost of goods sold, which is excluded from the calculation of Segment EBITDA.

Liquidity and Capital Resources

We assess our liquidity and capital resources in terms of our ability to fund our operations and provide for expansion through both internal development and acquisitions. Our primary sources of liquidity are cash flows from operations and our revolving credit facilities. We utilize our cash flows from operations to fund working capital and capital expenditures, with the excess amounts going towards paying dividends, repurchasing our common stock, paying down outstanding debt, or funding acquisitions. As we have pursued acquisitions as part of our historical growth strategy, our cash flows from operations have not always been sufficient to cover our investing activities. To fund our acquisitions, we have accessed various forms of debt financing, including revolving credit facilities, term loans, and senior notes. We currently believe we have sufficient access to capital markets to support our future growth objectives.

The following table summarizes liquidity data as of the dates indicated (in millions):

	December 31, 2025	**December 31, 2024**
Capacity under revolving credit facilities	$ 2,000	$ 2,000
Less: Revolving credit facilities borrowings	1	664
Less: Letters of credit [(1)]	114	114
Availability under credit revolving facilities	1,885	1,222
Add: Cash and cash equivalents	319	234
Total liquidity	$ 2,204	$ 1,456

(1) As of December 31, 2025, we had outstanding letters of credit of $134 million, of which $20 million does not reduce availability under our revolving credit facilities.

We had $1,885 million available under our revolving credit facilities as of December 31, 2025. Combined with $319 million of cash and cash equivalents at December 31, 2025, we had $2,204 million in available liquidity, an increase of $748 million from our available liquidity as of December 31, 2024, primarily as a result of reducing our revolving credit facilities borrowings by $663 million.

In the second quarter of 2025, we entered into Amendment No. 2 and No. 3 to the Senior Unsecured Credit Agreement and Amendment No. 2 to the CAD Note. These amendments extended the maturity date of the Senior Unsecured Credit Agreement term loan facility from January 5, 2026 to January 5, 2027 as well as provided certain other immaterial modifications.

In the fourth quarter of 2025, we entered into Amendments No. 4 and 5 to the Senior Unsecured Credit Agreement, which extended the maturity date of the revolving credit facility from January 2028 to December 2030, and included certain other immaterial modifications and administrative changes. Further, in the fourth quarter of 2025, we entered into Amendments No. 3 and 4 to the CAD Note which extended the maturity date from July 2026 to March 2029, and included certain other immaterial modifications and administrative changes. See Note 18, "Long-Term Obligations" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information regarding total debt outstanding.

We believe that our current liquidity, cash expected to be generated by operating activities in future periods and access to capital markets will be sufficient to meet our current operating and capital requirements. Our capital allocation strategy includes spending to support growth driven capital projects, return stockholder value through the payment of dividends and repurchasing shares of our common stock, completing highly synergistic tuck-in acquisitions and debt repayment.

See Part II, Item 5 of this Annual Report on Form 10-K for further information regarding the dividend activity for our common stock for the year ended December 31, 2025.

On February 17, 2026, our Board declared a quarterly cash dividend of $0.30 per share of common stock, payable on March 26, 2026, to stockholders of record at the close of business on March 12, 2026.

We believe that our future cash flow generation will permit us to continue paying dividends in future periods; however, the timing, amount and frequency of such future dividends will be subject to approval by our Board, and based on considerations of capital availability, and various other factors, many of which are outside of our control.

With $2,204 million of total liquidity as of December 31, 2025 and $32 million of current maturities, we have access to funds to meet our near term commitments. We have a surplus of current assets over current liabilities, which further reduces the risk of short-term cash shortfalls.

Our Senior Unsecured Credit Agreement and our CAD Note both include two financial maintenance covenants: a maximum total leverage ratio and minimum interest coverage ratio. The terms maximum total leverage ratio and minimum interest coverage ratio are specifically calculated per both the Senior Unsecured Credit Agreement and CAD Note, and differ in specified ways from comparable GAAP or common usage terms. We were in compliance with all applicable covenants under both our Senior Unsecured Credit Agreement and CAD Note as of December 31, 2025. The required debt covenants per both the Senior Unsecured Credit Agreement and CAD Note and our actual ratios with respect to those covenants are as follows as of December 31, 2025:

	Covenant Level	Ratio Achieved as of December 31, 2025
Maximum total leverage ratio	4.00 : 1.00	2.4
Minimum interest coverage ratio	3.00 : 1.00	7.5

The indentures relating to our U.S. Notes and Euro Notes do not include financial maintenance covenants, and the indentures will not restrict our ability to draw funds under the Senior Unsecured Credit Agreement. The indentures do not prohibit amendments to the financial covenants under the Senior Unsecured Credit Agreement and CAD Note as needed.

While we believe that we have adequate capacity under our existing revolving credit facilities to finance our current operations, from time to time we may need to raise additional funds through public or private financing, strategic relationships or modification of our existing Senior Unsecured Credit Agreement to finance additional investments or to refinance existing debt obligations. There can be no assurance that additional funding, or refinancing of our Senior Unsecured Credit Agreement, if needed, will be available on terms attractive to us, or at all. Furthermore, any additional equity financing may be dilutive to stockholders, and debt financing, if available, may involve restrictive covenants or higher interest costs. Our failure to raise capital if and when needed could have a material adverse impact on our business, operating results, and financial condition.

We hold interest rate swaps to hedge the variable rates on a portion of our credit agreement borrowings. After giving effect to these contracts outstanding, the weighted average interest rate on borrowings outstanding under our Senior Unsecured Credit Agreement was 5.4% at December 31, 2025. Including our senior notes and CAD Note, our overall weighted average interest rate on borrowings was 5.0% at December 31, 2025. Under the Senior Unsecured Credit Agreement, our borrowings bear interest at the Secured Overnight Financing Rate (i.e., SOFR) plus the applicable spread or other risk-free interest rates that are applicable for the specified currency plus a spread. Under the CAD Note, the interest rate may be (i) a forward-looking term rate based on the Canadian Overnight Repo Rate Average ("CORRA") for an interest period chosen by the Company of one or three months or (ii) the Canadian Prime Rate (as defined in the CAD Note), plus in each case a spread. See Note 18, "Long-Term Obligations" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our borrowings and related interest. The interest rate swaps are described in Note 19, "Derivative Instruments and Hedging Activities" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

We had outstanding borrowings under our revolving credit facilities and term loans payable of $1,011 million and $1,651 million at December 31, 2025 and 2024, respectively. Of these amounts, there were no current maturities at December 31, 2025 or 2024.

See Note 18, "Long-Term Obligations" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information regarding the scheduled maturities of long-term obligations outstanding.

As of December 31, 2025, the Company had cash and cash equivalents of $319 million, of which $292 million was held by foreign subsidiaries. In general, it is our practice and intention to permanently reinvest the undistributed earnings of our foreign subsidiaries. We believe that we have sufficient cash flow and liquidity to meet our financial obligations in the U.S. without repatriating our foreign earnings. We may, from time to time, choose to selectively repatriate foreign earnings if doing so supports our financing or liquidity objectives. Distributions of dividends from our foreign subsidiaries, if any, would be generally exempt from further U.S. taxation, either as a result of the 100% participation exemption under the Tax Cuts and Jobs Act enacted in 2017, or due to the previous taxation of foreign earnings under the transition tax and the Global Intangible Low-Taxed Income regime ("GILTI").

The procurement of inventory is the largest operating use of our funds. We normally pay for aftermarket product purchases on standard payment terms or at the time of shipment, depending on the manufacturer and the negotiated payment terms. We normally pay for salvage vehicles acquired at salvage auctions and under direct procurement arrangements at the time that we take possession of the vehicles.

As part of our effort to improve our operating cash flows, we may negotiate payment term extensions with suppliers. These efforts are supported by our supply chain finance programs. See Note 17, "Supply Chain Financing" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for information related to our supply chain financing arrangements.

For the year ended December 31, 2025, net cash provided by operating activities totaled $1,063 million compared to $1,121 million for the same period of 2024. Cash flows related to our primary working capital accounts can be volatile as the purchases, payments and collections can be timed differently from period to period. Receivables represented $14 million in higher cash outflows for the year ended December 31, 2025 compared to the same period of 2024. Inventories represented $204 million in lower cash outflows for the year ended December 31, 2025 compared to the same period of 2024. Accounts payable produced $95 million in lower cash inflows for the year ended December 31, 2025 compared to the same period of 2024. Other operating activities primarily reflect the aggregate effect of lower cash earnings and movements in various accruals during the year ended December 31, 2025 compared to the same period of 2024.

For the year ended December 31, 2025, net cash provided by investing activities totaled $185 million compared to net cash used in investing activities of $406 million for the same period of 2024. Proceeds from the disposal of businesses, net of divested cash were an inflow of $397 million for the year ended December 31, 2025, compared to an outflow of $11 million for the year ended December 31, 2024. We invested $49 million of cash in business acquisitions during the year ended December 31, 2024. There were no significant business acquisitions during the year ended December 31, 2025. Property, plant and equipment purchases were $216 million for the year ended December 31, 2025 compared to $311 million in the prior year.

The following table reconciles Net Cash Provided by Operating Activities to Free Cash Flow (in millions):

	Year Ended December 31,	
	2025	**2024**
Net cash provided by operating activities	$ 1,063	$ 1,121
Less: purchases of property, plant and equipment	216	311
Free cash flow [(1)]	$ 847	$ 810

[(1)] For the years ended December 31, 2025 and 2024, Self Service contributed approximately $50 million and $40 million, respectively, of free cash flow.

For the year ended December 31, 2025, net cash used in financing activities totaled $1,191 million compared to $746 million for the same period of 2024. Cash outflows for share repurchases were $159 million and dividends paid were $310 million for the year ended December 31, 2025 compared to $360 million for share repurchases and $318 million for dividends paid for the same period of 2024. Net debt payments were $708 million for the year ended December 31, 2025 compared to net debt payments (net of unamortized bond discounts) of $17 million for the same period of 2024.

We intend to continue to evaluate markets for potential growth through the internal development of distribution centers, processing and sales facilities, and warehouses, through further integration of our facilities, and through selected business acquisitions. Our future liquidity and capital requirements will depend upon numerous factors, including the costs and timing of our internal development efforts and the success of those efforts.

We have various contractual obligations and commitments arising in the normal course of business. The following represent our anticipated material cash requirements from known contractual and other obligations as of December 31, 2025.

- Long-term debt of $3,695 million and related interest totaling $717 million, of which $32 million and $182 million, respectively, is expected to be paid within twelve months. See Note 18, "Long-Term Obligations" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for more information related to debt amounts outstanding at December 31, 2025.

- Operating lease payments of $1,730 million, of which $335 million is expected to be paid within twelve months. See Note 21, "Leases" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for more information related to lease amounts outstanding at December 31, 2025.

- Purchase obligations of $739 million for open purchase orders for aftermarket inventory all expected to be paid within twelve months.

- Net pension obligations of $80 million, of which $9 million is expected to be paid within twelve months. Benefit payments for our funded plans will be made from plan assets, whereas benefit payments for our unfunded plans are made from cash flows from operating activities. See Note 22, "Employee Benefit Plans" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for more information related to net pension obligations at December 31, 2025.

- Self-insurance reserves of $139 million, of which $76 million is expected to be paid within twelve months. See Note 7, "Self-Insurance Reserves" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for more information related to self-insurance reserves at December 31, 2025.

Summarized Guarantor Financial Information

Our U.S. Notes (2028/2033) and Euro Notes (2031) are guaranteed on a senior, unsecured basis by certain of our subsidiaries (each, a “subsidiary guarantor” and, together with LKQ, the “Obligor Group”), which are listed in Exhibit 22.1 in Part IV, Item 15 of this Annual Report on Form 10-K. The guarantees are full and unconditional, joint and several, and subject to certain conditions for release. See Note 18, "Long-Term Obligations" in Part II, Item 8 of this Annual Report on Form 10-K for information related to the Euro Notes (2031) and U.S. Notes (2028/2033).

Holders of the notes have a direct claim only against the Obligor Group. The following summarized financial information is presented for the Obligor Group on a combined basis after elimination of intercompany transactions and balances within the Obligor Group and equity in the earnings from and investments in any non-guarantor subsidiary.

Summarized Statements of Income (in millions)

	Fiscal Year Ended December 31,	
	2025	2024 [2]
Revenue	$ 6,349	$ 6,436
Cost of goods sold	3,904	3,888
Gross margin [1]	2,445	2,548
Income from continuing operations	265	404
Net income	$ 265	$ 404

(1) Guarantor subsidiaries recorded $51 million and $53 million of net sales to and $259 million and $286 million of purchases from non-guarantor subsidiaries for the fiscal years ended December 31, 2025 and December 31, 2024, respectively.

(2) Information reflects the current Obligor Group listed in Exhibit 22.1 in Part IV, Item 15 of this Annual Report on Form 10-K.

Summarized Balance Sheets (in millions)

	December 31,	
	2025	2024 [3]
Current assets	$ 2,349	$ 2,273
Noncurrent assets [1]	4,797	5,207
Current liabilities [2]	1,616	1,171
Noncurrent liabilities	3,294	4,046

(1) Noncurrent assets for guarantor subsidiaries included $510 million and $487 million of long-term notes receivable from non-guarantor subsidiaries as of December 31, 2025 and 2024, respectively.

(2) Current liabilities for guarantor subsidiaries included $621 million and $219 million of short term notes payable to non-guarantor subsidiaries as of December 31, 2025 and 2024, respectively.

(3) Information reflects the current Obligor Group listed in Exhibit 22.1 in Part IV, Item 15 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks arising from adverse changes in:

- foreign exchange rates;
- interest rates;
- commodity prices; and
- inflation.

Foreign Exchange Rates

Foreign currency fluctuations may impact the financial results we report for the portions of our business that operate in functional currencies other than the U.S. dollar. Our operations outside of the U.S. represented 54.4% of our revenue during both years ended December 31, 2025 and 2024. An increase or decrease in the strength of the U.S. dollar against these currencies by 10% would result in a 5.4% change in our consolidated revenue and a 4.5% change in our operating income for the year ended December 31, 2025. See our Results of Operations discussion in Part II, Item 7 of this Annual Report on Form 10-K for additional information regarding the impact of fluctuations in exchange rates on our year over year results.

Additionally, we are exposed to foreign currency fluctuations with respect to the purchase of aftermarket products from foreign countries, primarily in Europe and Asia. To the extent that our inventory purchases are not denominated in the functional currency of the purchasing location, we are exposed to exchange rate fluctuations. In several of our operations, we purchase inventory from manufacturers in Taiwan in U.S. dollars, which exposes us to fluctuations in the relationship between the local functional currency and the U.S. dollar, as well as fluctuations between the U.S. dollar and the Taiwan dollar. We hedge our exposure to foreign currency fluctuations related to a portion of inventory purchases in our Europe operations, but the notional amount and fair value of these foreign currency forward contracts at December 31, 2025 were immaterial. We do not currently attempt to hedge foreign currency exposure related to our foreign currency denominated inventory purchases in our North America operations, and we may not be able to pass on any resulting price increases to our customers.

To the extent that we are exposed to foreign currency fluctuations related to non-functional currency denominated transactions, we may hedge the exposure through the use of foreign currency forward contracts.

Other than with respect to a portion of our foreign currency denominated inventory purchases and, from time to time, certain financing transactions, we do not hold derivative contracts to hedge foreign currency risk. Our net investment in foreign operations is partially hedged by the foreign currency denominated borrowings we use to fund foreign acquisitions; however, our ability to use foreign currency denominated borrowings to finance our foreign operations may be limited based on local tax laws. We have elected not to hedge the foreign currency risk related to the interest payments on foreign third party borrowings as we generate cash flows in the local currencies that can be used to fund debt payments. As of December 31, 2025, we had outstanding borrowings of €250 million under our Euro Notes (2028), €750 million under our Euro Notes (2031), Canadian dollar ("CAD") 700 million under our CAD Note, and Swedish Krona ("SEK") 10 million under our revolving credit facilities. As of December 31, 2024, we had outstanding borrowings of €250 million under our Euro Notes (2028), €750 million under our Euro Notes (2031), CAD 700 million under our CAD Note, and SEK 25 million under our revolving credit facilities.

Interest Rates

Our results of operations are exposed to changes in interest rates primarily with respect to borrowings under our credit facilities, where interest rates are tied to SOFR, prime rate, CORRA, Euro Interbank Offered Rate, SONIA, or Swiss Average Rate Overnight. Therefore, we implemented a policy to manage our exposure to variable interest rates on a portion of our outstanding variable rate debt instruments through the use of interest rate swap contracts. These contracts effectively converted a portion of our variable rate debt to fixed rate debt. We designated our interest rate swap contracts as cash flow hedges, and net interest payments or receipts from interest rate swap contracts are included as adjustments to interest expense.

As of December 31, 2025 we had interest rate swap agreements outstanding to hedge the variable rates on a portion of our credit agreement borrowings. See Note 18, "Long-Term Obligations" and Note 19, "Derivative Instruments and Hedging Activities" to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information.

At December 31, 2025, we had approximately $711 million of variable rate debt that was not hedged. Using sensitivity analysis, a 100 basis point movement in interest rates would change interest expense by $7 million over the next twelve months.

Commodity Prices

We are exposed to market risk related to price fluctuations in scrap metal and other metals (including precious metals, such as platinum, palladium, and rhodium, contained in some recycled parts, such as catalytic converters). Market prices of these metals affect the amount that we pay for our inventory and the revenue that we generate from sales of these metals. As both our revenue and costs are affected by the price fluctuations, we have a natural hedge against the changes. However, there is typically a lag between the effect on our revenue from metal price fluctuations and inventory cost changes, and there is no guarantee that the vehicle costs will decrease or increase at the same rate as the metals prices. Therefore, we can experience positive or negative gross margin effects in periods of rising or falling metals prices, particularly when such prices move rapidly. Additionally, if market prices were to change at a higher or lower rate than our vehicle acquisition costs, we could experience a positive or negative effect on our operating margin. The average of scrap metal prices for the year ended December 31, 2025 decreased by 9% over the average for 2024, noting prices decreased over both years. The average prices of rhodium, platinum, and palladium increased by 40%, 38% and 20%, respectively, for the year ended December 31, 2025 compared to the average prices for the year ended December 31, 2024.

Inflation

We are exposed to market risks related to inflation in product, labor, shipping, freight and general overhead costs. In 2023, inflation increased to rates beyond recent history, which resulted in rising costs, but started to ease in 2024 and continued to ease in 2025. We adjusted our prices and drove productivity initiatives to partially mitigate the inflationary effects. If these pressures continue or increase in severity, we may not be able to fully offset such higher costs through price increases and productivity initiatives. Inflationary pressures in the future may have an adverse effect on our ability to maintain current levels of gross margin and SG&A expenses as a percentage of net revenue if the selling prices of our products do not increase with these increased costs, we cannot identify cost efficiencies, or the higher prices impact demand.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of LKQ Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LKQ Corporation and subsidiaries (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 19, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Goodwill - Specialty Reporting Unit - Refer to Notes 2 and 9 to the financial statements.

Critical Audit Matter Description

The Company’s evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its carrying value. The Company determines the fair value of its reporting units using a discounted cash flow model and the market approach, which require management to make significant estimates and assumptions. Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both. The goodwill balance was $5,414 million as of December 31, 2025, of which $421 million related to the Specialty reporting unit (“Specialty”). The carrying value of Specialty exceeded its fair value as of December 31, 2025, and, therefore, the Company recognized $52 million of impairment. The Company commenced a process in 2025 to explore the potential sale of their Specialty segment which was contemplated by management in the determination of the fair value of this reporting unit.

Auditing the estimates and assumptions that impacted the valuation of the Company's Specialty reporting unit involved especially subjective judgment; specifically, the forecasts of future revenue and profit margins (“forecasts”), the selection of discount rates and the determination of market multiples.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts, the selection of discount rates, and determination of market multiples included the following, among others:

- We tested the effectiveness of controls over the Company's goodwill impairment assessments, including those over the forecasts and the selection of the discount rates and market multiples for the Specialty reporting unit.

- We evaluated management’s ability to accurately forecast by comparing actual results to management’s historical forecasts.

- We evaluated the reasonableness of management’s forecasts by comparing the forecasts to (1) historical results, (2) internal communications to management and the Board of Directors, (3) analyst and industry reports of the Company and companies in its peer group, (4) forecasts used in the preceding impairment assessments, and (5) marketing material related to the potential sales process.

- With the assistance of our fair value specialists, we evaluated the discount rates, including (1) testing the underlying source information and the mathematical accuracy of the calculations, (2) developing a range of independent estimates and comparing those to the discount rates used by management, and (3) comparing the discount rates used by management to those used in the preceding impairment assessments.

- With the assistance of our fair value specialists, we evaluated the market multiples, including testing the underlying source information and mathematical accuracy of the calculations, and comparing the multiples selected by management to its guideline public companies, the multiples used in the preceding impairment assessments, and assessment of any contradictory evidence from the potential sales process.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 19, 2026

We have served as the Company's auditor since 1998.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of LKQ Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of LKQ Corporation and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated February 19, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 19, 2026

LKQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
(In millions, except per share data)

	Year Ended December 31,		
	2025	**2024**	**2023**
Revenue	$ 13,651	$ 13,823	$ 13,269
Cost of goods sold	8,386	8,439	7,916
Gross margin	5,265	5,384	5,353
Selling, general and administrative expenses	3,813	3,758	3,697
Restructuring and transaction related expenses	42	135	65
Impairment of goodwill	52	—	—
Depreciation and amortization	365	346	267
Operating income	993	1,145	1,324
Other expense (income):			
Interest expense	224	238	191
Gains on foreign exchange contracts - acquisition related (1)	—	—	(49)
Interest income and other income, net	(31)	(19)	(41)
Total other expense, net	193	219	101
Income from continuing operations before provision for income taxes	800	926	1,223
Provision for income taxes	204	265	304
Equity in earnings of unconsolidated subsidiaries	(1)	(8)	(15)
Income from continuing operations	597	669	934
Net income from discontinued operations	11	24	4
Net income	608	693	938
Less: net income attributable to continuing noncontrolling interest	1	3	2
Net income attributable to LKQ stockholders	$ 607	$ 690	$ 936
Basic earnings per share:			
Income from continuing operations	$ 2.32	$ 2.54	$ 3.49
Net income from discontinued operations	0.04	0.09	0.02
Net income	2.36	2.63	3.51
Less: net income attributable to continuing noncontrolling interest	—	0.01	0.01
Net income attributable to LKQ stockholders	$ 2.36	$ 2.62	$ 3.50
Diluted earnings per share:			
Income from continuing operations	$ 2.31	$ 2.54	$ 3.48
Net income from discontinued operations	0.04	0.09	0.02
Net income	2.35	2.63	3.50
Less: net income attributable to continuing noncontrolling interest	—	0.01	0.01
Net income attributable to LKQ stockholders	$ 2.35	$ 2.62	$ 3.49

(1) Related to the Uni-Select acquisition. Refer to Note 3, "Business Combinations" and Note 19, "Derivative Instruments and Hedging Activities" for further information.

The accompanying notes are an integral part of the Consolidated Financial Statements.

LKQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In millions)

	Year Ended December 31,		
	2025	**2024**	**2023**
Net income	$ 608	$ 693	$ 938
Less: net income attributable to continuing noncontrolling interest	1	3	2
Net income attributable to LKQ stockholders	607	690	936
Other comprehensive income (loss):			
Foreign currency translation, net of tax	347	(168)	90
Net change in unrealized gains/losses on cash flow hedges, net of tax	2	2	(11)
Net change in unrealized gains/losses on pension plans, net of tax	11	(7)	(5)
Other comprehensive (loss) income from unconsolidated subsidiaries	—	(4)	9
Other comprehensive income (loss)	360	(177)	83
Comprehensive income	968	516	1,021
Less: comprehensive income attributable to continuing noncontrolling interest	1	3	2
Comprehensive income attributable to LKQ stockholders	$ 967	$ 513	$ 1,019

The accompanying notes are an integral part of the Consolidated Financial Statements.

LKQ CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In millions, except per share data)

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 319	$ 234
Receivables, net of allowance for credit losses	1,204	1,113
Inventories	3,426	3,183
Prepaid expenses and other current assets	299	328
Current assets of discontinued operations	—	48
Total current assets	5,248	4,906
Property, plant and equipment, net	1,452	1,409
Operating lease assets, net	1,332	1,256
Goodwill	5,414	5,174
Other intangibles, net	1,072	1,150
Equity method investments	170	169
Other noncurrent assets	449	376
Noncurrent assets of discontinued operations	—	515
Total assets	$ 15,137	$ 14,955
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,108	$ 1,797
Accrued expenses:		
Accrued payroll-related liabilities	190	207
Refund liability	122	125
Other accrued expenses	344	346
Current portion of operating lease liabilities	253	222
Current portion of long-term obligations	32	38
Other current liabilities	88	92
Current liabilities of discontinued operations	—	35
Total current liabilities	3,137	2,862
Long-term operating lease liabilities, excluding current portion	1,145	1,093
Long-term obligations, excluding current portion	3,631	4,124
Deferred income taxes	331	386
Other noncurrent liabilities	332	341
Noncurrent liabilities of discontinued operations	—	117
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.01 par value, 1,000.0 shares authorized, 324.0 shares issued and 255.0 shares outstanding at December 31, 2025; 323.6 shares issued and 259.1 shares outstanding at December 31, 2024	3	3
Additional paid-in capital	1,581	1,556
Retained earnings	7,958	7,662
Accumulated other comprehensive loss	(57)	(417)
Treasury stock, at cost; 69.0 shares at December 31, 2025 and 64.5 shares at December 31, 2024	(2,948)	(2,787)
Total Company stockholders' equity	6,537	6,017
Noncontrolling interest	24	15
Total stockholders' equity	6,561	6,032
Total liabilities and stockholders' equity	$ 15,137	$ 14,955

The accompanying notes are an integral part of the Consolidated Financial Statements.

LKQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES [(1)]:			
Net income	$ 608	$ 693	$ 938
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	418	406	319
Impairment of goodwill	52	—	—
Stock-based compensation expense	34	30	40
Gains on foreign exchange contracts - acquisition related	—	—	(49)
Deferred income taxes	(75)	(34)	13
Other	32	83	18
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:			
Receivables	(16)	(2)	5
Inventories	(49)	(253)	71
Other assets	(13)	(59)	(23)
Prepaid income taxes/income taxes payable	(8)	(15)	(12)
Accounts payable	156	251	(5)
Other liabilities	(75)	17	37
Operating lease assets and liabilities	(1)	4	4
Net cash provided by operating activities	1,063	1,121	1,356
CASH FLOWS FROM INVESTING ACTIVITIES [(1)]:			
Purchases of property, plant and equipment	(216)	(311)	(358)
Acquisitions, net of cash acquired	1	(49)	(2,225)
Proceeds from disposals of businesses, net of divested cash	397	(11)	110
Proceeds from settlement of foreign exchange contracts - acquisition related	—	—	49
Other investing activities, net	3	(35)	(18)
Net cash provided by (used in) investing activities	185	(406)	(2,442)
CASH FLOWS FROM FINANCING ACTIVITIES [(1)]:			
Borrowings under revolving credit facilities	1,510	1,312	2,186
Repayments under revolving credit facilities	(2,176)	(1,553)	(3,074)
Borrowings under term loans	140	—	1,031
Repayments under term loans	(140)	—	—
Repayments of other debt, net	(42)	(45)	(32)
Proceeds from issuance of U.S. Notes (2028/33), net of unamortized bond discount	—	—	1,394
Proceeds from issuance of Euro Notes (2031), net of unamortized bond discount	—	816	—
Repayment of Euro Notes (2024)	—	(547)	—
Dividends paid to LKQ stockholders	(310)	(318)	(302)
Purchase of treasury stock	(159)	(360)	(38)
Other financing activities, net	(14)	(51)	(63)
Net cash (used in) provided by financing activities	(1,191)	(746)	1,102
Effect of exchange rate changes on cash, cash equivalents and restricted cash	36	(29)	5
Net increase (decrease) in cash, cash equivalents and restricted cash	93	(60)	21
Cash, cash equivalents and restricted cash of continuing operations, beginning of period [(2)]	239	299	278
Add: Cash and cash equivalents of discontinued operations, beginning of period	—	—	—
Cash, cash equivalents and restricted cash of continuing and discontinued operations, beginning of period [(2)]	239	299	278
Cash, cash equivalents and restricted cash of continuing and discontinued operations, end of period [(2)]	332	239	299
Less: Cash and cash equivalents of discontinued operations, end of period	—	—	—
Cash, cash equivalents and restricted cash, end of period [(2)]	$ 332	$ 239	$ 299

(1) Amounts presented contain results from both continuing and discontinued operations. Refer to Note 4, "Discontinued Operations and Divestitures" for further information regarding cash flows associated with the results of discontinued operations.

(2) Refer to Note 2, "Summary of Significant Accounting Policies" and Note 24, "Cash, Cash Equivalents and Restricted Cash" for further information on restricted cash.

The accompanying notes are an integral part of the Consolidated Financial Statements.

LKQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(In millions, except per share data)

	Years Ended December 31, 2025, 2024 and 2023								
	LKQ Stockholders								
	Common Stock		Treasury Stock						
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total Stockholders' Equity
Balance as of December 31, 2022	322.4	$ 3	(55.1)	$ (2,389)	$ 1,506	$ 6,656	$ (323)	$ 14	$ 5,467
Net income	—	—	—	—	—	936	—	2	938
Other comprehensive income	—	—	—	—	—	—	83	—	83
Purchase of treasury stock	—	—	(0.8)	(35)	—	—	—	—	(35)
Vesting of restricted stock units, net of shares withheld for employee tax	0.7	—	—	—	(8)	—	—	—	(8)
Stock-based compensation expense	—	—	—	—	40	—	—	—	40
Dividends declared to LKQ stockholders ($1.125 per share)	—	—	—	—	—	(302)	—	—	(302)
Capital contributions from, net of dividends declared to, noncontrolling interest shareholder	—	—	—	—	—	—	—	(2)	(2)
Balance as of December 31, 2023	323.1	$ 3	(55.9)	$ (2,424)	$ 1,538	$ 7,290	$ (240)	$ 14	$ 6,181
Net income	—	—	—	—	—	690	—	3	693
Other comprehensive loss	—	—	—	—	—	—	(177)	—	(177)
Purchase of treasury stock	—	—	(8.6)	(363)	—	—	—	—	(363)
Vesting of restricted stock units, net of shares withheld for employee tax	0.5	—	—	—	(11)	—	—	—	(11)
Stock-based compensation expense	—	—	—	—	30	—	—	—	30
Dividends declared to LKQ stockholders ($1.20 per share)	—	—	—	—	—	(318)	—	—	(318)
Capital contributions from, net of dividends declared to, noncontrolling interest shareholder	—	—	—	—	—	—	—	(2)	(2)
Purchase of noncontrolling interest	—	—	—	—	(1)	—	—	—	(1)
Balance as of December 31, 2024	323.6	$ 3	(64.5)	$ (2,787)	$ 1,556	$ 7,662	$ (417)	$ 15	$ 6,032
Net income	—	—	—	—	—	607	—	1	608
Other comprehensive income	—	—	—	—	—	—	360	—	360
Purchase of treasury stock	—	—	(4.5)	(161)	—	—	—	—	(161)
Vesting of restricted stock units, net of shares withheld for employee tax	0.4	—	—	—	(9)	—	—	—	(9)
Stock-based compensation expense	—	—	—	—	34	—	—	—	34
Dividends declared to LKQ stockholders ($1.20 per share)	—	—	—	—	—	(311)	—	—	(311)
Capital contributions from, net of dividends declared to, noncontrolling interest shareholder	—	—	—	—	—	—	—	(2)	(2)
Acquisition of a subsidiary with noncontrolling interest	—	—	—	—	—	—	—	9	9
Foreign currency translation adjustment on noncontrolling interest	—	—	—	—	—	—	—	1	1
Balance as of December 31, 2025	324.0	$ 3	(69.0)	$ (2,948)	$ 1,581	$ 7,958	$ (57)	$ 24	$ 6,561

The accompanying notes are an integral part of the Consolidated Financial Statements.

Note 1. Business

Description of Business

LKQ Corporation, a Delaware corporation, is a holding company and all operations are conducted by subsidiaries. When the terms "LKQ," "the Company," "we," "us," or "our" are used in this document, those terms refer to LKQ Corporation and its consolidated subsidiaries.

We are a global distributor of vehicle products, including replacement parts, components, and systems used in the repair and maintenance of vehicles, and specialty aftermarket products and accessories designed to improve the performance, functionality and appearance of vehicles. We operate in the United States ("U.S."), Canada, Germany, the United Kingdom ("U.K."), the Benelux region (Belgium, Netherlands, and Luxembourg), Italy, Czech Republic, Austria, Slovakia, France and various other European countries.

We are organized into three operating segments: North America; Europe; and Specialty, each of which is presented as a reportable segment.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission. We have reclassified certain prior year amounts in the Consolidated Statements of Income and on the Consolidated Balance Sheets for the presentation of discontinued operations as a result of the sale of our Self Service segment. See Note 4, "Discontinued Operations and Divestitures" for additional information.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of LKQ Corporation and its subsidiaries. All intercompany transactions and accounts have been eliminated.

Use of Estimates

The preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Consolidated Financial Statements and the reported amounts of revenue and expenses during the reported periods. We base our estimates on historical experience and on various other assumptions that management believes are reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results and outcomes could differ from those estimates.

Foreign Currency Translation

Our reporting currency is the U.S. dollar. For most of our international operations, the local currency is the functional currency. Assets and liabilities are translated into U.S. dollars at the period-ending exchange rate. Statements of Income amounts are translated to U.S. dollars using monthly average exchange rates during the period. Translation gains and losses are reported as a component of Accumulated other comprehensive income (loss) in stockholders' equity.

Revenue Recognition

We recognize revenue when a sales arrangement with a customer exists (e.g., contract, purchase orders, others), the transaction price is fixed or determinable and we have satisfied its performance obligations per the sales arrangement. The majority of our revenue originates from contracts with a single performance obligation to deliver parts, whereby the performance obligation is satisfied when control of the parts is transferred to the customer per the arranged shipping terms. Some of our contracts contain a combination of delivering parts and performing services, which are distinct and accounted for as separate performance obligations. Revenue for the service component is recognized as the services are rendered.

Our revenue is measured at the determinable transaction price, net of any variable considerations granted to customers. Variable considerations include the right to return parts, discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. These variable considerations are estimated throughout the year based on various factors, including contract terms, historical experience and performance levels.

Sales tax and other tax amounts collected from customers for remittance to governmental authorities are excluded from revenue in the Consolidated Statements of Income and are shown as a current liability on the Consolidated Balance Sheets until remitted.

Any incremental costs to obtain a contract (commissions earned by our sales representatives on product sales) are expensed when incurred, as the amortization period of the asset would be one year or less due to the short-term nature of our contracts.

Cost of Goods Sold

Cost of goods sold includes: the price we pay for inventory, net of vendor discounts, rebates or other incentives; inbound freight and other transportation costs to bring inventory into our facilities; and overhead costs related to purchasing, warehousing and transporting our products from our distribution warehouses to our selling locations. For our salvage, remanufactured, refurbished and manufactured products, cost of goods sold also includes direct and indirect labor, equipment costs, depreciation, and other overhead to transform inventory into finished products suitable for sale. Cost of goods sold also includes expenses for service-type and assurance-type warranty programs.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses include: personnel costs for employees in SG&A functions; costs to operate branch locations, corporate offices and back office support centers; costs to transport products from facilities to our customers; and other expenses, such as professional fees, supplies, and advertising expenses. The costs included in SG&A expenses do not relate to inventory processing or conversion activities, and, as such, are classified below Gross margin in the Consolidated Statements of Income.

Stock-Based Compensation

For the restricted stock units ("RSUs") that contain both a performance-based vesting condition and a time-based vesting condition, we recognize compensation expense using the accelerated attribution method, pursuant to which expense is recognized straight-line over the requisite service period for each separate vesting tranche of the award. For all other awards, which are subject to only a time-based vesting condition, we recognize compensation expense on a straight-line basis over the requisite service period of the entire award.

For performance-based RSUs ("PSUs"), the expense is calculated using the projected award value, which is based on an estimate of the achievement of the performance objectives, and is recognized on a straight-line basis over the performance period.

The impacts of forfeitures on RSUs and PSUs expense are recorded as they occur.

Income Taxes

Current income taxes are provided on income reported for financial reporting purposes, adjusted for transactions that do not enter into the computation of income taxes payable in the same year. Deferred income taxes are provided for temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before we are able to realize their benefit or that future deductibility is uncertain. Provision is made for taxes on undistributed earnings of foreign subsidiaries and related companies to the extent that such earnings are not deemed to be permanently invested.

We recognize the benefits of uncertain tax positions taken or expected to be taken in tax returns in the provision for income taxes only for those positions that are more likely than not to be realized. We follow a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. Our policy is to include any interest and penalties associated with income tax obligations in income tax expense.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand, operating accounts, and deposits readily convertible to known amounts of cash. Restricted cash includes any cash that is legally or contractually restricted as to withdrawal or usage.

Allowance for Credit Losses

Receivables are reported net of an allowance for credit losses. The allowance is measured on a pool basis when similar risk characteristics exist, and a loss-rate for each pool is determined using historical credit loss experience as the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current conditions (e.g., management's evaluation of the aging of customer receivable balances and the financial condition of our customers) as well as changes in forecasted macroeconomic conditions, such as changes in the unemployment rate, gross domestic product growth rate or credit default rates.

Concentrations of Credit Risks

Financial instruments that potentially subject us to significant concentration of credit risk consist primarily of cash and cash equivalents and receivables. We control our exposure to credit risk associated with these instruments by (i) placing cash and cash equivalents with several major financial institutions; (ii) holding high-quality financial instruments; and (iii) maintaining strict policies over credit extension that include credit evaluations, credit limits and monitoring procedures. In addition, our overall credit risk with respect to accounts receivable is limited to some extent because our customer base is composed of a large number of geographically diverse customers.

Inventories

Our inventory is stated at the lower of cost or net realizable value. Net realizable value can be influenced by current anticipated demand. If actual demand is lower than our estimates, additional reductions to inventory carrying value would be necessary in the period such determination is made.

The cost of our inventory is determined differently based on the category of inventory; (i) aftermarket and refurbished products, (ii) salvage and remanufactured products, and (iii) manufactured products.

An aftermarket product is a new vehicle product manufactured by a company other than the original equipment manufacturer. For aftermarket products, cost is established based on the average price paid for parts. Inventory cost for aftermarket products includes expenses incurred for freight in and overhead costs; for items purchased from foreign companies, import fees, tariffs and duties and transportation insurance are also included. Refurbished products are parts that require cosmetic repairs, such as wheels, bumper covers and lights; we will apply new parts, products or materials to these parts to produce the finished product. Refurbished inventory cost is based upon the average price we pay for cores, which are recycled automotive parts that are not suitable for sale as a replacement part without further processing. The cost of refurbished inventory also includes expenses incurred for freight in, labor and other overhead costs.

A salvage product is a recycled vehicle part suitable for sale as a replacement part. Salvage product cost is established based upon the price we pay for a vehicle, including auction, storage and towing fees, as well as expenditures for buying and dismantling the vehicle. Inventory carrying value is determined using the average cost to sales percentage at each of our facilities and applying that percentage to the facility's inventory at expected selling prices, the assessment of which incorporates the sales probability based on a part's number of days in stock and historical demand. The average cost to sales percentage is derived from each facility's historical profitability for salvage vehicles. Remanufactured products are used parts that have been inspected, rebuilt, or reconditioned to restore functionality and performance, such as remanufactured engines and transmissions. Remanufactured inventory cost is based upon the price paid for cores and expenses incurred for freight in, direct manufacturing costs and other overhead costs.

A manufactured product is a new vehicle product. Manufactured product inventory can be a raw material, work-in-process or finished good. Manufactured product cost is established using the first-in first-out method.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives or, in the case of leasehold improvements, the term of the related lease and reasonably assured renewal periods, if shorter. Depreciation expense associated with refurbishing, remanufacturing, manufacturing and furnace operations as well as distribution centers are recorded in Cost of goods sold in the Consolidated Statements of Income. Depreciation expense resulting from restructuring programs is recorded in Restructuring and transaction related expenses in the Consolidated Statements of Income. All other depreciation expense is reported in Depreciation and amortization in the Consolidated Statements of Income.

Expenditures for major additions and improvements that extend the useful life of the related asset are capitalized. Expenditures for maintenance and repairs are recorded as incurred to SG&A expenses in the Consolidated Statements of Income. As property, plant and equipment are sold or retired, the applicable cost and accumulated depreciation are removed from the accounts and any resulting gain or loss thereon is recognized. Construction in progress consists primarily of building and land improvements at our existing facilities.

Intangible Assets

Intangible assets consist primarily of goodwill (the cost of purchased businesses in excess of the fair value of the identifiable net assets acquired) and other specifically identifiable intangible assets, such as customer and supplier relationships, trade names, trademarks, software and other technology related assets, and covenants not to compete.

Goodwill and indefinite-lived intangible assets are tested for impairment at least annually. We performed annual impairment tests during the fourth quarters of 2025, 2024, and 2023. Goodwill and indefinite-lived intangible assets impairment testing may also be performed on an interim basis when events or circumstances arise that may lead to impairment, including significant underperformance relative to historical or forecasted operating results, a significant decrease in the market value of an asset or significant negative industry or economic trends. The fair value estimates of our goodwill reporting units were established using weightings of the results of a discounted cash flow methodology and a comparative market multiples approach.

Based on our annual goodwill and indefinite-lived intangible assets impairment test performed in the fourth quarter of 2025, we determined the carrying value of our Specialty reporting unit exceeded the fair value estimate; as a result, we recorded a goodwill impairment charge of $52 million for the year ended December 31, 2025. We determined no other impairments existed when we performed our annual impairment test as both the North America and Europe reporting units had fair value estimates which exceeded the carrying value by at least 48%. See Note 9, "Intangible Assets" for further information on the goodwill impairment charge.

Leases

We determine if an arrangement is a lease at contract inception with lease right-of-use ("ROU") assets and lease liabilities being recognized based on the present value of the future lease payments over the lease term at the commencement date. In determining the present value of future lease payments, we use the incremental borrowing rate based on the information available at commencement date when the implicit rate is not readily determinable. We determine the incremental borrowing rate based on information available at the commencement date. In assessing the ROU asset, we include any lease prepayments and deduct lease incentives. We account for the lease and non-lease components of a contract as a single lease component and for leases with an initial term of 12 months or less, we have elected to not record an ROU asset and lease liability. In assessing the lease term, we include options to renew only when it is reasonably certain that the option will be exercised.

For certain lease agreements, rental payments are adjusted periodically for inflation. Typically, these adjustments are considered variable lease costs. Other variable lease costs consist of certain non-lease components that are disclosed as lease costs due to our election of the practical expedient to combine lease and non-lease components and include items such as variable payments for utilities, property taxes, common area maintenance, sales taxes, and insurance.

Net Assets Held for Sale

We record net assets held for sale at the lower of fair value less cost to sell or carrying value. Fair values are based on estimated selling prices, which utilize projected market multiples and any reasonable offers. Due to uncertainties in the estimation process, it is possible that actual results could differ from the estimates used in management's analysis. The inputs utilized in the fair value estimates are classified as Level 3 within the fair value hierarchy. The fair values of the net assets were measured on a non-recurring basis as of December 31, 2025. As of December 31, 2025 and 2024, assets and liabilities held for sale were insignificant. For the years ended December 31, 2025 and 2023, we recorded an insignificant amount of impairment on our net assets held for sale. In 2024, we divested certain operations in Slovenia, Poland and Bosnia. Our decision to exit these businesses, as well as other factors, constituted a triggering event to evaluate our net assets held for sale for impairment, and as a result, we incurred impairment charges related to these divestitures during the year ended December 31, 2024. See Note 13, "Restructuring and Transaction Related Expenses" for further information related to these impairment charges.

Discontinued Operations

We classify operations as discontinued when they meet all the criteria to be classified as held for sale and when the sale represents a strategic shift that will have a major impact on our financial condition and results of operations. In determining if a disposal constitutes a strategic shift, we evaluate various qualitative and quantitative factors, an example of which is the impact to segment reporting. We generally consider the disposal of an entire reportable segment to constitute a strategic shift. When operations are identified for discontinued operations reporting, results of operations for all periods presented are reclassified as discontinued operations in the Consolidated Statements of Income, assets and liabilities of the operations are reported as assets and liabilities of discontinued operations on the Consolidated Balance Sheets, and information is recast throughout the notes to the consolidated financial statements to exclude the results of the discontinued operations. Furthermore, FASB Accounting Standards Codification 205-20, "Presentation of Financial Statements - Discontinued Operations" defines what activities may be classified as discontinued operations with general corporate overhead generally not being allocable to discontinued operations. See Note 4, "Discontinued Operations and Divestitures" for further information related to discontinued operations.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. If such review indicates that the carrying amount of long-lived assets is not recoverable, the carrying amount of such assets is reduced to fair value. As a result of the divestitures described in the "Net Assets Held for Sale" section above, we incurred impairment charges to the carrying value of long-lived assets during the year ended December 31, 2024. See Note 13, "Restructuring and Transaction Related Expenses" for further information related to these impairment charges. For our continuing operations, there were no significant impairments to the carrying value of long-lived assets during the years ended December 31, 2025 or 2023.

Equity Method Investments

We account for our investments in unconsolidated subsidiaries using the equity method of accounting, as our investments give us the ability to exercise significant influence, but not control, over the investee. Under the equity method of accounting, the initial investment is recorded at cost and the investment is subsequently adjusted for our proportionate share of earnings or losses and dividends, including consideration of basis differences resulting from the difference between the initial carrying amount of the investment and the underlying equity in net assets, as applicable. Equity method investments are tested for impairment at least annually, and may also be performed on an interim basis when events or circumstances arise that may lead to impairment. We performed annual impairment testing for the years ended December 31, 2025, 2024, and 2023, and based on our testing, we determined no other-than-temporary impairment existed. See Note 10, "Equity Method Investments" for further information related to equity method investments.

Financial Assets and Liabilities Measured at Fair Value

We have certain financial assets and liabilities that are measured at fair value within our consolidated financial statements including investments in equity and debt securities as well as our defined benefit plan assets. The tiers in the fair value hierarchy include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as significant unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions. See Note 20, "Fair Value Measurements" and Note 22, "Employee Benefit Plans for further information related our fair value measurements and pension plans.

Warranty Reserve

Assurance-type warranties are not considered a separate performance obligation, and thus no transaction price is allocated to them. Our warranty reserve is calculated using historical claim information to project future warranty claims activity and is recorded within Other accrued expenses and Other noncurrent liabilities on our Consolidated Balance Sheets based on the expected timing to settle the warranty claims. We record warranty costs in Cost of goods sold in our Consolidated Statements of Income.

Self-Insurance Reserves

We self-insure a portion of our employee medical benefits under the terms of our employee health insurance program. We purchase certain stop-loss insurance to limit our liability exposure. We also self-insure a portion of our property and casualty risk, which includes automobile liability, general liability, directors and officers liability, workers' compensation, and property coverage, under deductible insurance programs. The insurance premium costs are expensed over the contract periods. A reserve for liabilities associated with these losses is established for claims filed and claims incurred but not yet reported based upon our estimate of the ultimate cost, which is calculated using an analysis of historical data. We monitor new claim and claim developments as well as trends related to the claims incurred but not reported in order to assess the adequacy of our insurance reserves. The current portion of total self-insurance reserves is recorded in Other accrued expenses on the Consolidated Balance Sheets with the noncurrent portion is recorded in Other noncurrent liabilities on the Consolidated Balance Sheets, which reflects management's estimates of when claims will be paid.

Litigation and Related Contingencies

We have certain contingencies resulting from litigation, claims and other commitments and are subject to a variety of environmental and pollution control laws and regulations incident to the ordinary course of business. We currently expect that the resolution of such contingencies will not materially affect our financial position, results of operations or cash flows.

Treasury Stock

We record common stock purchased for treasury stock at cost. The excise tax on share repurchases initiated on and after January 1, 2023 is included in the cost basis of treasury stock.

Recent Accounting Pronouncements

<u>Recently Adopted Accounting Pronouncements</u>

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The ASU requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. We adopted the ASU on a prospective basis beginning in this Annual Report on Form 10-K for the year ended December 31, 2025. The adoption of ASU 2023-09 did not have a material impact on our results of operations, financial position or cash flows but did result in additional disclosures. See Note 23, "Income Taxes for further information related to these disclosures.

<u>Recently Issued Accounting Pronouncements</u>

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.” The ASU requires disclosure of specific expense categories within relevant income statement captions. The amendments in this ASU are effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The ASU can be adopted prospectively or retrospectively and early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, “Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software”. This ASU removes references to software development project stages to better align with current software development methods. Under the ASU, an entity will begin capitalizing software costs when management authorizes and commits to funding the software project, and it is probable that the project will be completed and the software will be used for its intended purpose. This update is effective for annual periods beginning after December 15, 2027, including interim periods within those fiscal years, though early adoption is permitted. This ASU can be adopted either prospectively, retrospectively, or utilizing a modified transition approach. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09, “Derivatives and Hedging (Topic 815): Hedge Accounting Improvements”, which amends certain aspects of hedge accounting to more closely align with the economics of an entity’s risk management activities. The amendments include changes to the risk assessment for cash flow hedges, hedging forecasted interest payments on choose-your-rate debt instruments, cash flow hedges of nonfinancial forecasted transactions, net written options as hedging instruments and dual hedges of foreign currency denominated debt instruments. This update is effective for annual periods beginning after December 15, 2026, including interim periods within those fiscal years, though early adoption is permitted. This ASU is required to be adopted prospectively for all hedging relationships, with the option to adopt the amendments for hedging relationships that exist as of the adoption date. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements.

Note 3. Business Combinations

During the year ended December 31, 2025, we completed acquisitions of two businesses within our Europe segment and during the year ended December 31, 2024, we completed acquisitions of eight businesses within our North America segment and two businesses within our Europe segment. These acquisitions were not material to our financial position or results of operations as of and for the years ended December 31, 2025 and 2024. Additionally, in January 2024, we paid $23 million (€21 million) to a minority shareholder to settle a put option exercised on redeemable shares issued in conjunction with a previous acquisition. This payment was presented within Other financing activities, net in financing activities in our Consolidated Statements of Cash Flows.

On August 1, 2023, we completed the acquisition of all of Uni-Select's issued and outstanding shares for an aggregate consideration paid of approximately Canadian dollar (“CAD”) 2.8 billion ($2.1 billion) (the "Uni-Select Acquisition"). In order to reduce the risk related to changes in CAD foreign exchange rates for the CAD purchase price, we entered into foreign exchange contracts. These foreign exchange contracts did not qualify for hedge accounting, and therefore the changes in fair value were reported in Gains on foreign exchange contracts - acquisition related in the Consolidated Statements of Income. We reported Gains on foreign exchange contracts - acquisition related of $49 million for the year ended December 31, 2023. These foreign exchange contracts were settled in July 2023 ahead of closing of the Uni-Select Acquisition, resulting in total payments received of $49 million. See Note 19, "Derivative Instruments and Hedging Activities" for information related to these foreign exchange contracts. This acquisition complemented our existing North American paint distribution operations and provided a scaled position in the Canadian replacement and maintenance parts market, with opportunity for future consolidation and growth.

In addition to our acquisition of Uni-Select, we completed acquisitions of three businesses within our North America segment, four businesses within our Europe segment and one business in our Specialty segment, during the year ended December 31, 2023.

Our acquisitions are accounted for under the purchase method of accounting and are included in our consolidated financial statements from the dates of acquisition. The purchase prices were allocated to the net assets based upon estimated fair values at the dates of acquisition. During the years ended December 31, 2025 and 2024, there have been no significant adjustments to the preliminary purchase price allocations from those disclosed in our December 31, 2023 Consolidated Financial Statements.

Unaudited Pro Forma Financial Information

For businesses acquired during the year ended December 31, 2025, the effect of pro forma revenue and income from continuing operations is not material for the years ended December 31, 2025 and 2024, respectively.

Note 4. Discontinued Operations and Divestitures

On August 25, 2025, we entered into a definitive agreement to sell our Self Service segment to an affiliate of Pacific Avenue Capital Partners, LLC for an enterprise value of $410 million, subject to customary purchase price adjustments. The sale of the Self Service segment reflects our continued efforts to simplify our portfolio of businesses by exiting an asset-intensive business heavily affected by changes in commodity prices. The sale was completed on September 30, 2025. On October 1, 2025, we received the pretax net proceeds from the sale and used these proceeds to repay approximately $390 million of revolving credit facility borrowings. Accordingly, interest expense attributable to the repaid borrowings has been included in discontinued operations for all periods presented. Additionally, general corporate overhead costs that were historically allocated to the Self Service segment remain within continuing operations for all periods presented.

In connection with the transaction, we also entered into a transition services agreement to provide certain post-close support services. These support services, most of which last for up to nine months from the closing date of the sale, are in the areas of human resources, tax, finance, information technology, and operations, among others.

The following table summarizes the comparative financial results of discontinued operations which are presented in Net income from discontinued operations in the Consolidated Statements of Income (in millions):

	Year Ended December 31,		
	2025	**2024**	**2023**
Revenue	$ 395	$ 532	$ 597
Cost of goods sold	213	305	375
Gross margin	182	227	222
Impairment on assets held for sale [(1)]	15	—	—
Selling, general and administrative expenses	124	158	173
Depreciation and amortization	9	15	16
Operating income	34	54	33
Other expense (income):			
Interest expense	15	24	23
Interest income and other income, net	(1)	(2)	(2)
Total other expense, net	14	22	21
Income from discontinued operations before provision for income taxes	20	32	12
Provision for income taxes	9	8	2
Net income from discontinued operations	$ 11	$ 24	$ 10

(1) During the year ended December 31, 2025, we recorded an impairment to write down the carrying value of Self Service to its fair value less costs to sell. This includes an estimate of working capital adjustments recorded in the fourth quarter of 2025.

The major classes of Assets of discontinued operations and Liabilities of discontinued operations for Self Service as of December 31, 2024 stated on the Consolidated Balance Sheets are as follows (in millions):

	December 31, 2024
Assets	
Current assets:	
Receivables, net of allowance for credit losses	$ 9
Inventories	37
Prepaid expenses and other current assets	2
Total current assets of discontinued operations	48
Property, plant and equipment, net	108
Operating lease assets, net	132
Goodwill	274
Other noncurrent assets	1
Total noncurrent assets of discontinued operations	515
Total assets of discontinued operations	$ 563
Liabilities	
Current liabilities:	
Accounts payable	$ 4
Accrued expenses:	
Accrued payroll-related liabilities	7
Refund liability	1
Other accrued expenses	6
Current portion of operating lease liabilities	15
Other current liabilities	2
Total current liabilities of discontinued operations	35
Long-term operating lease liabilities, excluding current portion	114
Long-term obligations, excluding current portion	3
Total noncurrent liabilities of discontinued operations	117
Total liabilities of discontinued operations	$ 152

The following table summarizes the significant non-cash operating activities and capital expenditures of the Company’s discontinued operations related to the Self Service segment (in millions):

	Year Ended December 31,		
	2025	2024	2023
Depreciation and amortization	$ 9	$ 15	$ 16
Impairment on assets held for sale	15	—	—
Purchases of property, plant and equipment	5	13	36

GSF Car Parts

As part of the Uni-Select transaction, we were required to divest its U.K. subsidiary, GSF Car Parts, to comply with the U.K.'s Competition and Markets Authority regulatory ruling. Since the GSF Car Parts business was held separate and never integrated into our business, we classified the business as discontinued operations upon acquisition.

On October 25, 2023, we divested GSF Car Parts to a third party for $110 million of proceeds, net of cash divested, resulting in an immaterial loss on sale. The proceeds were used for repayments on our revolving credit facilities. In order to manage our exposure to variability in the cash flows related to the sale of GSF Car Parts, we entered into a foreign exchange forward contract to fix the amount of USD we received upon completion of the sale. This foreign exchange contract was settled in October 2023. For the year ended December 31, 2023, we recorded a $6 million loss to discontinued operations related to GSF Car Parts.

Other Divestitures (Not Classified in Discontinued Operations)

In 2024, we divested certain operations in Slovenia, Poland and Bosnia. See Note 13, "Restructuring and Transaction Related Expenses" for further information related to these divestitures.

Note 5. Inventories

We classify our inventory into the following categories: (i) aftermarket and refurbished products, (ii) salvage and remanufactured products, and (iii) manufactured products. Aftermarket and refurbished products, and salvage and remanufactured products are primarily composed of finished goods. Manufactured products are primarily composed of raw materials and finished goods.

Inventories consist of the following (in millions):

	December 31,	
	2025	2024
Aftermarket and refurbished products	$ 2,849	$ 2,659
Salvage and remanufactured products	526	470
Manufactured products	51	54
Total inventories	$ 3,426	$ 3,183

Note 6. Property, Plant and Equipment

Property, plant and equipment consists of the following (in millions):

		December 31,	
	Useful Life	2025	2024
Land and improvements	10 - 20 years(1)	$ 234	$ 222
Buildings and improvements	20 - 40 years	520	483
Machinery and equipment	3 - 20 years	937	831
Computer equipment	3 - 10 years	175	156
Vehicles and trailers	3 - 10 years	126	128
Furniture and fixtures	5 - 7 years	93	73
Leasehold improvements	1 - 20 years	486	427
Finance lease assets		194	161
		2,765	2,481
Less: Accumulated depreciation		(1,352)	(1,132)
Construction in progress		39	60
Total property, plant and equipment, net		$ 1,452	$ 1,409

(1) Only applies to land improvements as land is not depreciated.

Total depreciation expense for the years ended December 31, 2025, 2024, and 2023 was $226 million, $210 million, and $177 million, respectively.

Note 7. Self-Insurance Reserves

To provide for the potential liabilities for certain risks, we use a combination of insurance and self-insurance mechanisms, including a consolidated, wholly-owned captive insurance subsidiary which provides insurance coverage for workers' compensation and automotive liability claim payments that are below our deductibles under our third-party policies. The activity related to our captive insurance subsidiary was not material for the years ended December 31, 2025, 2024, and 2023.

Total self-insurance reserves were $139 million and $144 million, of which $76 million and $79 million were classified as current, as of December 31, 2025 and 2024, respectively. We had outstanding letters of credit of $134 million and $114 million, of which $97 million and $79 million were to guarantee self-insurance claims payments at December 31, 2025 and 2024, respectively. While we do not expect the amounts ultimately paid to differ significantly from the estimates, the insurance reserves and corresponding expenses could be affected if future claims experience differs significantly from historical trends and assumptions.

Note 8. Allowance for Credit Losses

Our allowance for expected credit losses was $53 million and $56 million as of December 31, 2025 and December 31, 2024, respectively. The provision for credit losses was $14 million, $17 million, and $12 million for the years ended December 31, 2025, 2024, and 2023, respectively.

A rollforward of our allowance for credit losses is as follows (in millions):

	2025	2024
Balance as of January 1,	$ 56	$ 61
Provision for credit losses	14	17
Write-offs	(22)	(19)
Impact of foreign currency	5	(3)
Balance as of December 31,	$ 53	$ 56

Note 9. Intangible Assets

The changes in the carrying amount of goodwill by reportable segment is as follows (in millions):

	North America	Europe	Specialty	Total
Balance as of January 1, 2024, gross	$ 2,589	$ 2,298	$ 471	$ 5,358
Accumulated impairment losses as of January 1, 2024	(33)	—	—	(33)
Balance as of January 1, 2024	2,556	2,298	471	5,325
Business acquisitions and adjustments to previously recorded goodwill	4	9	2	15
Disposal of businesses	—	(5)	—	(5)
Exchange rate effects	(32)	(129)	—	(161)
Balance as of December 31, 2024	$ 2,528	$ 2,173	$ 473	$ 5,174
Business acquisitions and adjustments to previously recorded goodwill	(1)	2	—	1
Impairment of goodwill	—	—	(52)	(52)
Exchange rate effects	11	280	—	291
Balance as of December 31, 2025	$ 2,538	$ 2,455	$ 421	$ 5,414
Accumulated impairment losses as of December 31, 2025	$ (33)	$ —	$ (52)	$ (85)

For the Specialty segment, we recorded a goodwill impairment charge of $52 million for the year ended December 31, 2025 as the carrying value was higher than its estimated fair value based on the results of our October 31, 2025 test. The impairment was driven by a combination of factors, including lower observed market multiples in the guideline public company method, lower long term revenue growth than previous forecasts, and higher margin product groups having a longer anticipated market recovery. As of December 31, 2025, the remaining Specialty goodwill balance was $421 million. A 1% decrease in projected cash flows or long term growth rate would result in approximately an additional $10 million of impairment, a 25 basis point increase in the discount rate would result in approximately an additional $30 million of impairment, or a 1.0 decrease in the market multiples assumption would result in approximately an additional $30 million of impairment. Given the sensitivity of the calculation to these assumptions, events that cause declines to Specialty's future cash flows such as underperformance relative to our forecasts, since actual results may differ from our estimates of future performance, or events that have a negative impact on the market value of the business, such as a deterioration in macroeconomic conditions, could result in additional future impairment to the goodwill in our Specialty segment. We will continuously monitor each of our reporting units for any risk of future impairments. We reported the impairment charge in Impairment of goodwill on the Consolidated Statements of Income for the year ended December 31, 2025. We determined no other impairments existed when we performed our annual impairment test. See "Intangible Assets" in Note 2, "Summary of Significant Accounting Policies" for further information.

The components of other intangibles, net are as follows (in millions):

	December 31, 2025			December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer and supplier relationships	$ 1,194	$ (636)	$ 558	$ 1,150	$ (505)	$ 645
Trade names and trademarks	561	(302)	259	513	(248)	265
Software and other technology related assets	482	(308)	174	425	(266)	159
Total finite-lived intangible assets	2,237	(1,246)	991	2,088	(1,019)	1,069
Indefinite-lived trademarks	81	—	81	81	—	81
Total other intangible assets	$ 2,318	$ (1,246)	$ 1,072	$ 2,169	$ (1,019)	$ 1,150

Estimated useful lives for the finite-lived intangible assets are as follows:

	Method of Amortization	Useful Life
Customer and supplier relationships	Accelerated	3-20 years
Trade names and trademarks	Straight-line	3-30 years
Software and other technology related assets	Straight-line	3-15 years

Amortization expense for intangibles was $183 million, $182 million, and $126 million during the years ended December 31, 2025, 2024, and 2023, respectively. Estimated amortization expense for each of the five years in the period ending December 31, 2030 is $170 million, $152 million, $121 million, $105 million and $97 million, respectively.

Note 10. Equity Method Investments

The carrying value of our Equity method investments were as follows (in millions):

	Segment	Ownership as of December 31, 2025	December 31, 2025	December 31, 2024
MEKO AB [1]	Europe	26.6%	$ 157	$ 157
Other			13	12
Total			$ 170	$ 169

[1] As of December 31, 2025, the Level 1 fair value of our investment in MEKO AB ("Mekonomen") was $115 million based on the quoted market price for Mekonomen's common stock using the same foreign exchange rate as the carrying value. We evaluated our investment in Mekonomen for other-than-temporary impairment and concluded the decline in fair value was not other-than-temporary; however, a prolonged, material impairment may cause us to account for the decline as an other-than-temporary impairment in a future period, resulting in a charge in our Consolidated Statements of Income. Our share of the book value of Mekonomen's net assets exceeded the book value of our investment by $13 million; this difference is primarily related to Mekonomen's Accumulated Other Comprehensive Income balance as of our acquisition date in 2016. We record our equity in the net earnings of Mekonomen on a one quarter lag. We received $7 million in dividend payments from Mekonomen during the year ended December 31, 2025 and $5 million for each of the years ended December 31, 2024 and 2023.

Note 11. Warranty Reserve

We provide warranties against defects and product failures on certain of our products, including remanufactured engines and transmissions (warranty periods ranging from 12 to 48 months) and certain salvage mechanical products (warranty period of 6 months or 6,000 miles). We also offer limited lifetime warranties on certain collision sheet metal products.

The changes in the warranty reserve are as follows (in millions):

	2025	2024
Balance as of January 1,	$ 39	$ 35
Warranty expense	76	89
Warranty claims	(74)	(85)
Balance as of December 31,	$ 41	$ 39

Note 12. Revenue Recognition

Disaggregated Revenue

We report revenue in two categories: (i) parts and services and (ii) other.

Parts revenue is generated from the sale of alternative parts and vehicle products including collision parts, which are typically exterior components used in the collision repair process to restore a vehicle's appearance and safety; hard parts, which are typically internal components that are either mechanical in nature or functional components that are replaced as part of routine maintenance; major mechanical parts; and specialty products and accessories, which are vehicle products that improve the performance, functionality and appearance of vehicles. Services revenue includes additional services that are generally billed concurrently with the related product sales, such as the sale of service-type warranties, and diagnostic and repair services.

Other revenue includes sales of scrap and precious metals (platinum, palladium, and rhodium), bulk sales to mechanical manufacturers (including cores) and sales of aluminum ingots and sows from furnace operations; all of which are typically acquired as byproducts of our salvage operations. Revenue from the sale of hulks in our North America segment is recognized based on a price per ton of delivered material when the customer (processor) collects the scrap.

The following table sets forth our revenue disaggregated by category and reportable segment (in millions):

	Year Ended December 31,		
	2025	2024	2023
North America	$ 5,329	$ 5,465	$ 4,974
Europe	6,287	6,386	6,303
Specialty	1,690	1,654	1,665
Parts and services	13,306	13,505	12,942
North America	321	297	307
Europe	24	21	20
Other	345	318	327
Total revenue	$ 13,651	$ 13,823	$ 13,269

Variable Consideration

Amounts related to variable consideration on our Consolidated Balance Sheets are as follows (in millions):

		December 31,	
	Classification	2025	2024
Return asset	Prepaid expenses and other current assets	$ 66	$ 66
Refund liability	Refund liability	122	125
Variable consideration reserve	Receivables, net of allowance for credit losses	148	136

Revenue by Geographic Area

Our net sales are attributed to geographic area based on the location of the selling operation. The following table sets forth our revenue by geographic area (in millions):

	Year Ended December 31,		
	2025	2024	2023
Revenue			
United States	$ 6,221	$ 6,305	$ 6,229
Germany	1,830	1,732	1,672
United Kingdom	1,656	1,692	1,679
Other countries	3,944	4,094	3,689
Total revenue	$ 13,651	$ 13,823	$ 13,269

Note 13. Restructuring and Transaction Related Expenses

Strategic Restructuring and Transformation Initiative

As part of executing our strategy to deliver profitable growth, drive a lean operating model and maximize returns on invested capital, we will, from time to time, engage in restructuring and business transformation initiatives. These initiatives can range in scope from broad changes such as centralizing and standardizing non-customer facing teams and divesting non-strategic assets, to targeted changes such as consolidating underutilized facilities and closing underperforming locations. Executing on these initiatives can take a few months to several years to fully implement depending on the scope and complexity of the initiative. Additionally, initiatives can change or expand based on the information obtained while executing on the initiative and when additional actions are identified.

In connection with changes to key leadership positions in Europe and North America, as well as changes within the business environments in which we operate, we are executing on new initiatives to transform our operational structures, processes and technologies across all segments to implement target operating models and refine our go to market strategies. Additionally, as a result of the above changes, the remaining actions related to the initiatives previously included in the 1 LKQ Europe Plan, such as implementing a common Enterprise Resource Planning ("ERP") platform, rationalizing product portfolios and creating a centralized back office function, will be incorporated into this broader enterprise-wide transformation and the related future spend will be incorporated under this plan. As such, the 1 LKQ Europe Plan was closed at the end of 2025 with the total incurred cost of $17 million after successfully establishing a European headquarters office, migrating certain functions to a central back office and integrating four regional businesses onto a common ERP platform. We anticipate we will incur approximately $65 million of cost in the next 12 months executing on the approved actions in connection with this initiative.

2024 Global Restructuring Plan

In the first quarter of 2024, we began a global restructuring initiative focused on enhancing profitability. This initiative included exiting businesses and markets that did not align with our strategic objectives and executing on opportunities to reduce costs, streamline operations and consolidate facilities. As we moved forward with our plan, we incurred impairments and other charges related to the disposal of long-lived assets, inventory, and other assets; costs for employee severance; lease termination charges and facility closure costs; and other contract termination charges. The largest portion of the activity came from the Europe segment. In 2024, we divested our operations in Slovenia and Bosnia to third parties and, certain operations in Poland to Mekonomen, an equity method investment of which we own 26.6%, and received a combination of cash and notes receivable. Our decision to exit these markets constituted a triggering event to evaluate certain long-lived assets for impairment, and as a result, we incurred impairment charges with the divestitures of Slovenia, Poland, and Bosnia. This plan was substantially completed in 2025 with a total incurred cost of $139 million.

Acquisition Integration Plans

After completing the acquisition of a business, we may incur costs related to integrating the acquired business into our current business structure and systems. These costs are typically incurred within a year from the acquisition date and vary in magnitude depending on the size and complexity of the related integration activities. There are no material Acquisition Integration Plans as of December 31, 2025.

The following table sets forth the expenses incurred related to our restructuring plans (in millions):

		Year Ended December 31,		
Plan	**Expense Type**	**2025**	**2024**	**2023**
2024 Global Plan	Employee related costs	$ 15	$ 35	$ —
	Facility exit costs	11	7	—
	Inventory related costs [1]	—	13	—
	Asset impairments [2]	—	49	—
	Other costs, net	2	7	—
	Total	$ 28	$ 111	$ —
2022 Global Plan	Employee related costs	$ —	$ 2	$ 4
	Facility exit costs	—	3	7
	Inventory related costs [1]	—	—	2
	Other costs	—	—	2
	Total	$ —	$ 5	$ 15
2019/2020 Global Plan	Facility exit costs	$ —	$ —	$ 1
	Total	$ —	$ —	$ 1
1 LKQ Europe Plan	Employee related costs	$ 2	$ 2	$ 1
	Facility exit costs	—	1	—
	Inventory related costs [1]	—	2	2
	Total	$ 2	$ 5	$ 3
Acquisition Integration Plans	Employee related costs	$ —	$ 4	$ 23
	Facility exit costs	4	16	5
	Other costs	1	5	1
	Total	$ 5	$ 25	$ 29
Total restructuring expenses		$ 35	$ 146	$ 48

(1) Recorded to Cost of goods sold in the Consolidated Statements of Income.
(2) Related to impairment of assets in Property, plant and equipment, net and Prepaid expenses and other current assets on the Consolidated Balance Sheets.

The following table sets forth the cumulative plan costs by segment related to our restructuring plans (in millions):

	Cumulative Program Costs			
	North America	**Europe**	**Specialty**	**Total**
2024 Global Plan	$ 30	$ 109	$ —	$ 139
1 LKQ Europe Plan	—	17	—	17

Transaction Related Expenses

During the years ended December 31, 2025, 2024 and 2023, we incurred expenses totaling $7 million, $4 million and $21 million, respectively, for legal, accounting and advisory services related to completed and potential transactions.

Note 14. Stock-Based Compensation

In order to attract and retain employees, non-employee directors, consultants, and other persons associated with the Company, we grant equity-based awards under the LKQ Corporation 1998 Equity Incentive Plan (the “Equity Incentive Plan”). The total number of shares approved by stockholders for issuance under the Equity Incentive Plan is 70 million shares, subject to anti-dilution and other adjustment provisions. We have granted RSUs, stock options, and restricted stock under the Equity Incentive Plan. Of the shares approved by stockholders for issuance under the Equity Incentive Plan, 6.2 million shares remained available for issuance as of December 31, 2025. We expect to issue new or treasury shares of common stock to cover past and future equity grants.

RSUs

The RSUs we have issued vest over periods of up to five years, subject to a continued service condition. Currently outstanding RSUs (other than PSUs, which are described below) contain either a time-based vesting condition or a combination of a performance-based vesting condition and a time-based vesting condition, in which case both conditions must be met before any RSUs vest. For all of the RSUs containing a performance-based vesting condition, we must report positive diluted earnings per share, subject to certain adjustments, during any fiscal year period within five years following the grant date. Each RSU converts into one share of LKQ common stock on the applicable vesting date. The grant date fair value of RSUs is based on the market price of LKQ stock on the grant date.

Participants who are eligible for retirement (defined as a voluntary separation of service from the Company after the participant has attained at least 60 years of age and completed at least five years of service) will continue to vest in their awards following retirement; if retirement occurs during the first year of the vesting period (for RSUs subject to a time-based vesting condition) or the first year of the performance period (for RSUs with a performance-based vesting condition), the participant vests in a prorated amount of the RSU grant based on the portion of the year employed.

Outstanding unvested RSUs earn dividend equivalents at the same rate as dividends on LKQ’s common stock. The dividend equivalents are subject to the same vesting requirements, restrictions and forfeiture provisions as the original award.

The Compensation and Human Capital Committee of our Board approved the grant of 223,778; 228,570; and 169,511 RSUs to our executives that included both a performance-based vesting condition and a time-based vesting condition in 2025, 2024, and 2023, respectively. The performance-based vesting conditions for the 2025, 2024, and 2023 grants to our executive officers have been satisfied.

The fair value of RSUs that vested during the years ended December 31, 2025, 2024, and 2023 was $25 million, $31 million, and $38 million, respectively; the fair value of RSUs vested is based on the market price of LKQ stock on the date vested.

The following table summarizes activity related to our RSUs under the Equity Incentive Plan for the year ended December 31, 2025 (in millions, except years and per share amounts):

	Number Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[(1)]
Unvested as of January 1, 2025	1.2	$ 50.85		
Granted [(2)]	1.0	$ 41.02		
Vested	(0.7)	$ 47.20		
Forfeited / Canceled	(0.1)	$ 45.94		
Unvested as of December 31, 2025	1.4	$ 46.02		
Expected to vest after December 31, 2025	1.3	$ 45.99	2.7	$ 38

(1) The aggregate intrinsic value of expected to vest RSUs represents the total pretax intrinsic value (the fair value of LKQ's stock on the last day of the period multiplied by the number of units) that would have been received by the holders had all the expected to vest RSUs vested. This amount changes based on the market price of LKQ’s common stock.

(2) The weighted average grant date fair value of RSUs granted during the years ended December 31, 2024 and 2023 was $51.61 and $56.57, respectively.

PSUs

We grant PSUs with a three-year performance period to certain employees, including executive officers, under our Equity Incentive Plan. As these awards are performance-based, the exact number of shares to be paid out may be up to twice the grant amount, depending on our performance and the achievement of certain performance metrics (adjusted earnings per share, average organic parts and services revenue growth, and average return on invested capital) over the applicable three year performance periods.

Outstanding unvested PSUs earn dividend equivalents at the same rate as dividends on LKQ's common stock. The dividend equivalents are subject to the same vesting requirements, restrictions and forfeiture provisions as the original award.

The fair value of PSUs that vested during the years ended December 31, 2025, 2024 and 2023 was $1 million, $11 million, and $13 million respectively; the fair value of PSUs vested is based on the market price of LKQ stock on the date vested.

The following table summarizes activity related to our PSUs under the Equity Incentive Plan for the year ended December 31, 2025 (in millions, except years and per share amounts):

	Number Outstanding	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[(1)]
Unvested as of January 1, 2025	0.3	$ 53.60		
Granted [(2)]	0.2	$ 41.27		
Performance-based adjustment [(3)]	(0.1)	$ 56.84		
Unvested as of December 31, 2025	0.4	$ 45.20		
Expected to vest after December 31, 2025	0.4	$ 45.27	1.6	$ 11

(1) The aggregate intrinsic value of expected to vest PSUs represents the total pretax intrinsic value (the fair value of LKQ's stock on the last day of each period multiplied by the number of units) that would have been received by the holders had all the expected to vest PSUs vested. This amount changes based on the market price of LKQ's common stock and the achievement of the performance metrics relative to the established targets.

(2) Represents the number of PSUs at target payout. The weighted average grant date fair value of PSUs granted during the years ended December 31, 2024 and 2023 was $52.08 and $56.83, respectively.

(3) Represents the net adjustment to the number of shares issuable upon vesting of performance-based PSUs based on the Company's actual financial performance metrics for the three year performance period ended December 31, 2025.

Stock-Based Compensation Expense

Stock-based compensation expense and the resulting tax benefits included in the Consolidated Statements of Income were as follows (in millions):

	Year Ended December 31,		
	2025	2024	2023
Stock-based compensation expense[(1)]	$ 34	$ 30	$ 40
Income tax benefit	(7)	(7)	(9)
Stock-based compensation expense, net of tax	$ 27	$ 23	$ 31

(1) For the years ended December 31, 2025, 2024, and 2023, stock-based compensation included approximately $3 million, $1 million, and $1 million, respectively, for Self Service employees.

We did not capitalize any stock-based compensation costs during the years ended December 31, 2025, 2024, and 2023.

As of December 31, 2025, unrecognized compensation expense related to unvested RSUs and PSUs is expected to be recognized as follows (in millions):

	Unrecognized Compensation Expense
2026	$ 22
2027	14
2028	8
2029	4
Total unrecognized compensation expense	$ 48

Stock-based compensation expense related to these awards will be different to the extent that forfeitures are realized and performance under the PSUs differs from current achievement estimates.

Note 15. Earnings Per Share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share incorporate the incremental shares issuable upon the assumed exercise of stock options and the assumed vesting of RSUs. Certain of our RSUs and stock options were excluded from the calculation of diluted earnings per share because they were antidilutive, but these equity instruments could be dilutive in the future.

The following chart sets forth the computation of earnings per share (in millions, except per share amounts):

	Year Ended December 31,		
	2025	2024	2023
Income from continuing operations	$ 597	$ 669	$ 934
Denominator for basic earnings per share—Weighted-average shares outstanding	257.5	263.6	267.6
Effect of dilutive securities:			
RSUs	0.3	0.2	0.5
PSUs	—	0.1	0.2
Denominator for diluted earnings per share—Adjusted weighted-average shares outstanding	257.8	263.9	268.3
Basic earnings per share from continuing operations	$ 2.32	$ 2.54	$ 3.49
Diluted earnings per share from continuing operations [1]	$ 2.31	$ 2.54	$ 3.48

[1] Diluted earnings per share from continuing operations was computed using the treasury stock method for dilutive securities.

Note 16. Accumulated Other Comprehensive Income (Loss)

The components of Accumulated Other Comprehensive Income (Loss) are as follows (in millions):

	Foreign Currency Translation	Unrealized Gain (Loss) on Cash Flow Hedges	Unrealized Gain (Loss) on Pension Plans	Other Comprehensive Income (Loss) from Unconsolidated Subsidiaries	Accumulated Other Comprehensive Income (Loss)
Balance as of January 1, 2023	$ (333)	$ —	$ 11	$ (1)	$ (323)
Pretax income (loss)	90	(12)	(4)	—	74
Income tax effect	—	3	1	—	4
Reclassification of unrealized gain	—	(3)	(2)	—	(5)
Reclassification of deferred income taxes	—	1	—	—	1
Other comprehensive income from unconsolidated subsidiaries	—	—	—	9	9
Balance as of December 31, 2023	$ (243)	$ (11)	$ 6	$ 8	$ (240)
Pretax (loss) income	(170)	7	(8)	—	(171)
Income tax effect	—	(2)	1	—	(1)
Reclassification of unrealized gain	—	(4)	—	—	(4)
Reclassification of deferred income taxes	—	1	—	—	1
Disposal of business	2	—	—	—	2
Other comprehensive loss from unconsolidated subsidiaries	—	—	—	(4)	(4)
Balance as of December 31, 2024	$ (411)	$ (9)	$ (1)	$ 4	$ (417)
Pretax income	347	1	14	—	362
Income tax effect	—	—	(2)	—	(2)
Reclassification of unrealized loss (gain)	—	1	(1)	—	—
Balance as of December 31, 2025	$ (64)	$ (7)	$ 10	$ 4	$ (57)

Net unrealized losses and gains related to our pension plans were reclassified to Interest income and other income, net in the Consolidated Statements of Income during each of the years ended December 31, 2025, 2024, and 2023.

Our policy is to reclassify the income tax effect from Accumulated other comprehensive income (loss) to the Provision for income taxes when the related gains and losses are released to the Consolidated Statements of Income.

Note 17. Supply Chain Financing

We utilize voluntary supply chain finance programs to support our efforts in negotiating payment term extensions with suppliers as part of our goal to improve our operating cash flows. These programs provide participating suppliers the opportunity to sell their LKQ receivables to financial institutions at the sole discretion of both the suppliers and the financial institutions. We are not a party to the agreement between the suppliers and financial institutions. The financial institutions participate in the supply chain financing initiative on an uncommitted basis and can cease purchasing receivables from our suppliers at any time. Our obligation to our suppliers, including amount due and payment date, are not impacted by the supplier's decision to sell amounts under these agreements. Our payment terms to the financial institutions, including the timing and amount of payments, are unchanged from the original supplier invoice. All outstanding payments owed under the supply chain finance programs with the participating financial institutions are recorded within Accounts payable on our Consolidated Balance Sheets. As of December 31, 2025 and 2024, we had $481 million and $416 million of Accounts payable outstanding under the arrangements, respectively.

A rollforward of obligations confirmed and paid during the year is as follows (in millions):

	2025	2024
Balance as of January 1,	$ 416	$ 411
Invoices confirmed during the year	891	871
Confirmed invoices paid during the year	(876)	(840)
Impact of foreign currency	50	(26)
Balance as of December 31,	$ 481	$ 416

Note 18. Long-Term Obligations

Long-term obligations consist of the following (in millions):

		December 31, 2025		December 31, 2024	
	Maturity Date	Interest Rate	Amount	Interest Rate	Amount
Senior Unsecured Credit Agreement:					
Term loan payable	January 2027	5.19 %	$ 500	5.83 %	$ 500
Revolving credit facilities	December 2030	3.13 % [1]	1	5.86 % [1]	664
Senior Unsecured Term Loan Agreement:					
Term loan payable	March 2029	3.81 %	510	4.98 %	487
Unsecured Senior Notes:					
U.S. Notes (2028)	June 2028	5.75 %	800	5.75 %	800
U.S. Notes (2033)	June 2033	6.25 %	600	6.25 %	600
Euro Notes (2028)	April 2028	4.13 %	294	4.13 %	259
Euro Notes (2031)	March 2031	4.13 %	881	4.13 %	777
Finance lease obligations		4.81 % [1]	106	4.96 % [1]	97
Other debt	Various through December 2030	3.21 % [1]	3	3.30 % [1]	11
Total debt			3,695		4,195
Less: long-term debt issuance costs and unamortized bond discounts			(32)		(33)
Total debt, net of debt issuance costs and unamortized bond discounts			3,663		4,162
Less: current maturities, net of debt issuance costs			(32)		(38)
Long-term debt, net of debt issuance costs and unamortized bond discounts			$ 3,631		$ 4,124

(1) Interest rate derived via a weighted average.

Cash paid for interest was $230 million, $230 million and $197 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The scheduled maturities of long-term obligations outstanding at December 31, 2025 are as follows (in millions):

	Amount
2026	$ 32
2027	525
2028	1,112
2029	522
2030	9
Thereafter	1,495
Total debt [1]	$ 3,695

[1] The total debt amounts presented above reflect the gross values to be repaid (excluding debt issuance costs and unamortized bond discounts of $32 million as of December 31, 2025).

Senior Unsecured Credit Agreement

On January 5, 2023, we and certain other subsidiaries of ours entered into a new credit agreement (the "Senior Unsecured Credit Agreement") which consists of (i) an unsecured revolving credit facility of up to a U.S. Dollar equivalent of $2.0 billion, which includes a $150 million sublimit for the issuance of letters of credit and a $150 million sublimit for swing line loans and (ii) an unsecured term loan facility of up to $500 million. Borrowings under the agreement bear interest at the Secured Overnight Financing Rate ("SOFR") plus the applicable spread or other risk-free interest rates that are applicable for the specified currency plus a spread based on the Company's debt rating and total leverage ratio. On June 5, 2024, we entered into Amendment No. 1 to the Senior Unsecured Credit Agreement which replaced the Canadian Dollar Offer Rate ("CDOR") with the Canadian Overnight Repo Rate Average ("CORRA") for CAD denominated borrowings. The term loan has no required amortization payments prior to its maturity date.

On May 2, 2025 and June 20, 2025, we entered into Amendments No. 2 and No. 3 to the Senior Unsecured Credit Agreement, respectively. These amendments extended the maturity date of the Senior Unsecured Credit Agreement term loan facility from January 5, 2026 to January 5, 2027 as well as provided certain other immaterial modifications. On November 26, 2025 and December 17, 2025, we entered into Amendments No. 4 and 5 to the Senior Unsecured Credit Agreement, respectively, which extended the maturity date of the revolving credit facility from January 5, 2028 to December 17, 2030, as well as certain other immaterial modifications and administrative changes.

The Senior Unsecured Credit Agreement contains customary covenants for an unsecured credit facility for a company that has debt ratings that are investment grade, such as, requirements to comply with a total leverage ratio and interest coverage ratio, each calculated in accordance with the terms of the Senior Unsecured Credit Agreement, and limits on the Company’s and its subsidiaries’ ability to incur liens and indebtedness.

Proceeds from the Senior Unsecured Credit Agreement were used to repay the outstanding principal amount under our prior Senior Secured Credit Agreement, to pay fees and expenses related to the Senior Unsecured Credit Agreement, and for other general corporate purposes.

Senior Unsecured Term Loan Credit Agreement

For the financing related to the Uni-Select Acquisition, on March 27, 2023, we entered into the Senior Unsecured Term Loan Agreement ("CAD Note") which established an unsecured term loan facility of up to CAD 700 million. The CAD Note was funded on July 31, 2023, which was one business day prior to the consummation of the Uni-Select Acquisition.

The CAD Note contains customary covenants for an unsecured term loan for a company that has debt ratings that are investment grade, such as requirements to comply with a total leverage ratio and interest coverage ratio, each calculated in accordance with the terms of the CAD Note, and limits on the Company’s and its subsidiaries’ ability to incur liens and indebtedness.

On June 12, 2024, we entered into Amendment No. 1 to the CAD Note which replaced CDOR with CORRA. The variable interest rate applicable to the CAD Note may be (i) a forward-looking term rate based on CORRA for an interest period chosen by the Company of one or three months or (ii) the Canadian Prime Rate (as defined in the CAD Note), plus in each case a spread based on the Company’s debt rating and total leverage ratio. On June 20, 2025 we entered into Amendment No. 2 to the

CAD Note which included certain immaterial modifications. On November 26, 2025 and December 17, 2025, we entered into Amendments No. 3 and 4, respectively, to the CAD Note which extended the maturity date from July 27, 2026 to March 17, 2029, along with certain other immaterial modifications and administrative changes.

U.S. Notes (2028/2033)

On May 24, 2023, as part of the financing for the Uni-Select Acquisition, we completed an offering of $1,400 million aggregate principal amount of senior unsecured notes, consisting of $800 million senior notes due 2028 (the "U.S. Notes (2028)") and $600 million senior notes due 2033 (the "U.S. Notes (2033)" and together with the U.S. Notes (2028), the "U.S. Notes (2028/33)") in a private placement conducted pursuant to Rule 144A and Regulation S under the United States Securities Act of 1933.

The U.S. Notes (2028/33) are governed by the Indenture, dated as of May 24, 2023 (the "Indenture"), among the Company, certain of the Company's subsidiaries (the "Guarantors") and U.S. Bank Trust Company, National Association, as trustee. The U.S. Notes (2028/33) will be initially fully and unconditionally guaranteed on a senior unsecured basis by each of our wholly owned domestic subsidiaries that are guarantors under our Senior Unsecured Credit Agreement, dated as of January 5, 2023, or the CAD Note and each of our domestic subsidiaries that in the future agrees to guarantee obligations under the Senior Unsecured Credit Agreement, the CAD Note, any other Credit Facility Debt or any Capital Markets Debt (as such terms are defined in the Indenture).

Each subsidiary guarantee will rank equally in right of payment with all existing and future liabilities of the applicable subsidiary guarantor that are not subordinated. Each subsidiary guarantee will effectively rank junior to any secured indebtedness of its respective subsidiary guarantor to the extent of the lesser of the amount of such secured indebtedness and the value of the assets securing such indebtedness. Under the terms of any subsidiary guarantee, holders of the U.S. Notes (2028/33) will not be required to exercise their remedies against us before they proceed directly against the subsidiary guarantors.

Prior to May 15, 2028 in the case of the U.S. Notes (2028) or March 15, 2033 in the case of the U.S. Notes (2033) (each such date a "Par Call Date"), we may redeem the U.S. Notes (2028) or U.S. Notes (2033), as applicable, at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the greater of (i) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming, in each case, that such U.S. Notes (2028/33) matured on their applicable Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 40 basis points in the case of the U.S. Notes (2028) or 45 basis points in the case of the U.S. Notes (2033), less interest accrued to the date of redemption; and (ii) 100% of the principal amount of the U.S. Notes (2028/33) to be redeemed; plus in either case, accrued and unpaid interest thereon to, but excluding the redemption date. On or after the applicable Par Call Date we may redeem the U.S. Notes (2028/33) of the applicable series, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the U.S. Notes (2028/33) being redeemed plus accrued and unpaid interest thereon to, but excluding, the redemption date.

In connection with the sale of the U.S. Notes (2028/33), we entered into a Registration Rights Agreement, dated as of May 24, 2023 (the "Registration Rights Agreement"), with the Guarantors and BofA Securities, Inc. and Wells Fargo Securities, LLC, as representatives of the initial purchasers of the U.S. Notes (2028/33) identified therein. Pursuant to the terms of the Registration Rights Agreement, on September 1, 2023, the Company and the Guarantors filed a Registration Statement on Form S-4 ("Form S-4") with respect to a registered offer to exchange (the "Exchange Offer") each series of U.S. Notes (2028/33) and related guarantees for new notes of such series (the "Exchange Notes") and new related guarantees, which has terms substantially identical in all material respects to the applicable series of U.S. Notes (2028/33) (except that the Exchange Notes do not contain terms with respect to transfer restrictions and Additional Interest). The Securities and Exchange Commission ("SEC") declared the Form S-4 effective on September 14, 2023. The Exchange Offer closed in the fourth quarter of 2023.

The U.S. Notes (2028) and U.S. Notes (2033) bear interest at rates of 5.75% and 6.25%, respectively, per year from the date of original issuance or from the most recent payment date on which interest has been paid or provided for. Interest on the U.S. Notes (2028/33) is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2023.

Euro Notes (2031)

On March 13, 2024, LKQ, together with its indirect, wholly-owned subsidiary, LKQ Dutch Bond B.V., a private company with limited liability, completed an offering and sale of €750 million aggregate principal amount of its 4.125% Notes due March 13, 2031 ("Euro Notes (2031)"). We used the net proceeds from this offering to (i) pay outstanding indebtedness, including all of the outstanding €500 million aggregate principal amount of senior notes due April 1, 2024 (the "Euro Notes (2024)") issued by the Company's indirect wholly-owned subsidiary, LKQ Italia Bondco di LKQ Italia Bondco GP S.r.l e C.S.A.P.A. (formerly known as LKQ Italia Bondco S.p.A.), and (ii) pay accrued interest and related fees, premiums and expenses. The Euro Notes (2031) are governed by the Euro Notes (2031) Indenture, dated as of March 13, 2024.

The Euro Notes (2031) bear interest at a rate of 4.125% per year. Interest on the Euro Notes (2031) is payable annually on each March 13, commencing on March 13, 2025. The Euro Notes (2031) will be initially fully and unconditionally guaranteed on a senior unsecured basis (the "Guarantees") by the Company and each of its wholly owned U.S. subsidiaries that are guarantors under our Senior Unsecured Credit Agreement and our CAD Note. The Euro Notes (2031) will also be guaranteed by each of the Company's U.S. subsidiaries that in the future agrees to guarantee the Company's obligations under the Senior Unsecured Credit Agreement, the CAD Note, any other Credit Facility Debt or any Capital Markets Debt (both as defined in the Company's preliminary prospectus supplement filed with the SEC on February 28, 2024).

Prior to December 13, 2030 (the "Par Call Date"), the Euro Notes (2031) are redeemable, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: (1)(a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming that the Euro Notes (2031) matured on the Par Call Date) on an annual (ACTUAL/ACTUAL (ICMA)) basis at a rate equal to the Comparable Government Bond Rate (as defined in the Indenture, dated March 13, 2024 (the "Euro Notes (2031) Indenture")) plus 30 basis points, less (b) interest accrued to the date of redemption; and (2) 100% of the principal amount of the Euro Notes (2031) to be redeemed; plus, in either case, accrued and unpaid interest thereon to, but excluding, the redemption date. On or after the Par Call Date, we may redeem the Euro Notes (2031), in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the Euro Notes (2031) being redeemed plus accrued and unpaid interest thereon to, but excluding, the redemption date.

The Euro Notes (2031) and the Guarantees have been registered under the United States Securities Act of 1933 under the Registration Statement on Form S-3 (File No. 333-277267) filed by the Company with the SEC on February 22, 2024, as supplemented by the prospectus supplement filed by the Company with the SEC on March 1, 2024. In April 2024, the Euro Notes (2031) were approved for listing and registration on the Nasdaq.

Related to the offering and sale of the Euro Notes (2031) in March 2024, we incurred $7 million of fees, which were capitalized as an offset to Long-Term Obligations and are amortized over the term of the Euro Notes (2031).

Euro Notes (2028)

On April 9, 2018, LKQ European Holdings B.V. ("LKQ Euro Holdings"), a wholly-owned subsidiary of LKQ Corporation, completed an offering of €1,000 million aggregate principal amount of senior notes. The offering consisted of €750 million senior notes due 2026 (the "Euro Notes (2026)") and €250 million senior notes due 2028 (the "Euro Notes (2028)" and, together with the Euro Notes (2026), the "Euro Notes (2026/28)") in a private placement conducted pursuant to Regulation S and Rule 144A under the Securities Act of 1933. The proceeds from the offering, together with borrowings under our senior secured credit facility, were used (i) to finance a portion of the consideration paid for the Stahlgruber acquisition, (ii) for general corporate purposes and (iii) to pay related fees and expenses, including the refinancing of net financial debt. The Euro Notes (2026/28) are governed by the Indenture dated as of April 9, 2018 (the "Euro Notes (2026/28) Indenture") among LKQ Euro Holdings, LKQ Corporation and certain of our subsidiaries (the "Euro Notes (2026/28) Subsidiaries"), the trustee, paying agent, transfer agent, and registrar. On April 1, 2021, we redeemed the Euro Notes (2026).

Interest on the Euro Notes (2028) is payable in arrears on April 1 and October 1 of each year. The Euro Notes (2028) are fully and unconditionally guaranteed by LKQ Corporation and the Euro Notes (2028) Subsidiaries (the "Euro Notes (2028) Guarantors").

The Euro Notes (2028) and the related guarantees are, respectively, LKQ Euro Holdings' and each Euro Notes (2028) Guarantor's senior unsecured obligations and will be subordinated to all of LKQ Euro Holdings' and the Euro Notes (2028) Guarantors' existing and future secured debt to the extent of the assets securing that secured debt. In addition, the Euro Notes (2028) are effectively subordinated to all of the liabilities of our subsidiaries that are not guaranteeing the Euro Notes (2028) to the extent of the assets of those subsidiaries. The Euro Notes (2028) have been listed on the Global Exchange Market of Euronext Dublin.

The Euro Notes (2028) are redeemable, in whole or in part, at any time at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after April 1, 2023, we may redeem some or all of the Euro Notes (2028) at the applicable redemption prices set forth in the Euro Notes (2026/28) Indenture. We may be required to make an offer to purchase the Euro Notes (2028) upon the sale of certain assets, subject to certain exceptions, and upon a change of control. In addition, in the event of certain developments affecting taxation or under certain other circumstances which, in any case, require the payment of certain additional amounts, we may redeem the Euro Notes (2028) in whole, but not in part, at any time at a redemption price of 100% of the principal amount thereof, plus accrued but unpaid interest, if any, and such certain additional amounts, if any, to the redemption date.

Note 19. Derivative Instruments and Hedging Activities

We are exposed to market risks, including the effect of changes in interest rates, foreign currency exchange rates and commodity prices. Under current policies, we may use derivatives to manage our exposure to variable interest rates on our debt and changing foreign exchange rates for certain foreign currency denominated transactions. We do not hold or issue derivatives for trading purposes.

Derivative Instruments Designated as Cash Flow Hedges

In February 2023, we entered into interest rate swap agreements to mitigate the risk of changing interest rates on our variable interest rate payments related to borrowings under our Senior Unsecured Credit Agreement. Under the terms of the interest rate swap agreements, we pay the fixed interest rate and receive a variable interest rate based on term SOFR that matches a contractually specified rate under the Senior Unsecured Credit Agreement. The agreements include a total $400 million notional amount that matured in February 2025 and a total $300 million notional amount maturing in February 2026 with a weighted average fixed interest rate of 4.23%. In March 2025, we entered into an interest rate swap agreement to replace the agreements that matured in February 2025 that included a total $400 million notional amount with a fixed interest rate of 4.11%. This agreement matured in November 2025. Changes in the fair value of the interest rate swaps are recorded in Accumulated other comprehensive loss and reclassified to Interest expense when the hedged interest payments affect earnings. The activity related to the interest rate swaps is classified in operating activities in our Consolidated Statements of Cash Flows as the activity relates to normal recurring settlements to match interest payments.

All of our interest rate swap contracts have been executed with counterparties that we believe are creditworthy, and we closely monitor the credit ratings of these counterparties.

As of December 31, 2025 and 2024, the notional amounts, balance sheet classification and fair values of our derivative instruments designated as cash flow hedges were as follows (in millions):

	December 31, 2025		
	Notional Amount	Balance Sheet Caption	Fair Value - Asset / (Liability)
Interest rate swap agreements	$ 300	Other accrued expenses	$ —

	December 31, 2024		
	Notional Amount	Balance Sheet Caption	Fair Value - Asset / (Liability)
Interest rate swap agreements	$ 400	Other accrued expenses	$ —
Interest rate swap agreements	300	Other noncurrent liabilities	(1)

The activity related to our cash flow hedges is included in Note 16, "Accumulated Other Comprehensive Income (Loss)." As of December 31, 2025, we estimate that $1 million of derivative losses (net of tax) included in Accumulated other comprehensive loss will be reclassified into our Consolidated Statements of Income within the next 12 months.

Derivative Instruments Not Designated as Hedges

To manage the foreign currency exposure related to the Uni-Select Acquisition purchase price (denominated in CAD), we entered into foreign exchange contracts in March 2023 to purchase CAD 1.6 billion for approximately $1.2 billion. These contracts did not qualify for hedge accounting, and therefore, the contracts were adjusted to fair value through the results of operations as of each balance sheet date. We reported Gains on foreign exchange contracts - acquisition related on the Consolidated Statements of Income of $49 million for the year ended December 31, 2023. These contracts were settled in July 2023 resulting in total payments received of $49 million.

To manage our foreign currency exposure on other non-functional currency denominated intercompany loans, we enter into short-term foreign currency forward contracts from time to time. We have not elected to apply hedge accounting for these transactions, and therefore the contracts are adjusted to fair value through our results of operations as of each balance sheet date. The effect on our results of operations for these contracts during the years ended December 31, 2025, 2024, and 2023, were not material. The fair values of these short-term derivative instruments that remained outstanding as of year-end were recorded in either Prepaid expenses and other current assets or Other accrued expenses on our Consolidated Balance Sheets and were not material at December 31, 2025 and 2024.

Additionally, we hold other short-term derivative instruments, including foreign currency forward contracts, to manage our exposure to variability in the cash flows related to inventory purchases denominated in a non-functional currency. We have not elected to apply hedge accounting for these transactions. The notional amount and fair value of these contracts at December 31, 2025 and 2024, along with the effect on our results of operations during the years ended December 31, 2025, 2024, and 2023, were not material. The fair values of these contracts were recorded in either Prepaid expenses and other current assets or Other accrued expenses on our Consolidated Balance Sheets.

Gross vs. Net Presentation for Derivative Instruments

While certain derivative instruments executed with the same counterparty are subject to master netting arrangements, we present our cash flow hedge and other derivative instruments on a gross basis on our Consolidated Balance Sheets. The impact of netting the fair values of these contracts would result in an immaterial decrease to Prepaid expenses and other current assets and Other accrued expenses on our Consolidated Balance Sheets at December 31, 2025 and 2024.

Note 20. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value

We use the market and income approaches to estimate the fair value of our financial assets and liabilities, and during the year ended December 31, 2025, there were no significant changes in valuation techniques or inputs related to the financial assets or liabilities that we have historically recorded at fair value.

The following table presents information about our financial assets and liabilities measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation inputs we utilized to determine such fair value as of December 31, 2025 and 2024 (in millions):

	December 31,							
	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Investments - debt securities	$ 70	$ —	$ —	$ 70	$ 53	$ —	$ —	$ 53
Investments - equity securities	19	—	—	19	14	—	—	14
Total Assets	$ 89	$ —	$ —	$ 89	$ 67	$ —	$ —	$ 67
Liabilities:								
Interest rate swaps	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ 1
Contingent consideration liabilities	—	—	3	3	—	—	3	3
Total Liabilities	$ —	$ —	$ 3	$ 3	$ —	$ 1	$ 3	$ 4

Investments in debt and equity securities relate to our captive insurance subsidiary and are included in Other noncurrent assets on the Consolidated Balance Sheets. The balance sheet classification of the interest rate swap agreements is presented in Note 19, "Derivative Instruments and Hedging Activities." For contingent consideration liabilities, the entire portion is current at December 31, 2025 and is included in Other current liabilities, while at December 31, 2024, the current portion was included in Other current liabilities and the noncurrent portion was included in Other noncurrent liabilities on the Consolidated Balance Sheets based on the expected timing of the related payments.

We value derivative instruments using a third party valuation model that performs discounted cash flow analysis based on the terms of the contracts and market observable inputs such as current and forward interest rates and current and forward foreign exchange rates.

Our contingent consideration liabilities are related to our business acquisitions. Under the terms of the contingent consideration agreements, payments may be made at specified future dates depending on the performance of the acquired business subsequent to the acquisition. The liabilities for these payments are classified as Level 3 liabilities because the related fair value measurement, which is determined using an income approach, includes significant inputs not observable in the market.

Financial Assets and Liabilities Not Measured at Fair Value

Our debt is reflected on the Consolidated Balance Sheets at cost. The fair value measurements of the borrowings under the credit agreement are classified as Level 2 within the fair value hierarchy since they are determined based upon significant inputs observable in the market, including interest rates on recent financing transactions with similar terms and maturities. We estimated the fair value by calculating the upfront cash payment a market participant would require at December 31, 2025 and 2024 to assume these obligations. The fair values of the U.S. Notes (2028), U.S. Notes (2033), Euro Notes (2028) and Euro Notes (2031) are determined based upon observable market inputs including quoted market prices in markets that are not active, and therefore are classified as Level 2 within the fair value hierarchy.

Based on market conditions as of December 31, 2025 and 2024, the fair value of the borrowings under the Senior Unsecured Credit Agreement reasonably approximated the carrying values of $501 million and $1,164 million, respectively. As of December 31, 2025 and 2024, the fair value of the borrowings under the CAD Note reasonably approximated the carrying values of $510 million and $487 million, respectively.

The following table provides the carrying and fair value for our other financial instruments as of December 31, 2025 and December 31, 2024 (in millions):

	As of December 31, 2025		As of December 31, 2024	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
U.S. Notes (2028)	$ 800	$ 827	$ 800	$ 814
U.S. Notes (2033)	600	642	600	620
Euro Notes (2028)	294	295	259	261
Euro Notes (2031)	881	902	777	796

Note 21. Leases

We have leases primarily for facilities, vehicles, and equipment.

The amounts recorded on the Consolidated Balance Sheets as of December 31, 2025 and 2024 related to our lease agreements are as follows (in millions):

		December 31,	
Leases	**Classification**	**2025**	**2024**
Assets			
Operating lease ROU assets, net	Operating lease assets, net	$ 1,332	$ 1,256
Finance lease assets, net	Property, plant and equipment, net	103	94
Total leased assets		$ 1,435	$ 1,350
Liabilities			
Current			
Operating	Current portion of operating lease liabilities	$ 253	$ 222
Finance	Current portion of long-term obligations	31	28
Noncurrent			
Operating	Long-term operating lease liabilities, excluding current portion	1,145	1,093
Finance	Long-term obligations, excluding current portion	75	69
Total lease liabilities		$ 1,504	$ 1,412

The components of lease expense are as follows (in millions):

	Year Ended December 31,		
Lease Cost	**2025**	**2024**	**2023**
Operating lease cost	$ 344	$ 325	$ 280
Short-term lease cost	19	19	20
Variable lease cost	131	131	111
Finance lease cost			
Amortization of leased assets	31	25	18
Interest on lease liabilities	6	5	3
Sublease income	(5)	(5)	(5)
Net lease cost	$ 526	$ 500	$ 427

The future lease commitments under our leases at December 31, 2025 are as follows (in millions):

Years Ending December 31,	**Operating leases**	**Finance leases (1)**	**Total**
2026	$ 335	$ 36	$ 371
2027	298	28	326
2028	250	20	270
2029	204	13	217
2030	160	9	169
Thereafter	483	18	501
Future lease payments	1,730	124	1,854
Less: Interest	332	18	350
Present value of lease liabilities	$ 1,398	$ 106	$ 1,504

(1) Amounts are included in the scheduled maturities of long-term obligations in Note 18, "Long-Term Obligations."

As of December 31, 2025, operating lease payments for leases that have not yet commenced totaled $70 million, which includes the synthetic lease arrangements discussed below. These operating leases will commence in the next 7 months with lease terms of 2 to 12 years. Most of these leases have not commenced because the assets are in the process of being constructed.

Synthetic Lease Arrangements

In the fourth quarter of 2024, we entered into two synthetic leases to finance the construction of salvage yard facilities, with an aggregate estimated cost of approximately $100 million. These leases have an aggregate future lease commitment of approximately $35 million as of December 31, 2025. The leases will commence upon completion of construction of the facilities which are expected to be in 2026. Each lease term is five years after commencement. At the end of the leases' terms, we will be required to purchase the facilities or, in the event that option is not elected, to request to extend the leases, or vacate the property and relocate. Upon each lease commencement, the lease classification, right-of-use asset, and lease liability will be determined and recorded. Each lease arrangement contains a residual value guarantee of 100% of the total construction cost. The synthetic leases contain covenants that are consistent with our Senior Unsecured Credit Agreement. See Note 18, "Long-Term Obligations" for further information on our Senior Unsecured Credit Agreement.

Other information related to leases is as follows:

	December 31,	
Lease Term and Discount Rate	**2025**	**2024**
Weighted-average remaining lease term (years)		
Operating leases	7.0	7.3
Finance leases	6.1	6.4
Weighted-average discount rate		
Operating leases	5.75 %	5.80 %
Finance leases	4.81 %	4.96 %

	Year Ended December 31,		
Supplemental cash flows information (in millions) [1]	**2025**	**2024**	**2023**
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash outflows from operating leases	$ 347	$ 328	$ 299
Financing cash outflows from finance leases	30	28	19
Leased assets obtained in exchange for finance lease liabilities	31	49	49
Leased assets obtained in exchange for operating lease liabilities	306	384	310

(1) Amounts presented contain results from both continuing and discontinued operations.

Note 22. Employee Benefit Plans

Defined Benefit Plans

We have funded and unfunded defined benefit plans covering certain employee groups in various European countries and Canada. Local statutory requirements govern many of our European and Canadian plans. The defined benefit plans are mostly closed to new participants and, in some cases, existing participants no longer accrue benefits.

Funded Status

The table below summarizes the funded status of the defined benefit plans (in millions):

	December 31,	
	2025	2024
Change in projected benefit obligation:		
Projected benefit obligation - beginning of year	$ 200	$ 202
Service cost	6	5
Interest cost	7	7
Participant contributions	2	2
Actuarial (gain) / loss	(8)	12
Benefits paid [(1)]	(6)	(11)
Settlement	(5)	(2)
Currency impact	21	(15)
Projected benefit obligation - end of year	$ 217	$ 200
Change in fair value of plan assets:		
Fair value - beginning of year	$ 116	$ 119
Actual return on plan assets	10	10
Employer contributions	8	7
Participant contributions	2	2
Benefits paid	(6)	(11)
Settlement	(5)	(2)
Currency impact	12	(9)
Fair value - end of year	$ 137	$ 116
Funded status at end of year (liability)	$ (80)	$ (84)
Accumulated benefit obligation	$ 212	$ 194

[(1)] Includes amounts paid from plan assets as well as amounts paid from Company assets.

The net amounts recognized for defined benefit plans on the Consolidated Balance Sheets were as follows (in millions):

	December 31,	
	2025	2024
Noncurrent assets	$ 6	$ 2
Current liabilities	4	4
Noncurrent liabilities	82	82

The following table summarizes the accumulated benefit obligation and aggregate fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets (in millions):

	December 31,	
	2025	2024
Accumulated benefit obligation	$ 164	$ 184
Aggregate fair value of plan assets	83	105

The following table summarizes the projected benefit obligation and aggregate fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets (in millions):

	December 31,	
	2025	2024
Projected benefit obligation	$ 170	$ 191
Aggregate fair value of plan assets	84	105

The table below summarizes the weighted-average assumptions used to calculate the year-end benefit obligations:

	December 31,	
	2025	2024
Discount rate used to determine benefit obligation	3.6 %	3.2 %
Rate of future compensation increase	2.3 %	2.5 %

Net Periodic Benefit Cost

The table below summarizes the components of net periodic benefit cost for the defined benefit plans (in millions):

	Year Ended December 31,		
	2025	2024	2023
Service cost	$ 6	$ 5	$ 4
Interest cost	7	7	6
Expected return on plan assets (1)	(5)	(5)	(3)
Amortization of actuarial (gain) loss (2)	(1)	—	(2)
Net periodic benefit cost	$ 7	$ 7	$ 5

(1) We use the fair value of our plan assets to calculate the expected return on plan assets.

(2) Actuarial gains and losses are amortized using a corridor approach for our pension plans. Gains and losses are amortized if, as of the beginning of the year, the cumulative net gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the fair value of the plan assets. Gains and losses in excess of the corridor are amortized over the average remaining service period of active members expected to receive benefits under the plan or, in the case of closed plans, the expected future lifetime of the employees participating in the plan.

The service cost component of net periodic benefit cost was classified in SG&A expenses, while the other components of net periodic benefit cost were classified in Interest income and other income, net in the Consolidated Statements of Income.

The table below summarizes the weighted-average assumptions used to calculate the net periodic benefit cost in the table above:

	Year Ended December 31,		
	2025	2024	2023
Discount rate used to determine service cost	3.2 %	3.7 %	3.4 %
Discount rate used to determine interest cost	3.2 %	3.7 %	3.4 %
Rate of future compensation increase	2.5 %	2.6 %	1.9 %
Expected long-term return on plan assets (1)	4.2 %	4.3 %	3.1 %

(1) Our expected long-term return on plan assets is determined based on the asset allocation and estimate of future long-term returns by asset class.

Assumed mortality is also a key assumption in determining benefit obligations and net periodic benefit cost. In some of the European and Canadian plans, a price inflation index is also an assumption in determining benefit obligations and net periodic benefit cost.

As of December 31, 2025, the pretax amounts recognized in Accumulated other comprehensive loss consisted of $15 million of net actuarial gains for our defined benefit plans that have not yet been recognized in net periodic benefit cost. Of this amount, we expect $2 million to be recognized as a component of net periodic benefit cost during the year ending December 31, 2026.

Fair Value of Plan Assets

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants. Investments that are valued using net asset value (or its equivalent) as a practical expedient are excluded from the fair value hierarchy disclosure.

For the unfunded pension plans, we pay the defined benefit plan obligations when they become due. The table below summarizes the fair value of our defined benefit plan assets by asset category within the fair value hierarchy for the funded defined benefit pension plans (in millions):

	December 31,							
	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Insurance contracts [1]	$ —	$ —	$ 67	$ 67	$ —	$ —	$ 62	$ 62
Other [2]	4	—	—	4	4	—	—	4
Assets measured by fair value hierarchy	$ 4	$ —	$ 67	$ 71	$ 4	$ —	$ 62	$ 66
Assets measured at net asset value [3]				66				50
Total pension plan assets at fair value				$ 137				$ 116

(1) Investments in insurance contracts represents the cash surrender value of the insurance policy. These amounts are determined by an actuary based on projections of future benefit payments, discount rates, and expected long-term rate of return on assets.
(2) Represents balances in a refundable tax account held with the Canada Revenue Agency.
(3) Consists of international bonds, equity, real estate and other investments.

The following table summarizes the changes in fair value measurements of Level 3 investments for the defined benefit plans (in millions):

	December 31,	
	2025	2024
Balance at beginning of year	$ 62	$ 66
Actual return on plan assets:		
Relating to assets held at the reporting date	3	1
Purchases, sales and settlements	(3)	(3)
Currency impact	5	(2)
Balance at end of year	$ 67	$ 62

Assets for the defined benefit pension plans in Europe are invested primarily in insurance policies. For the defined benefit pension plans in Canada, a portion of the assets representing a subset of inactive plan participants are invested in insurance policies. Under these contracts, we pay premiums to the insurance company, which are based on an internal actuarial analysis performed by the insurance company; the insurance company then funds the pension payments to the plan participants upon retirement.

Employer Contributions and Estimated Future Benefit Payments

During the year ended December 31, 2025, we contributed $8 million to our pension plans. We estimate that contributions to our pension plans during 2026 will be $8 million.

The following table summarizes estimated future benefit payments as of December 31, 2025 (in millions):

Years Ending December 31,	Amount
2026	$ 9
2027	10
2028	10
2029	11
2030	11
2031 - 2035	62

Note 23. Income Taxes

The provision for income taxes consists of the following components (in millions):

	Year Ended December 31,		
	2025	2024	2023
Current:			
Federal	$ 135	$ 123	$ 139
State	35	38	40
Foreign	109	140	117
Total current provision for income taxes	$ 279	$ 301	$ 296
Deferred:			
Federal	$ (58)	$ (24)	$ 6
State	(10)	(3)	2
Foreign	(7)	(9)	—
Total deferred (benefit) provision for income taxes	$ (75)	$ (36)	$ 8
Total:			
Federal	$ 77	$ 99	$ 145
State	25	35	42
Foreign	102	131	117
Provision for income taxes	$ 204	$ 265	$ 304

Income taxes have been based on the following components of income from continuing operations before provision for income taxes (in millions):

	Year Ended December 31,		
	2025	2024	2023
Domestic	$ 371	$ 545	$ 783
Foreign	429	381	440
Income from continuing operations before provision for income taxes	$ 800	$ 926	$ 1,223

As previously disclosed for the years ended December 31, 2024 and 2023, prior to the adoption of ASU 2023-09, the effective income tax rate differs from the statutory federal income tax rate as follows:

	Year Ended December 31,	
	2024	2023
U.S. federal statutory rate	21.0 %	21.0 %
State income taxes, net of state credits and federal tax impact	2.6 %	2.8 %
Impact of rates on international operations	2.3 %	1.2 %
Change in valuation allowances	1.2 %	0.9 %
Non-deductible expenses	0.6 %	1.2 %
Gains on foreign exchange contracts - acquisition related	— %	(0.8)%
Other, net	1.0 %	(1.5)%
Effective tax rate	28.7 %	24.8 %

The effective income tax rate for the tax year ended December 31, 2025 differs from the statutory federal income tax rate as follows (in millions):

	Year Ended December 31, 2025	
U.S. federal statutory rate	$ 168	21.0 %
State income taxes, net of state credits and federal tax impact [1]	16	2.1 %
Foreign tax effects		
Switzerland		
Deductible impairment	(9)	(1.2)%
Other	1	0.1 %
Germany		
Subnational income taxes - trade taxes	19	2.4 %
Enacted changes in tax laws or rates	(11)	(1.4)%
Other	(11)	(1.4)%
Other foreign jurisdictions	21	2.8 %
Effect of cross-border tax laws	(2)	(0.2)%
Tax credits	(2)	(0.3)%
Changes in valuation allowances	2	0.2 %
Non-taxable or non-deductible expenses		
Non-deductible impairment	10	1.3 %
Other	2	0.2 %
Changes in unrecognized tax benefits	1	0.1 %
Other adjustments	(1)	(0.2)%
Effective tax rate	$ 204	25.5 %

(1) State taxes in California, Illinois, Florida, Texas, Pennsylvania, New York, and Michigan made up the majority (greater than 50 percent) of the tax effect in this category.

Undistributed earnings of our foreign subsidiaries amounted to approximately $2,399 million at December 31, 2025. Beginning in 2018, the Tax Cuts and Jobs Act generally provided a 100% participation exemption from further U.S. taxation of dividends received from 10-percent or more owned foreign corporations held by U.S. corporate shareholders. Although foreign dividend income is generally exempt from U.S. federal tax in the hands of the U.S. corporate shareholders, either as a result of the participation exemption, or due to the previous taxation of such earnings under the transition tax and Global Intangible Low-Taxed Income regime ("GILTI") regimes, companies must still apply the guidance of ASC 740: Income Taxes to account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. Further, the 2017 transition tax reduced a majority of the previous outside basis differences in our foreign subsidiaries, and most of any new differences arising have extensive interaction with the GILTI regime.

Based on a review of our global financing and capital expenditure requirements as of December 31, 2025, we continue to plan to permanently reinvest the undistributed earnings of our international subsidiaries. Thus, no deferred U.S. income taxes or potential foreign withholding taxes have been recorded. Due to the complexity of the U.S. tax regime, it remains impractical to estimate the amount of deferred taxes potentially payable were such earnings to be repatriated.

The Organization for Economic Co-operation and Development ("OECD") released a framework, referred to as Pillar Two, to implement a global minimum corporate tax rate of 15% on certain multinational enterprises. Certain countries have enacted legislation to adopt the Pillar Two framework while several countries are considering or still announcing changes to their tax laws to implement the minimum tax directive. On January 5, 2026 the OECD released guidance providing for a Side-by-Side package available for U.S. parented groups beginning for fiscal years beginning on or after January 1, 2026. We have evaluated the developments and do not anticipate any material impact on our financial position, results of operations, or cash flows. We will continue to monitor as additional guidance becomes available.

On July 4, 2025, new U.S. tax legislation was signed into law, commonly referred to as the One Big Beautiful Bill Act ("OBBBA"), which includes significant provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act of 2017, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The OBBBA includes the acceleration of fixed asset depreciation, modifications to the capitalization of domestic research and development expenses, modifications to the limitations to the deductibility of interest expense, and modifications to certain international provisions. These new provisions take effect starting in 2025 through 2027. The Company has evaluated the OBBBA enacted during the year and estimated its impact on the consolidated financial statements to be immaterial. We will continue to evaluate the full impact of these legislative changes as additional guidance becomes available.

The significant components of the deferred tax assets and liabilities are as follows (in millions):

	December 31, 2025	December 31, 2024
Deferred Tax Assets:		
Accrued expenses and reserves	$ 42	$ 57
Qualified and nonqualified retirement plans	19	20
Inventory	30	10
Accounts receivable	18	22
Interest deduction carryforwards	31	30
Stock-based compensation	8	9
Operating lease liabilities	335	346
Net operating loss carryforwards	29	38
Other	32	44
Total deferred tax assets, gross	544	576
Less: valuation allowance	(52)	(51)
Total deferred tax assets	$ 492	$ 525
Deferred Tax Liabilities:		
Goodwill and other intangible assets	$ 304	$ 373
Property, plant and equipment	90	96
Trade names	74	79
Operating lease assets, net	323	336
Other	16	10
Total deferred tax liabilities	$ 807	$ 894
Net deferred tax liability	$ (315)	$ (369)

Deferred tax assets and liabilities are reflected on the Consolidated Balance Sheets as follows (in millions):

	December 31, 2025	December 31, 2024
Noncurrent deferred tax assets	$ 16	$ 17
Noncurrent deferred tax liabilities	331	386

Noncurrent deferred tax assets and noncurrent deferred tax liabilities are included in Other noncurrent assets and Deferred income taxes, respectively, on the Consolidated Balance Sheets.

We have net operating loss carryforwards, primarily for certain international tax jurisdictions, the tax benefits of which totaled approximately $29 million and $38 million at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, we had tax credit carryforwards for U.S. and certain U.S. state jurisdictions, the tax benefits of which totaled approximately $4 million and $3 million, respectively. As of December 31, 2025 and 2024, we had interest deduction carryforwards in Italy the tax benefits of which totaled $31 million and $30 million, respectively. As of December 31, 2025 and 2024, valuation allowances of $52 million and $51 million, respectively, were recorded for deferred tax assets related to the foreign interest deduction carryforwards, certain foreign and U.S. net operating loss carryforwards, tax credit, and capital loss carryforwards.

The majority of the net operating losses will generally carry forward until 2035 to 2044. The interest deduction carryforwards in Italy do not expire. Realization of these deferred tax assets is dependent on the generation of sufficient taxable income prior to the expiration dates, where applicable, or in the case of interest deduction carryforward, subject to legislative thin capitalization constraints, typically based on profitability. Based on historical and projected operating results, we believe that it is more likely than not that earnings will be sufficient to realize the deferred tax assets for which valuation allowances have not been provided. While we expect to realize the deferred tax assets, net of valuation allowances, changes in tax laws or in estimates of future taxable income may alter this expectation.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows (in millions):

	2025	2024	2023
Balance at January 1,	$ 28	$ 8	$ 5
Additions for acquired tax positions	—	—	6
Additions based on tax positions related to the current year	2	10	—
Additions based on tax positions related to prior years	3	15	3
Reductions for tax positions of prior year	(18)	—	(1)
Lapse of statutes of limitations	—	(3)	(5)
Settlements with taxing authorities	(1)	(2)	—
Cumulative translation adjustment	1	—	—
Balance at December 31,	$ 15	$ 28	$ 8

Included in the balance of unrecognized tax benefits above as of December 31, 2025, 2024 and 2023, are approximately $15 million, $10 million and $8 million, respectively that, if recognized, would affect the effective tax rate. The balance of unrecognized tax benefits at December 31, 2025, 2024 and 2023 includes an insignificant amount, $18 million, and an insignificant amount of tax benefits that, if recognized, would result in adjustments to deferred taxes.

We recognize interest and penalties accrued related to unrecognized tax benefits as income tax expense. As of the years ended December 31, 2025, 2024 and 2023, we had accumulated interest and penalties of $1 million, attributable to the unrecognized tax benefits noted above. During each of the years ended December 31, 2025, 2024 and 2023, we recorded $1 million or less of interest and penalties through the income tax provision, prior to any reversals for lapses in the statutes of limitations and settlements.

The Company and/or its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various U.S. state and international jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or international income tax examinations by tax authorities for years before 2019. Adjustments from examinations, if any, are not expected to have a material effect on our Consolidated Financial Statements.

The amounts of income taxes paid (net of refunds) are as follows (in millions):

	Year Ended December 31, 2025
Federal	$ 150
State	32
Foreign	
Germany	27
United Kingdom	25
Canada	18
Other	48
Total foreign	118
Total net income taxes paid	$ 300

Net income taxes paid were $322 million and $305 million for years ended December 31, 2024 and 2023, respectively.

Note 24. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of Cash and cash equivalents as reported on the Consolidated Balance Sheets to Cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows (in millions):

	December 31, 2025	December 31, 2024
Cash and cash equivalents	$ 319	$ 234
Restricted cash included in Other noncurrent assets [(1)]	13	5
Cash, cash equivalents and restricted cash	$ 332	$ 239

(1) Represents cash held with our captive insurance subsidiary for payments on self-insured claims.

Note 25. Investment in Loan Receivable

In 2025, in connection with extending additional credit, we modified the terms of a loan with a supplier to give us the option to acquire the net assets of the supplier for the amount of the loan in the event of default. The net outstanding balance of the loans, including accrued interest and credit loss reserve, was $69 million and $51 million at December 31, 2025 and December 31, 2024, respectively.

The loans are recognized at amortized cost and presented as loan receivables, with $49 million and $20 million reported in Receivables, net of allowance for credit losses as of December 31, 2025 and 2024, respectively, and the remaining balance presented in Other noncurrent assets on the Consolidated Balance Sheets.

Variable Interest Entity

Due to the significant amount of subordinated financial support that the loans represent to the supplier, we determined that the supplier is a variable interest entity (“VIE”). We are also a significant customer of the supplier domestically, with purchases under our exclusive distribution agreements historically representing a meaningful portion of the supplier's revenue. However, we do not represent the primary beneficiary of the VIE, as we do not hold the power to direct the activities that most significantly impact the supplier's economic performance. Specifically, the kick-out rights provided by our option to acquire the supplier only become effective upon loan default and control will occur upon acquisition completion. Therefore, the conditions necessary for us to hold such power have not been met and, as such, we do not consolidate the entity. The maximum exposure to loss that we could experience with respect to the supplier is limited to the net amount of our receivables on our Consolidated Balance Sheet, which was $69 million at December 31, 2025.

Note 26. Segment and Geographic Information

We have three operating segments: North America; Europe; and Specialty, each of which is presented as a reportable segment. The segments are organized based on a combination of geographic regions served and the types of product lines offered. They are managed separately, as each business serves distinct customer bases and is impacted by different economic conditions.

The following tables present our financial performance by reportable segment for the periods indicated (in millions):

	North America	Europe	Specialty	Eliminations	Consolidated
Year Ended December 31, 2025					
Revenue:					
Third Party	$ 5,650	$ 6,311	$ 1,690	$ —	$ 13,651
Intersegment	1	—	3	(4)	—
Total segment revenue	$ 5,651	$ 6,311	$ 1,693	$ (4)	$ 13,651
Less: [1]					
Cost of goods sold	3,232	3,884	1,274		
Selling, general and administrative expenses	1,622	1,872	319		
Other segment items [2]	(17)	(29)	(11)		
Segment EBITDA	$ 814	$ 584	$ 111	$ —	$ 1,509
Total depreciation and amortization [3]	$ 197	$ 180	$ 32	$ —	$ 409
Year Ended December 31, 2024					
Revenue:					
Third Party	$ 5,762	$ 6,407	$ 1,654	$ —	$ 13,823
Intersegment	1	—	3	(4)	—
Total segment revenue	$ 5,763	$ 6,407	$ 1,657	$ (4)	$ 13,823
Less: [1]					
Cost of goods sold	3,252	3,953	1,238		
Selling, general and administrative expenses	1,588	1,855	315		
Other segment items [2]	(17)	(35)	(9)		
Segment EBITDA	$ 940	$ 634	$ 113	$ —	$ 1,687
Total depreciation and amortization [3]	$ 198	$ 160	$ 34	$ —	$ 392
Year Ended December 31, 2023					
Revenue:					
Third Party	$ 5,281	$ 6,323	$ 1,665	$ —	$ 13,269
Intersegment	1	—	3	(4)	—
Total segment revenue	$ 5,282	$ 6,323	$ 1,668	$ (4)	$ 13,269
Less: [1]					
Cost of goods sold	2,796	3,886	1,238		
Selling, general and administrative expenses	1,550	1,842	305		
Other segment items [2]	(23)	(19)	(9)		
Segment EBITDA	$ 959	$ 614	$ 134	$ —	$ 1,707
Total depreciation and amortization [3]	$ 121	$ 150	$ 32	$ —	$ 303

(1) The significant expense categories and amounts align with the segment-level information that is regularly provided to the chief operating decision maker ("CODM"). Intersegment expenses are included within the amounts shown.

(2) Amounts primarily represent other non operating income and expenses within each segment, as well as reconciling items to remove depreciation - cost of goods sold and restructuring - cost of goods sold, which are excluded from the calculation of Segment EBITDA. See Note 13, "Restructuring and Transaction Related Expenses" for additional information on the restructuring charges.

(3) Amounts presented include depreciation and amortization expense recorded within Cost of goods sold and Restructuring and transaction related expenses.

The key measure of segment profit or loss reviewed by our CODM, our Chief Executive Officer, is Segment EBITDA. The CODM uses Segment EBITDA to compare profitability among the segments and evaluate business strategies. Segment EBITDA includes revenue and expenses that are controllable by the segment. Corporate general and administrative expenses are allocated to the segments based on usage, with shared expenses apportioned based on the segment's percentage of consolidated revenue. We calculate Segment EBITDA as Net Income excluding net income and loss attributable to noncontrolling interest; income and loss from discontinued operations; depreciation; amortization; interest; gains and losses on debt extinguishment; income tax expense; restructuring and transaction related expenses; change in fair value of contingent consideration liabilities; other gains and losses related to acquisitions, equity method investments, or divestitures; equity in losses and earnings of unconsolidated subsidiaries; equity investment fair value adjustments; impairment charges; and direct impacts of the Ukraine/Russia conflict.

The table below provides a reconciliation of Net Income to Segment EBITDA (in millions):

	Year Ended December 31,		
	2025	2024	2023
Net income	$ 608	$ 693	$ 938
Less: net income attributable to continuing noncontrolling interest	1	3	2
Net income attributable to LKQ stockholders	607	690	936
Less: net income from discontinued operations	11	24	4
Net income from continuing operations attributable to LKQ stockholders	596	666	932
Adjustments:			
Depreciation and amortization	409	392	303
Interest expense, net of interest income	207	220	162
Loss on debt extinguishment	—	—	1
Provision for income taxes	204	265	304
Equity in earnings of unconsolidated subsidiaries (1)	(1)	(8)	(15)
Gains on foreign exchange contracts - acquisition related (2)	—	—	(49)
Equity investment fair value adjustments	(1)	2	2
Restructuring and transaction related expenses (3)	42	135	65
Restructuring expenses - cost of goods sold (3)	—	15	4
Gains on previously held equity interests	—	—	(3)
Direct impacts of Ukraine/Russia conflict (4)	1	—	—
Impairment of net assets held for sale	—	—	1
Impairment of goodwill (5)	52	—	—
Segment EBITDA	$ 1,509	$ 1,687	$ 1,707

(1) Refer to Note 10, "Equity Method Investments" for further information.
(2) Refer to Note 3, "Business Combinations" and Note 19, "Derivative Instruments and Hedging Activities" for further information.
(3) Refer to Note 13, "Restructuring and Transaction Related Expenses" for further information.
(4) Adjustments include provisions for and subsequent adjustments to reserves for asset recoverability (primarily receivables and inventory).
(5) Refer to Note 9, "Intangible Assets" for further information.

The following table presents capital expenditures by reportable segment (in millions):

	Year Ended December 31,		
	2025	2024	2023
Capital Expenditures			
North America	$ 76	$ 143	$ 118
Europe	122	134	163
Specialty	13	21	41
Total capital expenditures	$ 211	$ 298	$ 322

The following table presents assets by reportable segment (in millions):

	December 31, 2025	December 31, 2024
Receivables, net of allowance for credit losses		
North America	$ 495	$ 483
Europe	552	528
Specialty	157	102
Total receivables, net of allowance for credit losses	1,204	1,113
Inventories		
North America	1,479	1,411
Europe	1,496	1,323
Specialty	451	449
Total inventories	3,426	3,183
Property, plant and equipment, net		
North America	651	675
Europe	695	619
Specialty	106	115
Total property, plant and equipment, net	1,452	1,409
Operating lease assets, net		
North America	641	668
Europe	544	467
Specialty	147	121
Total operating lease assets, net	1,332	1,256
Other unallocated assets	7,723	7,994
Total assets	$ 15,137	$ 14,955

We report net receivables; inventories; net property, plant and equipment; and net operating lease assets by segment as that information is used by the CODM in assessing segment performance. These assets provide a measure for the operating capital employed in each segment. Unallocated assets include cash and cash equivalents, prepaid expenses and other current and noncurrent assets, goodwill, other intangibles and equity method investments.

Our largest countries of operation are the U.S., followed by Germany and the U.K. Additional European operations are located in the Netherlands, Italy, Czech Republic, Belgium, Austria, Slovakia, France and other European countries. Our operations in other countries include wholesale operations in Canada, remanufacturing operations in Mexico, an aftermarket parts freight consolidation warehouse in Taiwan, and administrative support functions in India.

The following table sets forth our tangible long-lived assets by geographic area (in millions):

	December 31, 2025	December 31, 2024
Long-lived assets		
United States	$ 1,313	$ 1,350
Germany	369	312
United Kingdom	321	296
Other countries	781	707
Total long-lived assets	$ 2,784	$ 2,665

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2025, the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of LKQ Corporation's management, including our Chief Executive Officer and our Chief Financial Officer, of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that LKQ Corporation and subsidiaries' (the "Company") disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that information required to be disclosed is accumulated and communicated to the Company’s management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Report of Management on Internal Control over Financial Reporting dated February 19, 2026

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Internal control over financial reporting includes the controls themselves, monitoring and internal auditing practices, and actions taken to correct deficiencies as identified. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2025. Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of the Company's internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of the Company's Board.

Based on this assessment, management determined that, as of December 31, 2025, the Company maintained effective internal control over financial reporting. Deloitte & Touche LLP, independent registered public accounting firm, who audited and reported on the Consolidated Financial Statements of the Company included in this report, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2025.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Securities Trading Plans of Directors and Executive Officers

None of the Company's directors or executive officers adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" during the quarter ended December 31, 2025.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The information appearing under the caption "Election of our Board of Directors" in our Proxy Statement for the Annual Meeting of Stockholders to be held May 6, 2026 (the "Proxy Statement") is incorporated herein by reference.

Executive Officers

Our executive officers, their ages, and their positions with us as of January 1, 2026 are set forth below. Our executive officers are elected by and serve at the discretion of our Board.

Name	Age	Position
Justin L. Jude	50	President, Chief Executive Officer and Director
Michael S. Clark	51	Senior Vice President - Policy and Administration
Todd G. Cunningham	47	Vice President - Finance and Controller
Genevieve L. Dombrowski	49	Senior Vice President - Human Resources
Rick Galloway	47	Senior Vice President and Chief Financial Officer
Andy Hamilton	51	Senior Vice President & President and Managing Director of LKQ Europe
Walter P. Hanley	59	Senior Vice President - Business Development and Strategy
Matthew J. McKay	48	Senior Vice President - General Counsel & Corporate Secretary
John R. Meyne	64	Senior Vice President & President of North America

Justin L. Jude became President and Chief Executive Officer in July 2024. Prior thereto, Mr. Jude was our Executive Vice President and Chief Operating Officer from January 2024 to June 2024 and Senior Vice President of Operations – Wholesale Parts Division from July 2015 to December 2023. Mr. Jude has been with LKQ since February 2004 in various roles, including President of Keystone Automotive Operations, Inc., our specialty automotive business, from June 2014 to July 2015, Vice President – Information Systems (North America) from February 2011 to May 2014, and Vice President – Supply Chain from March 2008 to February 2011.

Michael S. Clark became our Senior Vice President, Policy and Administration in May 2024. Prior thereto, he served as our Vice President, Finance and Controller from February 2011 to May 2024 and Assistant Controller from May 2008 to February 2011. Prior to joining LKQ, he was the SEC Reporting Manager of FMC Technologies, Inc., a global provider of technology solutions for the energy industry, from December 2004 to May 2008. Before joining FMC Technologies, Mr. Clark, a certified public accountant (inactive), worked in public accounting for more than eight years, leaving as a Senior Manager in the audit practice of Deloitte & Touche.

Todd G. Cunningham became our Vice President, Finance and Controller in May 2024. Prior thereto, Mr. Cunningham served as our Assistant Controller from June 2021 to May 2024, Vice President, Corporate Audit from February 2018 to June 2021, Finance Director at Euro Car Parts from July 2015 to February 2018, and in various other financial reporting and analysis roles since joining LKQ in July 2008. Mr. Cunningham, a certified public accountant (inactive), began his career in public accounting with Arthur Andersen (and subsequently Deloitte) as an auditor with clients in various industries, including consumer services, manufacturing and distribution.

Genevieve L. Dombrowski became our Senior Vice President of Human Resources in March 2021. Prior to joining LKQ, she held various leadership positions within the HR function of Republic Services from May 2011 to February 2021, most recently serving as Vice President of Talent. Prior to Republic Services, Ms. Dombrowski worked as an HR leader for six years with Aramark in its Sports and Entertainment line of business from February 2005 to May 2011.

Rick Galloway became our Senior Vice President and Chief Financial Officer in September 2022. Prior thereto, he served as our Chief Financial Officer of our North America segment from July 2019 to September 2022. Prior to joining LKQ, Mr. Galloway held various positions at Alcoa Corporation from 2010 to 2019, including Chief Financial Officer of Alcoa's Engineered Products and Solutions division, a business that consisted of 97 manufacturing facilities across the globe. Mr. Galloway began his career in public accounting with Grant Thornton as an auditor with clients in various fields, including manufacturing, oil and gas, non-profit, and government.

Andy Hamilton became our Senior Vice President of LKQ Corporation and President and Managing Director of LKQ Europe in January 2024. In 2010, he joined Euro Car Parts, which was acquired by LKQ in 2011. During his tenure at Euro Car Parts, Mr. Hamilton held several executive roles through the end of 2015, the last of which was Chief Operating Officer. In 2016, Mr. Hamilton was appointed Chief Commercial Officer of LKQ Europe, where he was responsible for several key pan-European projects related to digital strategy, revenue optimization, and category and product management. From 2019 through 2023, Mr. Hamilton served as the Chief Executive Officer of LKQ Euro Car Parts. Prior to joining LKQ, Mr. Hamilton held a variety of management roles for Halfords Group, the UK's leading automotive and leisure retailer.

Walter P. Hanley became our Senior Vice President of Business Development and Strategy in October 2024. Prior thereto, he served as our Senior Vice President of Development from December 2005 to October 2024 and Vice President of Development, Associate General Counsel and Assistant Secretary from December 2002 to December 2005. Prior to joining LKQ, Mr. Hanley served as Senior Vice President, General Counsel and Secretary of Blue Chip Casino, Inc., an owner and operator of a riverboat gaming vessel in Michigan City, Indiana, from July 1996 until November 1999. Mr. Hanley served as Vice President and Associate General Counsel of Flynn Enterprises, Inc. from May 1995 until February 1998 and as Associate General Counsel of Discovery Zone, Inc. from March 1993 until May 1995. Prior to March 1993, Mr. Hanley practiced corporate and securities law with the law firm of Bell, Boyd & Lloyd LLP (now known as K&L Gates LLP). Mr. Hanley is a member of the Board of Directors of MEKO AB, an automotive spare parts chain in the Nordic region, of which we own approximately 26.6%.

Matthew J. McKay became our Senior Vice President, General Counsel and Corporate Secretary in March 2021. Prior thereto, he served as our Senior Vice President of Human Resources from June 2016 to March 2021 and Associate General Counsel from December 2007 to May 2016. Prior to joining LKQ, Mr. McKay served as a law clerk for Judge William Bauer at the United States Court of Appeals for the Seventh Circuit.

John R. Meyne became our Senior Vice President of LKQ Corporation and President of North America in January 2024. Prior thereto, he served as our East Division Vice President of North America from 2022 through 2023, Regional Vice President for the Southeast Region of our North America segment from 2011 through 2021, and various other leadership roles since joining LKQ in July 2009. Prior to joining LKQ, Mr. Meyne began his career in our industry with Keystone Automotive Industries, Inc. in 1987, and started his own aftermarket collision parts company in 2006, which was acquired by LKQ in 2009.

Code of Ethics

A copy of our Code of Ethics, which is applicable to our principal executive officer, principal financial officer, and principal accounting officer, is available through our website. Any amendments to the elements of our Code of Ethics enumerated in paragraph (b) of Item 406 of Regulation S-K, or waivers granted to the above listed officers relating to such elements, will be posted on our website.

Audit Committee

Information appearing under the caption "Corporate Governance—Committees of the Board—Audit Committee" in the Proxy Statement is incorporated herein by reference.

Insider Trading Policies and Procedures

Information appearing under the caption "Insider Trading Policies and Procedures" in the Proxy Statement is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information appearing under the captions "Director Compensation—Director Compensation Table," "Executive Compensation—Compensation Discussion and Analysis," "Corporate Governance—Compensation Committee Interlocks and Insider Participation" and "Executive Compensation—Compensation Tables" in the Proxy Statement is incorporated herein by reference.

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

Information appearing under the caption "Other Information—Principal Stockholders" in the Proxy Statement is incorporated herein by reference.

The following table provides information about our common stock that may be issued under our equity compensation plans as of December 31, 2025 (in millions):

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders			
Restricted stock units	1.4	$ —	
Performance-based restricted stock units	0.4	$ —	
Total equity compensation plans approved by stockholders	1.8		6.2
Equity compensation plans not approved by stockholders	—	$ —	—
Total	1.8		6.2

See Note 14, "Stock-Based Compensation," to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for further information related to the equity incentive plans listed above.

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

Information appearing under the captions "Other Information—Certain Transactions," "Election of our Board of Directors" and "Corporate Governance—Director Independence" in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information appearing under the captions "Ratification of Appointment of Our Independent Registered Public Accounting Firm—Audit Fees and Non-Audit Fees" and "Ratification of Appointment of Our Independent Registered Public Accounting Firm—Policy on Audit Committee Approval of Audit and Non-Audit Services" in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

Reference is made to the information set forth in Part II, Item 8 of this Annual Report on Form 10-K, which information is incorporated herein by reference.

(a)(2) Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the SEC have been omitted because they are not required under the related instructions, are not applicable, or the information has been provided in the Consolidated Financial Statements or the notes thereto.

(b) Exhibits

Exhibit Number	Description
2.1*	Arrangement Agreement, dated as of February 26, 2023, by and among LKQ Corporation, Uni-Select Inc. and 9485-4692 Québec Inc. (incorporated herein by reference to Exhibit 2.1 to the Company’s report on Form 8-K filed with the SEC on February 28, 2023).
3.1	Restated Certificate of Incorporation of LKQ Corporation (incorporated herein by reference to Exhibit 3.1 to the Company’s report on Form 10-Q filed with the SEC on October 31, 2014).
3.2	Amended and Restated Bylaws of LKQ Corporation, as amended as of November 6, 2023 (incorporated herein by reference to Exhibit 3.1 to the Company's report on Form 8-K filed with the SEC on November 9, 2023).
3.3	Certificate of Amendment to Restated Certificate of Incorporation of LKQ Corporation (incorporated herein by reference to Exhibit 3.1 to the Company's report on Form 8-K filed with the SEC on May 10, 2024).
4.1	Specimen of common stock certificate (incorporated herein by reference to Exhibit 4.1 to the Company’s Registration Statement on Form S-1/A, Registration No. 333-107417 filed with the SEC on September 12, 2003).
4.2	Indenture dated as of April 9, 2018 among LKQ European Holdings B.V., as Issuer, LKQ Corporation, certain subsidiaries of LKQ Corporation, the trustee, paying agent, transfer agent, and registrar (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on April 12, 2018).
4.3	Supplemental Indenture dated as of July 16, 2018 among LKQ European Holdings B.V., as Issuer, LKQ Corporation, certain subsidiaries of LKQ Corporation, as Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to Exhibit 4.6 to the Company's report on Form 10-Q filed with the SEC on August 6, 2018).
4.4	Supplemental Indenture dated as of June 21, 2019 among LKQ European Holdings B.V., as Issuer, LKQ Corporation, certain subsidiaries of LKQ Corporation, as Guarantors, and BNP Paribas Trust Corporation UK Limited, as Trustee (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 10-Q filed with the SEC on August 2, 2019).
4.5	Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 4.21 to the Company's report on Form 10-K filed with the SEC on February 26, 2021).
4.6	Credit Agreement, dated as of January 5, 2023, by and among LKQ Corporation and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.1 to the Company’s report on Form 8-K filed with the SEC on January 6, 2023).
4.7	Term Loan Credit Agreement, dated as of March 27, 2023, by and among LKQ Corporation as borrower, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.1 to the Company’s report on Form 8-K filed with the SEC on March 28, 2023).
4.8	Indenture dated as of May 24, 2023 among LKQ Corporation, as Issuer, the Guarantors, and U.S. Bank Trust Company, National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the Company’s report on Form 8-K filed with the SEC on May 26, 2023).
4.9	Supplemental Indenture dated as of February 15, 2024 among LKQ Corporation, as Issuer, certain subsidiaries of LKQ Corporation, as Guarantors, and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.21 to the Company’s report on Form 10-K filed with the SEC on February 22, 2024).

Exhibit Number	Description
4.10	Indenture, dated as of March 13, 2024, among LKQ Dutch Bond B.V., as Issuer, LKQ Corporation, as a guarantor, the other guarantors identified therein, U.S. Bank Trust Company, National Association, as trustee, registrar and transfer agent, and Elavon Financial Services DAC, as paying agent (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on March 14, 2024).
4.11	Supplemental Indenture, dated as of March 13, 2024, among LKQ Dutch Bond B.V., as Issuer, LKQ Corporation, as a guarantor, the other guarantors identified therein, U.S. Bank Trust Company, National Association, as trustee, registrar and transfer agent, and Elavon Financial Services DAC, as paying agent (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 8-K filed with the SEC on March 14, 2024).
4.12	Form of 4.125% Note due 2031 (incorporated herein by reference to Exhibit 4.3 (included in Exhibit 4.2) to the Company's report on Form 8-K filed with the SEC on March 14, 2024).
4.13	Amendment No. 1 dated as of June 5, 2024 to the Credit Agreement, dated as of January 5, 2023, by and among LKQ Corporation and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 10-Q filed with the SEC on July 25, 2024).
4.14	Amendment No. 1 dated as of June 12, 2024 to the Term Loan Credit Agreement, dated as of March 27, 2023, by and among LKQ Corporation as borrower, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 10-Q filed with the SEC on July 25, 2024).
4.15	Amendment No. 2 to the Credit Agreement, dated as of May 2, 2025, by and among LKQ Corporation and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on May 5, 2025).
4.16	Amendment No. 2 dated as of June 20, 2025 to the Term Loan Credit Agreement, dated as of March 27, 2023, by and among LKQ Corporation as borrower, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 10-Q filed with the SEC on July 24, 2025).
4.17	Amendment No. 3 dated as of June 20, 2025 to the Credit Agreement, dated as of January 5, 2023, by and among LKQ Corporation and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.3 to the Company's report on Form 10-Q filed with the SEC on July 24, 2025).
4.18	Amendment No. 3, dated as of November 26, 2025, to Term Loan Credit Agreement, dated as of March 27, 2023, by and among LKQ Corporation as borrower, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.4 to the Company's report on Form 8-K filed with the SEC on December 18, 2025).
4.19	Amendment No. 4, dated as of November 26, 2025, to Credit Agreement, dated as of January 5, 2023, by and among LKQ Corporation and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.3 to the Company's report on Form 8-K filed with the SEC on December 18, 2025).
4.20	Amendment No. 4, dated as of December 17, 2025, to Term Loan Credit Agreement, dated as of March 27, 2023, by and among LKQ Corporation as borrower, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.2 to the Company's report on Form 8-K filed with the SEC on December 18, 2025).
4.21	Amendment No. 5, dated as of December 17, 2025, to Credit Agreement, dated as of January 5, 2023, by and among LKQ Corporation and certain additional subsidiaries of LKQ Corporation, as borrowers, certain financial institutions, as lenders, and Wells Fargo Bank, National Association, as administrative agent (incorporated herein by reference to Exhibit 4.1 to the Company's report on Form 8-K filed with the SEC on December 18, 2025).
10.1**	LKQ Corporation 401(k) Plus Plan dated August 1, 1999 (incorporated herein by reference to Exhibit 10.23 to the Company's Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.2**	Amendment to LKQ Corporation 401(k) Plus Plan (incorporated herein by reference to Exhibit 10.24 to the Company's Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.3**	Trust for LKQ Corporation 401(k) Plus Plan (incorporated herein by reference to Exhibit 10.25 to the Company's Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.4**	LKQ Corporation 401(k) Plus Plan II, as amended and restated effective as of January 1, 2019 (incorporated herein by reference to Exhibit 10.4 to the Company's report on Form 10-K filed with the SEC on March 1, 2019).
10.5**	LKQ Corporation 1998 Equity Incentive Plan, as amended (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 10-Q filed with the SEC on November 1, 2016).

Exhibit Number	Description
10.6**	Form of LKQ Corporation Restricted Stock Unit Agreement for Non-Employee Directors (incorporated herein by reference to Exhibit 10.6 to the Company's report on Form 10-K filed with the SEC on February 26, 2021).
10.7**	Form of LKQ Corporation Deferred Restricted Stock Unit Agreement for Non-Employee Directors (incorporated herein by reference to Exhibit 10.7 to the Company's report on Form 10-K filed with the SEC on February 22, 2024).
10.8**	Form of LKQ Corporation Restricted Stock Unit Agreement for Employees (incorporated herein by reference to Exhibit 10.7 to the Company's report on Form 10-K filed with the SEC on February 25, 2022).
10.9**	Form of LKQ Corporation Performance-Based Restricted Stock Unit Agreement (PSU 1 Award) (incorporated herein by reference to Exhibit 10.7 to the Company's report on Form 10-K filed with the SEC on February 27, 2020).
10.10**	Form of LKQ Corporation Performance-Based Restricted Stock Unit Agreement (PSU 2 Award) (incorporated herein by reference to Exhibit 10.8 to the Company's report on Form 10-K filed with the SEC on February 27, 2020).
10.11**	LKQ Corporation Cash Incentive Plan (incorporated herein by reference to Exhibit 10.6 to the Company's report on Form 10-Q filed with the SEC on May 2, 2019).
10.12**	Form of LKQ Corporation Annual Cash Bonus Award Memorandum (incorporated herein by reference to Exhibit 10.10 to the Company's report on Form 10-K filed with the SEC on February 27, 2020).
10.13**	Form of LKQ Corporation Long-Term Cash Incentive Award Memorandum - ESG Modifier (incorporated herein by reference to Exhibit 10.11 to the Company's report on Form 10-K filed with the SEC on February 26, 2021).
10.14**	Form of LKQ Corporation Long-Term Cash Incentive Award Memorandum.
10.15**	Form of Indemnification Agreement between directors and officers of LKQ Corporation and LKQ Corporation (incorporated herein by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-1, Registration No. 333-107417 filed with the SEC on July 28, 2003).
10.16**	Change of Control Agreement between LKQ Corporation and Walter P. Hanley dated as of July 24, 2014 (incorporated herein by reference to Exhibit 10.4 to the Company's report on Form 8-K filed with the SEC on July 28, 2014).
10.17**	Change of Control Agreement between LKQ Corporation and Michael S. Clark dated as of July 24, 2014 (incorporated herein by reference to Exhibit 10.8 to the Company's report on Form 8-K filed with the SEC on July 28, 2014).
10.18**	Change of Control Agreement between LKQ Corporation and Justin L. Jude dated as of May 13, 2015 (incorporated herein by reference to Exhibit 10.32 to the Company's report on Form 10-K filed with the SEC on February 25, 2016).
10.19**	Change of Control Agreement between LKQ Corporation and Matthew J. McKay dated as of June 1, 2016 (incorporated herein by reference to Exhibit 10.34 to the Company's report on Form 10-K filed with the SEC on February 27, 2017).
10.20**	Change of Control Agreement between LKQ Corporation and Genevieve L. Dombrowski dated as of March 22, 2021 (incorporated herein by reference to Exhibit 10.24 to the Company's report on Form 10-K filed with the SEC on February 25, 2022).
10.21**	Change of Control Agreement between LKQ Corporation and Rick Galloway dated as of September 15, 2022 (incorporated herein by reference to exhibit 10.4 of the Company's report on Form 10-Q filed with the SEC on November 1, 2022).
10.22**	Change of Control Agreement between LKQ Corporation and Andy Hamilton dated as of January 1, 2024 (incorporated herein by reference to Exhibit 10.23 to the Company's report on Form 10-K filed with the SEC on February 22, 2024).
10.23**	Change of Control Agreement between LKQ Corporation and John R. Meyne dated as of January 1, 2024 (incorporated herein by reference to Exhibit 10.24 to the Company's report on Form 10-K filed with the SEC on February 22, 2024).
10.24**	Change of Control Agreement between LKQ Corporation and Todd G. Cunningham dated as of May 1, 2024 (incorporated herein by reference to exhibit 10.1 of the Company's report on Form 10-Q filed with the SEC on July 25, 2024).
10.25**	LKQ Severance Policy for Key Executives (incorporated herein by reference to Exhibit 10.1 to the Company's report on Form 8-K filed with the SEC on July 28, 2014).
10.26**	Memorandum dated as of September 14, 2022 from Dominick Zarcone to Rick Galloway (incorporated herein by reference to Exhibit 10.2 to the Company's report on Form 8-K filed with the SEC on September 20, 2022).
10.27**	Employment Agreement dated April 1, 2024 between LKQ Europe GmbH, an indirect wholly-owned subsidiary of LKQ Corporation, and Andy Hamilton.

Exhibit Number	Description
10.28**	LKQ Corporation Nonqualified Deferred Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.29 to the Company's report on Form 10-K filed with the SEC on February 23, 2023).
10.29	Cooperation Agreement, dated as of February 5, 2025, by and among LKQ Corporation, Ancora Catalyst Institutional, LP, Engine Capital, LP, and the other parties thereto (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on February 6, 2025).
10.30	First Amendment to Cooperation Agreement, dated as of May 14, 2025, by and among LKQ Corporation, Ancora Catalyst Institutional, LP, Engine Capital, LP, and the other parties thereto (incorporated herein by reference to Exhibit 10.1 to the Company’s report on Form 8-K filed with the SEC on May 14, 2025).
19.1	LKQ Corporation Policy on Insider Trading (incorporated herein by reference to Exhibit 19.1 to the Company's report on Form 10-K filed with the SEC on February 20, 2025).
21.1	List of subsidiaries, jurisdictions and assumed names.
22.1	Subsidiary Guarantors of Guaranteed Securities.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1**	LKQ Corporation Policy for Recoupment of Incentive Compensation (incorporated herein by reference to Exhibit 97.1 to the Company’s report on Form 10-K filed with the SEC on February 22, 2024).
101.INS	Inline XBRL Instance 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 (embedded within the Inline XBRL document)

* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule or exhibit will be furnished supplementally to the SEC or its staff upon request.

** Identifies management contract or compensatory plans, contracts or arrangements required to be filed as an exhibit.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 19, 2026.

LKQ CORPORATION

By: /s/ JUSTIN L. JUDE
Justin L. Jude
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 19, 2026.

Signature	Title
/s/ JUSTIN L. JUDE **Justin L. Jude**	President and Chief Executive Officer, Director (Principal Executive Officer)
/s/ RICK GALLOWAY **Rick Galloway**	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ TODD G. CUNNINGHAM **Todd G. Cunningham**	Vice President—Finance and Controller (Principal Accounting Officer)
/s/ PATRICK BERARD **Patrick Berard**	Director
/s/ ANDREW CLARKE **Andrew Clarke**	Director
/s/ MEG ANN DIVITTO **Meg Ann Divitto**	Director
/s/ SUE GOVE **Sue Gove**	Director
/s/ JOHN W. MENDEL **John W. Mendel**	Director
/s/ JAMES S. METCALF **James S. Metcalf**	Director
/s/ MICHAEL POWELL **Michael Powell**	Director
/s/ XAVIER URBAIN **Xavier Urbain**	Director

Exhibit 10.14

Award Memorandum

TO: CIP Participant

FROM: Compensation and Human Capital Committee of LKQ Corporation (the "Committee")

DATE: [DATE], [YEAR]

RE: Long Term Cash Incentive Plan

==

You are being granted a long-term cash incentive award under the LKQ Corporation Cash Incentive Plan (CIP). All capitalized terms not otherwise defined in this Memorandum will have the meanings set forth in the CIP. The potential payout under your award is subject to the terms and conditions set forth in this Memorandum and in the CIP. The information contained herein is personal to you and proprietary to the Company, and by participating in the CIP, you agree to keep all information stated herein strictly confidential.

Participant: XXXX

Performance Period: [DATE], [YEAR] – [DATE], [YEAR]

Target Award: $XXXXX

Performance Award: Your Target Award multiplied by the percentages determined under your Performance Metrics listed below. Further, if you became a participant in the CIP after the start of the Performance Period, your Performance Award for such Performance Period shall be prorated to reflect your actual number of full months of participation.

Performance Metrics: (1) The average of the Company's annual parts and services organic revenue growth for the three years ended [DATE], [YEAR], [YEAR], and [YEAR].

(2) The Company's adjusted diluted earnings per share in year [YEAR].

(3) The average of the Company's annual return on invested capital (ROIC) for the three years [DATE], [YEAR], [YEAR], and [YEAR] (the ROIC in any given year shall be calculated as the adjusted net income before interest expense (NOPAT) divided by the sum of (i) average total debt, net of cash and (ii) average equity). For purposes of calculating annual return on invested capital, (i) the impact of acquisitions with a purchase price over $100 million completed during the Performance Period will be excluded from the calculation in each of the three years, (ii) NOPAT will not be adjusted for currency impacts, and (iii) invested capital will be based on a five-quarter average and will not be adjusted for changes to NOPAT or currency impacts (e.g., CTA).

Portions of the Award will vest based on the percentages allocated to each Award Component, as illustrated below.

Adjustments: The GAAP calculation of each of the above Performance Metrics will be subject to adjustment by the Committee for extraordinary, unusual, infrequently occurring, or other items if such adjustment is deemed necessary or advisable by the Committee to more accurately achieve the purposes of this award.

In addition, the Committee will adjust the Performance Metrics or other features of the award (1) that relate to the value or number of the shares of common stock of the Company to reflect any stock dividend, stock split, recapitalization, combination or exchange of shares, or other similar changes in such stock, and (2) except as otherwise indicated, to account for changes in the value of foreign currencies of countries in which the Company operates versus the U.S. dollar (using the average respective exchange rates for the calendar year prior to the Performance Period).

Notwithstanding any contrary provision of the CIP, this Award Memorandum, or the Payout Formula, the Committee may adjust the Actual Award payable to you. In addition, this Award shall be subject to potential clawback, cancellation, recoupment, rescission, payback, reduction or other similar action in accordance with the terms and conditions of any applicable clawback or similar policy or any applicable law related to such actions, as may be in effect from time to time.

Payout Formula: See immediately below.

REVENUE COMPONENT			
	Average Parts & Services Organic Revenue Growth over Performance Period	Earned % of Revenue Component	Weighting of Revenue Component
Threshold	[[•]]%	[[•]]%	20%
Target	[[•]]%	[[•]]%	
Maximum	[[•]]%	[[•]]%	
EPS COMPONENT			
	Adjusted Diluted EPS in year [YEAR]	Earned % of EPS Component	Weighting of EPS Component
Threshold	$[[•]]	[[•]]%	40%
Target	$[[•]]	[[•]]%	
Maximum	$[[•]]	[[•]]%	
ROIC COMPONENT			
	Average ROIC over Performance Period	Earned % of ROIC Component	Weighting of ROIC Component
Threshold	[[•]]%	[[•]]%	40%
Target	[[•]]%	[[•]]%	
Maximum	[[•]]%	[[•]]%	

The earned and payable Performance Award amount will be calculated using the following formula:

(Earned % of Revenue Component * Weighting of Revenue Component) + (Earned % of EPS Component * Weighting of EPS Component) + (Earned % of ROIC Component * Weighting of ROIC Component).

* Payouts between Threshold and Target and between Target and Maximum will be calculated using a linear function. There will be no payouts for performance below Threshold and no payments higher than Maximum for performance above Maximum.

EMPLOYMENT AGREEMENT

between

LKQ EUROPE GMBH ZÄHLERWEG 10
CH-6300 ZUG
("Employer")

and

ANDREW CRAIG HAMILTON INDUSTRIESTRASSE 48
CH-6300 ZUG
("Employee")

1. Function and tasks

1.1 The Employer hereby employs the Employee, and the Employee accepts employment as President & Executive Managing Director.

1.2 The tasks to be discharged by the Employee are set out in the respective job description. The Employee's responsibilities are specified by the Employer. The Employee's responsibilities may, at any time, be modified by the Employer to perform other assignments or assume other responsibilities. The other terms applicable to the Employee shall not be affected by such modification.

1.3 The Employee shall report to the CEO LKQ Corporation or to another person designated by the Employer.

1.4 The Employee's office will be located in Zug, Switzerland. The Employer reserves the right to relocate the Employee to another appropriate place of work but without changing the Employee's salary entitlement. This applies in the context of reasonable relocation and by mutual agreement. It is understood that the above-mentioned position of the Employee includes a high level of travel activities and customer visits.

1.5 This Agreement is contingent upon the issuance of the legally required work and residence permits authorizing the Employee to work for the Employer in Switzerland. This Agreement automatically lapses if the Employee no longer has the right to work for the Employer in Switzerland.

2. Remuneration

2.1 Salary

The Employee shall receive an annual gross base salary of CHF 565'000 payable in 12 equal installments each of which shall be paid at the latest on the last day of a calendar month to a Swiss bank account designated by the Employee. Upon payment of the above-mentioned base salary, all activities performed by the Employee under this contract shall be compensated. This also applies to activities for the benefit of other subsidiaries or affiliates of the Employer.

The Employee will be eligible for an annual bonus of 30% at threshold, 60% at target and 120% at maximum. Awards under the bonus program will be calculated as a percentage of the weighted average of the Employee's base salary for the bonus year. The Employee's first bonus award will be calculated from 1st January 2024. The Employee's bonus plan and the performance measures and targets included in such plan shall be (i) 80% based on the consolidated financial performance of LKQ Europe and (ii) 20% based on the consolidated financial performance of LKQ Corporation. Notwithstanding the foregoing, the Employer reserves the right to modify its bonus program at its sole discretion with respect to, among other items, bonus opportunity percentages and goals for the program.

2.2 Deductions

The salary and bonus payments are gross payments. The Employee's contributions for social security insurances such as *"AHV"*, *"IV"*, *"EO"*, *"ALV"* and/or for non-occupational accident insurance and/or for the pension plan maintained by the Employer as well as applicable source taxes, if any, shall be deducted from the payments made to the Employee, in accordance with applicable laws and/or regulations.

2.3 Company Car

The employee will keep his company car in UK. In additional the LKQ Expense Regulation in Switzerland will apply.

2.4 Commuter Allowance:

The employee shall receive a monthly contribution of CHF 2.500 net. This amount is valid for 24 months from the start date and will be reviewed after 2 years. It is agreed that the amount will remain guaranteed if personal circumstances do not change and the employee continues to commute. The employer is entitled to request a self-disclosure for confirmation at any time.

2.5 Furniture Allowance:

The employee shall receive a one-off furniture allowance of CHF 10.000 net. This amount will be paid with the first payroll in Switzerland.

2.6 Lump Sum Expense:

The employee shall receive a yearly lump sum flat of CHF 12.000,00 net in accordance with the LKQ Expense Regulation.

2.7 Housing:

The employee is entitled to a monthly housing support of CHF 8.000 net (incl. cleaning and any other charges). The cost will be directly paid by the company.

2.8 Tax support:

As a Swiss employee with recurring travel to the UK, you will be taxed in accordance with both UK and Swiss laws. LKQ will support you with all required individual tax fillings both in the UK and in Switzerland for the tax years impacted by this travel arrangement, plus for any subsequent years to finalize any trailing tax liabilities, in the home and host county locations, as required. LKQ's designated tax services provider has been retained to assist you in understanding any tax impact as a result of your cross-border arrangement, calculating actual home and host location tax liabilities, calculating applicable payroll tax withholding amounts, and preparing applicable home and host location individual tax returns.

2.9 Additional Notes:

All taxes payable on the taxable benefit for the agreements outlined in 2.3 to 2.7 are grossed up by the company.

Due to your recurring travel between the UK and Switzerland, your home country income tax for income attributable to your assignment will be treated under LKQ's Tax Equalization Policy. An annual reconciliation will be prepared after all necessary actual tax returns have been filed. You will also be responsible for previous home/host country taxes relating to any compensation, awards, or benefits granted prior to the effective date of your Swiss employment but received after the effective date, and any tax and / or social security liabilities relating to non-employment sourced income remain your own responsibility.

Basis of this agreement are the agreed numbers in GBP and converted to CHF (average fx rate in 2023 is 1,13 (rounded)). It's also agreed to review the payment in relation to GBP due to currency exchange rate (in both directions) on annual basis (Difference exceeds +/- 5 % compared to the average FX-rate over a full year.

Unless otherwise expressly agreed upon in writing, the payment of any other gratuities, profit shares, premiums or other extra payments shall be on a voluntary basis, it being understood that even repeated payments without the reservation of their voluntary nature shall not create any legal claim for the Employee, either in respect to their cause or their amount, either for the past or for the future.

2.10 Repayment obligation

Should the Employee have received any payment in excess of his actual entitlement, the Employee shall, upon the Employer's first request, pay back such excessive amount to the Employer. Payments that the Employer, without being in any error, declares as voluntary, shall not be covered by this repayment obligation.

3. Expenses

3.1 The Employer shall reimburse the Employee upon submission of appropriate vouchers for reasonable and customary business travel expenses in accordance with the applicable Employer guidelines as in force from time to time. The Employee shall submit such expense vouchers monthly.

3.2 The Employee may use the first class of the train; for domestic and European flights, the economy class must be used; and for flights outside Europe, the Employee may choose business class.

3.3 The Employer shall provide the necessary electronic equipment to allow the Employee to be fully integrated into the Employer's world-wide network and to access the Employer's facilities. Any such equipment shall remain the property of the Employer.

4. Pension fund

The Employee shall be covered by the Employer's pension fund under the regulations as in force from time to time. The Employer and the Employee shall pay the contributions in accordance with the applicable regulations.

5. Sickness / Insurance

5.1 The employee will keep his private health care position in UK.

5.2 If the Employee is prevented from work due to sickness or accident, the Employee shall inform the Employer without delay and shall submit a medical certificate within three work days. In case the Employee is prevented from work for a longer period of time than stated in the medical certificate, the Employee shall so inform the Employer and shall, at the Employer's request, submit another medical certificate.

5.3 The Employee will be covered by sick pay insurance (loss of earnings insurance; Krankentaggeldversicherung) during his employment. The insurance coverage shall replace the statutory sick pay rules.

In cases that are covered by the loss of earnings insurance, the insurance shall in principle cover 90% of the Employee's base salary for as long as the employment exists but limited to a maximum period of 720 days minus a waiting period. It being understood that the insured salary is capped at an annual gross salary of CHF 400.000. The insurance conditions that apply from time to time are explicitly reserved and will be disclosed to the Employee upon request.

The premium for the loss of earnings insurance will be borne 40 % by the Employee and 60 % by the Employer.

During the waiting period, the Employer will continue to pay the full salary.

In the event that insurance benefits should be reduced or refused due to pre-existing health conditions, age, foreign domicile or other reasons, the Employee's claim to sick pay shall be reduced to the payments required by statutory law ("*Berner Skala*"). The same applies if the Employee is, by no fault of his own and due to other reasons inherent in the Employee's person, prevented from performing work. Such time period will be calculated in accordance with the "*Berner Skala*" based on the Employee's years of service:

in the 4th – 12th month of service 3 weeks in the 2nd year of service 1 month in the

3rd and 4th year of service 2 months in the 5th to 9th year of service 3 months in

the 10th to 14th year of service 4 months in the 15th to 19th year of service 5

months from the 20th year of service 6 months

it being understood that no payments shall be made after the end of the employment relationship.

6. Working hours / Vacations

6.1 The Employee agrees to exercise his best efforts to successfully and carefully accomplish the duties assigned to him and further agrees that he shall devote at least 40 hours per week to service on behalf of the Employer. The Employee agrees to perform overtime work if necessary to properly fulfill his employment duties.

6.2 Any overtime work is compensated by the remuneration envisaged in this Agreement. There shall be neither an additional financial compensation nor compensation by free time.

6.3 The Employee shall be entitled to 25 days of paid vacations per calendar year.

7. Duties of loyalty and confidentiality

7.1 The Employee shall devote his efforts exclusively to the Employer in furtherance of the Employer's interests. Any engagement in additional occupations for remuneration or any participation in any kind of enterprise requires the written consent of the Employer. This shall not apply to the usual acquisition of shares or other stocks up to 5% of equity capital or 5% of voting rights exclusively for investment purposes. The acquisition of shares or other stocks in non-listed companies that maintain business relationships with the Employer or that compete with the Employer must in any case be approved in advance and in writing by the Employer. The Membership in the board of directors or supervisory board of other companies shall also require the prior written approval of the Employer.

7.2 The Employee shall during the period of employment with the Employer and at any time thereafter, keep secret any confidential information, in particular information concerning contractual arrangements, deals, transactions or any other affairs of the Employer or its affiliates as well as their respective employees, business partners and officers and will not use any such information for his own benefit or the benefit of others. This obligation shall also exist with respect to any protected data and confidential information of third parties that the Employee gets to know as an employee of the Employer.

7.3 Upon termination of this Agreement, the Employee shall return to the Employer all files and any company documents concerning the business of the Employer and its affiliates in his possession or open to his access, including all designs, customer and price lists, printed material, documents, sketches, notes, drafts as well as copies thereof, as well as any objects belonging to the Employer or to an affiliate of the Employer. Any retention right is excluded.

7.4 During the term of this Agreement as well as for a period of 12 months after the termination of this employment relationship, the Employee shall not entice away or solicit any employees of the Employer or offer them a job or have them offered a job or to try to do any of these activities. Upon each violation of his obligations under this Section 7.4, the Employee shall pay to the Employer a contractual penalty in the amount equal to one quarter of the Employee's last annual gross salary. Payment of the contractual penalty does not relieve the Employee from his obligations under this Section 7.4. The Employer is furthermore entitled to seek judicial enforcement of the Employee's obligations and/or to claim damages.

7.5 During the term of this Agreement as well as for a period of 12 months after the termination of his employment relationship, the Employee shall neither entice away nor solicit nor try to entice away or to solicit any customers of the Employer for whom the Employee was active or with whom the Employee was in contact during the last 12 months prior to the effective termination of his activity for the Employer, nor directly nor indirectly act on behalf of such a customer, for example as an employee, consultant, agent, corporate body or employee of a third party, nor submit an offer for such an activity. Upon each violation of his obligations under this Section 7.5 the Employee shall pay to the Employer a contractual penalty in an amount equal to the Employee's last annual gross salary. Payment of the contractual penalty does not relieve the Employee from observing his obligations under this Section 7.5. The Employer is furthermore entitled to seek judicial enforcement of the Employee's obligations and/or to claim damages.

8. Intellectual property rights

8.1 All intellectual property rights including but not limited to patent rights, design rights, copyrights and related rights, database rights, trademark rights and chip rights as well as any rights in know how ensuing from any work performed by the Employee during the term of his employment (hereinafter the "Intellectual Property Rights"), shall exclusively and directly vest in the Employer. The Employee may not, without the Employer's written consent, disclose, multiply, use, manufacture, bring on the market or sell, lease, deliver or otherwise trade, offer on behalf of a third party, or register the results of his work.

8.2 Insofar as certain Intellectual Property Rights mentioned in Section 8.1 above should not vest in the Employer by operation of law or based on Section 8.1 above, the Employee covenants that he will transfer and, insofar as possible, hereby transfers to the Employer such rights. The Employer may however renounce such transfer or transfer back to the Employee any such Intellectual Property Rights at any time. If a transfer should not be possible under the applicable law, then the Employee shall grant to the Employer a perpetual, transferable, royalty-free license to use and exploit such Intellectual Property Rights in any way the Employer sees fit.

8.3 The Employee acknowledges that his salary includes reasonable compensation for the loss of Intellectual Property Rights.

8.4 The Employer is entitled to transfer the Intellectual Property Rights in full or in part to any third party. The Employer and such third parties are not obliged to mention the Employee as the author if they publish any computer programs or other works. They are free to make any modifications, translations and/or other adaptations and/or can refrain from making any publications.

9. Data protection

The Employee agrees that the Employer may process personal data concerning him/her to the extent such data relates to his suitability for the employment or is necessary to perform the employment relationship. The Employee agrees that the Employer can transfer personal data to affiliated companies outside of Switzerland, in particular to its parent company (LKQ Corporation, a Delaware corporation) located in the United States of America.

10. Non-competition

In view of the fact that the Employee in the course of his employment will acquire knowledge of the Employer's trade secrets and manufacturing secrets and/or will have insight into the Employer's customer base, the Employee undertakes not to perform any activity competing with the Employer during the term of this Agreement as well as after the term of this Agreement for a period of 12 months. After the termination of this Agreement the non-compete covenant shall be limited to Europe and the field of wholesale distribution of car parts, garage equipment, tools and services.

In particular, the Employee agrees:

not to have, directly or indirectly, any financial or other interest in a business or company which develops, produces, markets or distributes products substantially similar to the products of the Employer or its affiliated companies or renders services similar to those rendered by the Employer or its affiliated companies;

not to accept any part- or full-time employment in such a company or to act as a consultant or representative or in any other form for such a company;

not to directly or indirectly establish or operate such a company.

The Employee understands that a violation of the obligations under this Section 10 might cause serious damage to the Employer. Upon any breach of his obligations under this Section 10, the Employee shall pay to the Employer an amount equal to his last annual gross salary as a contractual penalty. The payment of the contractual penalty does not relieve the Employee from his non-compete obligations. The Employer's right to claim damages is expressly reserved. Furthermore, the Employer shall in any event be entitled to seek judicial enforcement of the Employee’s obligations.

11. Duration and termination

11.1 This Agreement shall be effective as of April 1, 2024 and last for an indefinite period of time.

11.2 There shall be no probation period. This Agreement may be terminated by either party by respecting a notice period of three months with effect to the end of a calendar month.

11.3 This Agreement terminates without notice at the end of the month on which the Employee reaches the ordinary retirement age.

11.4 The Employer has the right to relieve the Employee from the Employee’s obligation to work at any time provided that (i) the Employer continues to pay Employee his base salary through the end of the notice period and (ii) any income that the Employee receives from any activity during such release third party prior to the end of the notice period shall be deducted from the base salary amount paid by the Employer to the Employee. The Employee shall have the duty to inform the Employer of the amount of any income Employee receives from any third party during such period. Any unused vacation entitlements and other entitlements to paid time-off by the Employee shall be deemed to be compensated by such period of release. The unused vacation shall be taken from the first day after the release on without interruption. During the release period, the Employee shall not engage in any competing activity.

12. Miscellaneous

12.1 This Agreement replaces all prior understandings and/or contracts between the parties.

12.2 By signing this Agreement, the Employee confirms that his activity for the Employer from the effective date listed in Section 11.1 (or earlier if agreed upon by Employee and the Company) is not subject to any contractual or other limitations (e.g., based on post-contractual non-compete covenants) arising from agreements with a previous employer or other third parties.

12.3 Amendments and additions to this Agreement including this clause must be in writing to be effective. This form requirement does not apply to the notice of termination which does not require a particular form.

12.4 Should one or several provisions of this Agreement prove invalid, in part or in whole, such invalid provision(s) shall not affect the validity of the other provisions in this Agreement. The invalid provision(s) shall be replaced by such valid provision(s) that best meet(s) the parties' intention when agreeing on the invalid provision(s).

13. Applicable law

This Agreement shall be governed by Swiss law.

14. Jurisdiction

All disputes arising out of or in connection with this Agreement, including any disputes regarding its validity or its termination as well as regarding the validity of this jurisdiction clause, shall be decided by the courts at the domicile or seat of the respondent or at the place where the Employee usually performs his work.

Place and Date Place and Date

26/03/24 26 March 2024 | 15:56 GMT Munich 26 March 2024 | 14:48 GMT

The Employee The Employer

Andrew Craig Hamilton

David Brookfield

David Brookfield

VP HR

Exhibit 21.1

LIST OF SUBSIDIARIES OF LKQ CORPORATION (as of December 31, 2025)

Subsidiary	Jurisdiction	Assumed Names
U.S. Entities		
A&A Auto Parts Stores, Inc.	Pennsylvania	
Assured Quality Testing Services, LLC	Delaware	
Automotive Calibration & Technology Services, LLC	Delaware	
AutoTech Fund I L.P. (8.25% stake)	Delaware	
AutoTech Fund II L.P. (6.66% stake)	Delaware	
AutoTech Fund III L.P. (8.55% stake)	Delaware	
Central Basin Insurance Company	Tennessee	
DriverFx.com, Inc.	Delaware	
Global Powertrain Systems, LLC	Delaware	
KAIR IL, LLC	Illinois	
KAO Logistics, Inc	Pennsylvania	
KAO Warehouse, Inc.	Delaware	
Keystone Automotive Industries, Inc.	California	Transwheel; Chrome Enhancements; Elitek Vehicle Services; Green Bean Battery; Auto Data Labels; All Factory Wheels; Wheel Fix It; Auto Parts Outlet
Keystone Automotive Operations, Inc.	Pennsylvania	NTP-Stag
Keystone Automotive Operations of Canada, Inc.	Delaware	
KPGW Canadian Holdco, LLC	Delaware	
Lakefront Capital Holdings, LLC	California	
LKQ Auto Parts of Central California, Inc.	California	
LKQ Best Automotive Corp.	Delaware	LKQ Auto Parts of South Texas; LKQ International Sales; LKQ Pick Your Part; LKQ Auto Parts of Central Texas
LKQ Central, Inc.	Delaware	LKQ of NW Arkansas; Mabry Auto Salvage
LKQ Delaware LP	Delaware	
LKQ Foster Auto Parts, Inc.	Oregon	LKQ Barger Auto Parts; LKQ KC Truck Parts-Inland Empire; LKQ KC Truck Parts-Western Washington; LKQ of Eastern Idaho; LKQ Heavy Truck
LKQ Investments, Inc.	Delaware	
LKQ Lakenor Auto & Truck Salvage, Inc.	California	
LKQ Midwest, Inc.	Delaware	LKQ Smart Parts; LKQ Heavy Truck
LKQ Northeast, Inc.	Delaware	LKQ Thruway Auto Parts; LKQ Venice Auto Parts; LKQ Triple Nickel Trucks; Ernie's Auto Enterprises; LKQ Heavy Truck
LKQ Receivables Finance Company, LLC	Delaware	
LKQ Southeast, Inc.	Delaware	LKQ Fort Myers; LKQ Gulf Coast; LKQ Pick Your Part; LKQ Melbourne; LKQ North Florida; LKQ West Florida; LKQ Heavy Truck Jackson; LKQ Crystal River; LKQ Heavy Truck; LKQ Service Center of Crystal River; LKQ Jackson
LKQ Taiwan Holding Company	Illinois	
LKQ Trading Company	Delaware	
Motorhomey, L.P. (54.75% stake)	Delaware	
North American ATK Corporation	California	

Subsidiary	Jurisdiction	Assumed Names
Princeton Nuenergy Inc. (6.16% stake)	Delaware	
Redding Auto Center, Inc.	California	LKQ Auto Sales of Rancho Cordova; LKQ Auto Parts of Northern California
RSI SmartCap North America, Inc.	Delaware	
Rydell Motor Company, LLC (1% stake)	Iowa	
Uni-Select USA LLC	Delaware	
Warn Industries, Inc.	Delaware	Fab Fours; Fabtech Motorsports

Subsidiary	Jurisdiction	Assumed Names
Foreign Entities		
1323352 Alberta ULC	Alberta	
1323410 Alberta ULC	Alberta	
9331972 Canada Inc.	Canada (Federal)	
9556-2906 Québec Inc.	Quebec	
All Parts Automotive Limited	Ontario	
Aquafax Limited	England & Wales	
Arleigh Group Limited	England & Wales	
Arleigh International Limited	England & Wales	
ATK Canada Inc.	Canada (Federal)	
ATR International AG (20% subsidiary of Auto-Teile-Ring)	Germany	
Atracco AB	Sweden	
ATRACCO AS	Norway	
Atracco Auto AB	Sweden	
Atracco Group AB	Sweden	
Auto Kelly Bulgaria EOOD	Bulgaria	
Auto-Teile-Ring-GmbH (37.5% stake)	Germany	
Bols Motoren B.V.	Netherlands	
Car Parts 4 Less Limited	England & Wales	
Car Systems B.V.	Netherlands	
Cedar EV Holdings Limited (60% stake)	England & Wales	
Commercial Parts UK Holdco Limited	England & Wales	
Digraph Transport Supplies Limited	England & Wales	
Digraph Transport Supplies (Telford) Limited	England & Wales	
Distribution Gilbert Ltée/Gilbert Supply Ltd.	Quebec	
Distribuidora Hermanos Copher Internacional, SA	Guatemala	
Du-So Pièces d'auto Inc.	Quebec	
Elit Group GmbH	Switzerland	
Elit Kar OOD (20% stake)	Bulgaria	
ELIT ROMANIA Piese Auto Originale S.R.L.	Romania	
ELIT-UKRAINE LLC	Ukraine	
Emotive B.V.	Netherlands	
Emotive FR SAS	France	
EMOTIVE GmbH	Switzerland	
Emotive Iberia S.L.	Spain	
ERA S.r.l.	Italy	
Euro Car Parts Limited	England & Wales	
Fource Automotive B.V.	Netherlands	
Heuts Beheer B.V.	Netherlands	
HF Services B.V.	Netherlands	
HF Services BV (Van Heck Interpieces NV 99.9% share & Fource Holding B.V. 0.1%)	Belgium	
HF Services SAS	France	

Subsidiary	Jurisdiction	Assumed Names
In2 Developments Limited	England & Wales	
inSiamo S.c.a.r.l. (32.07% stake)	Italy	
IPAR Industrial Partners B.V.	Netherlands	
Karkraft (N.I.) Limited	Northern Ireland	
Keystone Automotive de Mexico, Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	
Keystone Automotive Industries ON, Inc.	Canada (Federal)	
LÁNG Kft.	Hungary	
Leaseservice Partner B.V.	Netherlands	
LKQ (Shanghai) Auto Parts Co., Ltd.	China	
LKQ Belgium BV	Belgium	
LKQ Benelux-France Holding B.V.	Netherlands	
LKQ Benelux-France Services B.V.	Netherlands	
LKQ Canada Auto Parts Inc.	Canada (Federal)	
LKQ CZ s.r.o.	Czech Republic	
LKQ (Distribution Ireland) Limited	Ireland	
LKQ Dutch Bond B.V.	Netherlands	
LKQ Electric Limited	England & Wales	
LKQ Europe GmbH	Switzerland	
LKQ European Holdings B.V.	Netherlands	
LKQ European Services B.V.	Netherlands	
LKQ France SAS	France	
LKQ German Holdings GmbH	Germany	
LKQ Group (UK) Limted	England & Wales	
LKQ India Private Limited	India	
LKQ Italia S.r.l.	Italy	
LKQ Netherlands B.V.	Netherlands	
LKQ Netherlands Wholesale B.V.	Netherlands	
LKQ North-West Europe B.V.	Netherlands	
LKQ Ontario LP	Ontario	
LKQ Polska Sp. z o.o.	Poland	
LKQ SK s.r.o.	Slovakia	
LKQ SYNETIQ Limited	England & Wales	
M.P.M. International Oil Company B.V.	Netherlands	
M.R.T. Polska Sp z.o.o.	Poland	
Märkesdemo AB (37.92% stake)	Sweden	
Mätorit Data Aktiebolag	Sweden	
MEKO AB (26.5% stake)	Sweden	
Motorparts S.r.l.	Italy	
MRT-Engines B.V.	Netherlands	
Neimcke AT GmbH & Co. KG (subsidiary of Neimke GmbH & Co. KG)	Austria	
Neimcke AT Verwaltungs GmbH (subsidiary of Neimke GmbH & Co. KG)	Austria	

Subsidiary	Jurisdiction	Assumed Names
Neimcke Geschaftsfuhrungs-und Verwaltungs GmbH (74% stake)	Germany	
Neimcke GmbH & Co. KG (74% stake)	Germany	
Neimcke Holding GmbH (subsidiary of Neimke GmbH & Co. KG)	Germany	
NTP/Stag Canada Inc.	Canada (Federal)	
OPTIMAL Automotive GmbH	Germany	
Optimal Istanbul Yedek Parca Otomotiv Sanayi Ve Ticaret Ltd. (95% subsidiary of Optimal AG & Co. KG)	Turkey	
Optimal Otomotiv Dis Ticaret Ltd. (subsidiary of Optimal AG & Co. KG)	Turkey	
Örebro Bildemontering Aktiebolag	Sweden	
Partslife GmbH (2.27% subsidiary of PV Automotive GmbH)	Germany	
Pièces d'auto Alder Ltée/Alder Auto Parts Ltd.	Quebec	
Pika Autoteile GmbH	Germany	
Plastique Royal Inc.	Quebec	
PV Automotive GmbH	Germany	
PV Technik GmbH (subsidiary of PV Automotive GmbH)	Germany	
Recopart AB	Sweden	
Rhenoy Onderdelen B.V.	Netherlands	
Rhiag - Inter Auto Parts Italia S.r.l.	Italy	
Rhiag Group GmbH	Switzerland	
Stahlgruber - B.M. S.r.l.	Italy	
Stahlgruber Beteilligungsgesellschaft mbH	Germany	
Stahlgruber Gesellschaft m.b.H.	Austria	
Stahlgruber GmbH	Germany	
Stahlgruber Holding GmbH	Germany	
Stahlgruber trgovina d.o.o. (51% stake)	Croatia	
Stichting AutoFirst Nederland	Netherlands	
Uni-Select Inc.	Quebec	
Upplands bildemontering AB	Sweden	
Vakgarage Franchise B.V.	Netherlands	
Vakgarage Projekten B.V.	Netherlands	
Van Heck Interpieces B.V.	Belgium	
Vanesch Verf Nederland B.V.	Netherlands	
VEGE COM S.A.R.L. (subsidiary of VEGE Moteurs S.A.)	Tunisia	
Vége de Mexico S.A. de C.V.	Mexico	
VEGE Moteurs S.U.A.R.L.	Tunisia	
Vege-Motodis S.A. de C.V.	Mexico	
Verfhandel Willy Pijnenborg B.V.	Netherlands	
WJCM de Mexico, Sociedad de Responsabilidad Limitada de Capital Variable	Mexico	

LIST OF SUBSIDIARY GUARANTORS

The following subsidiaries (collectively, the “Subsidiary Guarantors”) of LKQ Corporation, a Delaware corporation (the “Company”), were, as of the date of the filing of this exhibit, guarantors of the Company’s 5.750% senior notes due 2028 and 6.250% senior notes due 2033:

Name of Subsidiary	Jurisdiction of Incorporation/Organization	Obligor Type
A&A Auto Parts Stores, Inc.	Pennsylvania	Guarantor
Assured Quality Testing Services, LLC	Delaware	Guarantor
Automotive Calibration & Technology Services, LLC	Delaware	Guarantor
DriverFX.com, Inc.	Delaware	Guarantor
Global Powertrain Systems, LLC	Delaware	Guarantor
KAIR IL, LLC	Illinois	Guarantor
KAO Logistics, Inc.	Pennsylvania	Guarantor
KAO Warehouse, Inc.	Delaware	Guarantor
Keystone Automotive Industries, Inc.	California	Guarantor
Keystone Automotive Operations, Inc.	Pennsylvania	Guarantor
Keystone Automotive Operations Of Canada, Inc.	Delaware	Guarantor
KPGW Canadian Holdco, LLC	Delaware	Guarantor
LKQ Auto Parts Of Central California, Inc.	California	Guarantor
LKQ Best Automotive Corp.	Delaware	Guarantor
LKQ Central, Inc.	Delaware	Guarantor
LKQ Foster Auto Parts, Inc.	Oregon	Guarantor
LKQ Investments, Inc.	Delaware	Guarantor
LKQ Lakenor Auto & Truck Salvage, Inc.	California	Guarantor
LKQ Midwest, Inc.	Delaware	Guarantor
LKQ Northeast, Inc.	Delaware	Guarantor
LKQ Southeast, Inc.	Delaware	Guarantor
LKQ Taiwan Holding Company	Illinois	Guarantor
LKQ Trading Company	Delaware	Guarantor
North American ATK Corporation	California	Guarantor
Redding Auto Center, Inc.	California	Guarantor
RSI SmartCap North America, Inc.	Delaware	Guarantor
Warn Industries, Inc.	Delaware	Guarantor
Uni-Select USA LLC	Delaware	Guarantor

The Company and the above-listed Subsidiary Guarantors, were, as of the date of the filing of this exhibit, also guarantors of the 4.125% senior notes due 2028 (the “Euro Notes (2028)”) issued by LKQ European Holdings B.V., the Company’s wholly owned subsidiary.

The Company and the above-listed Subsidiary Guarantors, were, as of the date of the filing of this exhibit, also guarantors of the 4.125% senior notes due 2031 (the “Euro Notes (2031)”) issued by LKQ Dutch Bond B.V., the Company’s wholly owned subsidiary.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-110149, 333-128151, and 333-174450 on Form S-8 and No. 333-277267 on Form S-3 of our reports dated February 19, 2026, relating to the consolidated financial statements of LKQ Corporation and subsidiaries, and the effectiveness of LKQ Corporation and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of LKQ Corporation for the year ended December 31, 2025.

/s/ DELOITTE & TOUCHE LLP

Chicago, Illinois
February 19, 2026

Exhibit 31.1

CERTIFICATION

I, Justin L. Jude, certify that:

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

February 19, 2026

/s/ JUSTIN L. JUDE

Justin L. Jude

President and Chief Executive Officer

CERTIFICATION

I, Rick Galloway, certify that:

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

February 19, 2026

/S/ RICK GALLOWAY

Rick Galloway
Senior Vice President and Chief Financial Officer

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 Annual Report of LKQ Corporation (the “Company”) on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, as President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

Dated: February 19, 2026

/s/ JUSTIN L. JUDE

Justin L. Jude

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 Annual Report of LKQ Corporation (the “Company”) on Form 10-K for the fiscal year ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, as Senior Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

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

Dated: February 19, 2026

/s/ RICK GALLOWAY
Rick Galloway
Senior Vice President and Chief Financial Officer