

LKQ Corporation Announces Results for Fourth Quarter and Full Year 2025

February 19, 2026

- Annual operating cash flow³ of \$1.1 billion; free cash flow^{1,3} of \$847 million
- Returned \$116 million of Capital to Shareholders; \$40 million of Share Repurchases and \$76 million in Cash Dividends in the Fourth Quarter
- Board of Directors Initiated a Comprehensive Review of Strategic Alternatives to Enhance Shareholder Value
- 2026 Outlook Provided

Antioch, TENN -- LKQ Corporation (Nasdaq: LKQ) today reported fourth quarter and full year 2025 financial results and 2026 financial outlook.

“Throughout 2025, our team relentlessly focused on what we could control, resulting in significant free cash flow generation despite sector headwinds across our global enterprise. Our North America business gained market share in a soft demand environment through pricing discipline, continued expansion of our MSO relationships, and the ongoing expansion of our Canadian hard parts business. Despite the headwinds in Europe, we further integrated and simplified our operations to support sustained margin improvement and capitalize on adjacent market opportunities. The European leadership team has taken a stronger position on productivity to ensure the appropriate cost structure is delivered in 2026,” noted Justin Jude, President and Chief Executive Officer. “Specialty performed well in the quarter posting organic revenue growth of 7.8% as their end markets continue to improve.”

Fourth Quarter and Full Year 2025 Financial Results

Revenue for the fourth quarter of 2025 was \$3.3 billion, an increase of 2.7% compared to \$3.2 billion for the fourth quarter of 2024. Total parts and services revenue increased 2.2%, which included a 3.7% increase from foreign exchange rates year over year, a 1.7% decrease in parts and services organic revenue and the net impact of acquisitions and divestitures, which increased revenue by 0.2%.

Net income² for the fourth quarter of 2025 was \$75 million compared to \$151 million for the same period of 2024. Diluted earnings per share² was \$0.29 compared to \$0.58 for the same period of 2024, a decrease of 50.0%.

On an adjusted basis, net income^{1,2} in the fourth quarter of 2025 was \$150 million compared to \$202 million for the same period of 2024, which benefited from a non-recurring favorable legal settlement of \$35 million

(pre-tax). Adjusted diluted earnings per share^{1,2} was \$0.59 compared to \$0.78 for the same period of 2024, a decrease of 24.4%.

Revenue for the full year of 2025 was \$13.7 billion, a decrease of 1.3% compared to \$13.8 billion for the full year of 2024. Total parts and services revenue decreased 1.5%, which included a 2.7% decrease in parts and services organic revenue (2.3% decrease on a per day basis), a 1.7% increase from foreign exchange rates year over year, and the net impact of acquisitions and divestitures, which decreased revenue by 0.5%.

Net income² for the full year of 2025 was \$596 million compared to \$666 million for the same period of 2024. Diluted earnings per share² was \$2.31 compared to \$2.53 for the same period of 2024, a decrease of 8.7%.

On an adjusted basis, net income^{1,2} for the full year of 2025 was \$777 million compared to \$894 million for the same period of 2024. Adjusted diluted earnings per share^{1,2} was \$3.01 compared to \$3.39 for the same period of 2024, a decrease of 11.2%.

Strategic initiatives

On January 26, 2026, the Company announced that the Board of Directors initiated a comprehensive review of strategic alternatives to enhance shareholder value. The review has no deadline or definitive timetable and there can be no assurance the review will result in any transaction or other strategic outcome. The Company will provide updates on the process if appropriate or required by law. In addition, the Company continues to execute on the following key initiatives:

- **Simplify Business Portfolio and Operations:** Streamlining operations by focusing on our non-discretionary businesses, divesting non-core assets, and enhancing efficiencies.
 - Announced completion of the sale of our former Self Service segment in October and announced the process to explore a potential sale of our Specialty segment in December.
- **Expand Lean Operating Model Globally:** Continuing global rollout of lean operating model to improve productivity, execution, and decision-making.
 - Achieved meaningful progress with our SKU rationalization program in 2025, with over 85% of targeted SKUs reviewed, up from 50% in 2024.
- **Invest and Grow Organically:** Investing in our core businesses to achieve above market growth and drive market share gains.
 - Gained share in North America despite economic backdrop, grew our Bumper to Bumper hard parts business and expanded our calibration services platform.

- **Pursue Disciplined Capital Allocation Strategy:** Remaining focused on maximizing shareholder value with a disciplined capital allocation strategy and further strengthening our balance sheet to maintain our competitive market position and resilient business model through all market cycles.
 - Returned \$469 million of capital through share buybacks and dividends and launched strategic review process to enhance shareholder value.

Further supporting our strategic initiatives, we recently approved a restructuring plan intended to better position our cost structure to more efficiently serve our strategic markets and enhance the Company's long-term performance. The plan is expected to result in restructuring charges of approximately \$60 to \$70 million and generate more than \$50 million in annualized cost savings, with more than half of these savings anticipated to be realized in 2026.

Cash Flow and Balance Sheet

Cash flow from operations³ and free cash flow^{1,3} were \$1.1 billion and \$0.8 billion, respectively, for the full year of 2025. As of December 31, 2025, the balance sheet reflected total debt of \$3.7 billion and total leverage, as defined in our credit facility, was 2.4x EBITDA.

Returning Capital to Shareholders

During the fourth quarter of 2025, the Company invested approximately \$40 million to repurchase 1.3 million shares of its common stock and distributed \$76 million in cash dividends. For the year ended December 31, 2025, the Company returned approximately \$469 million to its shareholders by investing approximately \$159 million to repurchase 4.5 million shares of its common stock and distributing \$310 million in cash dividends. Since initiating the stock repurchase program in late October 2018, the Company has repurchased approximately 69.0 million shares for a total of \$2.9 billion through December 31, 2025. An aggregate balance of \$1.6 billion remains for potential additional repurchases through October 25, 2026. On February 17, 2026, the Board of Directors 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.

2026 Outlook

"Operational excellence remains our core focus as our teams continue to drive simplification and productivity in an uncertain demand environment. Our 2026 guidance reflects current market conditions and assumes gradual improvement as the year progresses. The strength of our operating model

and culture continues to support solid free cash flow generation, and together with our strong balance sheet, positions the Company to execute on its long-term strategy and further strengthen its financial profile,” stated Rick Galloway, Senior Vice President and Chief Financial Officer.

For 2026, management is anticipating the following outlook as set forth below. This outlook is based on what the Company can reasonably predict at this time given the current demand environment.

	2026 Full Year Outlook
Organic revenue growth for parts and services	(0.5%) to 1.5%
Diluted EPS²	\$2.35 to \$2.65
Adjusted diluted EPS^{1,2}	\$2.90 to \$3.20
Operating cash flow	\$900 to \$1,100 million
Free cash flow¹	\$700 to \$850 million

Our outlook for the full year 2026 is based on current conditions, recent trends and our expectations. Outlook includes estimated impacts from the U.S. and retaliatory tariffs in effect as of February 1, 2026 and assumes a global effective tax rate of 26.8% and foreign currency exchange rates near recent average levels, including \$1.17, \$1.35 and \$0.72 for the euro, pound sterling and Canadian dollar, respectively, for the year. Changes in these conditions may impact our ability to achieve the estimates. Adjusted figures exclude (to the extent applicable) the impact of restructuring and transaction related expenses; amortization expense related to acquired intangibles; excess tax benefits and deficiencies from stock-based payments; losses on debt extinguishment; impairment charges; and gains and losses related to acquisitions or divestitures (including changes in the fair value of contingent consideration liabilities).

⁽¹⁾ Non-GAAP measure. See the table accompanying this release that reconciles the actual or forecasted U.S. GAAP measure to the actual or forecasted adjusted measure, which is non-GAAP.

⁽²⁾ References in this release to Net income and Diluted earnings per share, and the corresponding adjusted figures, reflect amounts from continuing operations attributable to LKQ stockholders.

⁽³⁾ Cash flow from operations and free cash flow include both continuing and discontinued operations.

Non-GAAP Financial Measures

This release contains (and management’s presentation on the related investor conference call will refer to) non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Included with this release are reconciliations of each non-GAAP financial measure with the most directly comparable financial measure calculated in accordance with GAAP.

About LKQ Corporation

LKQ Corporation (www.lkqcorp.com) is a leading provider of alternative and specialty parts to repair and accessorize automobiles and other vehicles. LKQ has operations in North America, Europe and Taiwan. LKQ offers its customers a broad range of OEM recycled and aftermarket parts, replacement systems, components, equipment, and services to repair and accessorize automobiles, trucks, and recreational and performance vehicles.

About LKQ Europe

LKQ Europe, a subsidiary of LKQ Corporation (www.lkqcorp.com), headquartered in Zug, Switzerland, is the leading distributor of automotive aftermarket parts for cars, commercial vans, and industrial vehicles in Europe. It currently employs approximately 26,000 people with a network of more than 900 branches and approximately \$6.3 billion in revenue in 2025. The organization supplies more than 100,000 workshops in over 18 European countries in the following regions: Benelux-France, Central Eastern Europe, DACH, Italy, Scandinavia and UK & Ireland.

Forward Looking Statements

Statements and information in this press release and on the related conference call, including our outlook for 2026, as well as remarks by the Chief Executive Officer and other members of management, 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, expectations, beliefs, hopes, intentions and strategies. These statements are subject to a number of risks, uncertainties, assumptions and other factors including those identified below. 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 events or results to differ from the events or results predicted or implied by our forward-looking statements include the factors set forth below, and other factors discussed in our filings with the SEC, including those disclosed under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024, our subsequent Quarterly Reports on Form 10-Q, and in our Annual Report on Form 10-K to be filed for the year ended December 31, 2025. These reports are available at the Investor Relations section on our website (www.lkqcorp.com) and on the SEC's website (www.sec.gov).

These factors include the following (not necessarily in order of importance):

- 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;
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- we face competition from local, national, international, and internet-based vehicle products providers, and this competition could negatively affect our business;
- we rely upon insurance companies and our customers to promote the usage of alternative parts;

- intellectual property claims relating to aftermarket products could adversely affect our business;
- 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;
- fluctuations in the prices of commodities could adversely affect our financial results;
- 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;
- 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;
- if we determine that our goodwill or other intangible assets have become impaired, we may incur significant charges to our pretax income;
- we could be subject to product liability claims and involved in product recalls;
- we may not be able to successfully acquire businesses or integrate acquisitions, and we may not be able to successfully divest certain businesses;
- 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;
- 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;
- 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;
- 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 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;
- our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly;
- repayment of our indebtedness is dependent on cash flow generated by our subsidiaries;
- a downgrade in our credit rating would impact us;
- the amount and frequency of our share repurchases and dividend payments may fluctuate;
- 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;

- we are subject to environmental regulations and incur costs relating to environmental matters;
- 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;
- we may be adversely affected by legal, regulatory or market responses to global climate change;
- 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 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;
- 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;
- governmental agencies may refuse to grant or renew our operating licenses and permits;
- 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;
- our employees are important to successfully manage our business and achieve our objectives;
- we operate in foreign jurisdictions, which exposes us to foreign exchange and other risks;
- our business may be adversely affected by union activities and labor and employment laws;
- 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;
- 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;
- if we experience problems with our fleet of trucks and other vehicles, our business could be harmed;
- 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; and
- 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.

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