

Risk Factors Comparison 2024-06-11 to 2023-06-14 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Adverse changes in economic conditions, including inflation, recession, increased fuel prices, tariffs, and unemployment levels, availability of consumer credit, taxation or instability in the financial markets or credit markets may either lower demand for our products or increase our operational costs, or both. In addition, elections and other changes in the political landscape could have similar effects. Such conditions may also materially impact our customers, suppliers and other parties with whom we do business. Our revenue will be adversely affected if demand for our products declines. The impact of unfavorable economic conditions may also impair the ability of our customers to pay for products they have purchased. As a result, reserves for doubtful accounts and write-offs of accounts receivables may increase, and delay or failure to collect a significant portion of amounts due on those receivables could have a material adverse effect upon our business, results of operations, and financial condition. In addition, we also get pressure from our suppliers to pay them faster and our customers to pay us slower, which impacts our cash flows.

Risks Related to Our Business and Industry We rely on a few ~~large~~ customers for a majority of our business, and the loss of any of these customers, significant changes in the prices, marketing allowances or other important terms provided to any of these customers, ~~or~~ adverse developments with respect to the financial condition of these customers, ~~could reduce~~ **harm** our net income and operating results. Our net sales are concentrated among a small number of ~~large~~ **our** customers. Sales to our three largest customers in the aggregate represented ~~84~~ **83** %, and sales to our largest customer represented ~~37~~ **35** % of our net sales during fiscal ~~2023~~ **2024**. We are under ongoing pressure from our major customers to offer lower prices, ~~extended~~ **extend** payment terms, ~~increased~~ **increase** marketing and other allowances and other terms more favorable to these customers because our sales to these customers are concentrated, and **provide** the market in which we operate is very competitive. Customer demands have put continued pressure on our operating margins and profitability, resulted in periodic contract renegotiation to provide more favorable prices and terms to these customers and significantly increased our working capital needs. The loss of or a significant decline in sales to any of these customers could adversely affect our business, results of operations, and financial condition. In addition, customer concentration leaves us vulnerable to any adverse change in the financial condition of these customers. We regularly review our accounts receivable and allowance for credit losses by considering factors such as historical experience, credit quality and age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay ~~such~~ amounts owed to us. ~~The majority of our sales are to leading automotive aftermarket parts suppliers.~~ We participate in trade accounts receivable discount programs with our major customers. If the creditworthiness of any of our customers was downgraded, we could be adversely affected ~~as~~, ~~in that~~ we may be subjected to higher interest rates on the use of these discount programs or we could be forced to wait longer for payment. Should our customers experience significant cash flow problems, our financial position and results of operations could be materially and adversely affected, and ~~our~~ **the maximum amount of loss** ~~losses that would~~ **could include** ~~be incurred~~ ~~would be~~ the outstanding receivable balance, Used Cores expected to be returned by customers, and the value of the Remanufactured Cores held at customers' locations. We maintain an allowance for credit losses that, in our opinion, provides for an adequate reserve to cover losses that may be incurred. However, ~~we~~ cannot assure you that our losses will not exceed our reserve for the reasons and risks above. Changes in terms with, significant allowances for, and collections from these customers could affect our operating results and cash flows. Failure to compete effectively could reduce our market share and significantly harm our financial performance. Our industry is highly competitive, and our success depends on our ability to compete with suppliers of automotive aftermarket products, some of which may have substantially greater financial, marketing and other resources than we do. The automotive aftermarket industry is highly competitive, and our success depends on our ability to compete with domestic and international suppliers of automotive aftermarket products. Due to the diversity of our product offering, we compete with several large and medium-sized companies, including **(i) BBB Industries**, **First Brands** and **DRIV** ~~Cardone Industries~~ for hard parts, **(ii) Burke Porter** and **Loccioni** ~~AVL and Horiba~~ for test solutions and diagnostic equipment, and **(iii)** a large number of smaller regional and specialty companies ~~and numerous category specific competitors.~~ **We also** ~~In addition, we~~ face competition from original equipment manufacturers, which, through their automotive dealerships, supply many of the same types of replacement parts we sell. **In addition, other overseas competitors, particularly those located in China, are increasing their operations and are becoming a significant competitive force.** Some of our competitors may have larger customer bases and significantly greater financial, technical and marketing resources than we do. These factors may allow our competitors to: • respond more quickly than we can to new or emerging technologies and changes in customer requirements by devoting greater resources than we can to the development, promotion and sale of automotive aftermarket products; • engage in more extensive research and development; and • ~~spend~~ **allocate** more money and resources on marketing and promotion. ~~In addition, other overseas competitors, particularly those located in China, are increasing their operations and could become a significant competitive force in the future.~~ Increased competition could put additional pressure on us to reduce prices or take other actions, which may have an adverse effect on our operating results. We may also lose significant customers or lines of business to competitors. If we do not respond appropriately, the evolution of the automotive industry could adversely affect our business. The automotive industry is increasingly focused on the development of hybrid and electric vehicles and of advanced driver assistance technologies, with the goal of ~~developing and introducing~~ a commercially-viable, fully-automated driving experience. There has also been an increase in consumer preferences for mobility on demand services, such as car and ride sharing, as opposed to automobile ownership, which may result in a long-term reduction in the number of vehicles per capita. In addition, some industry participants are exploring transportation through alternatives to

automobiles. These evolving areas have also attracted increased competition from entrants outside the traditional automotive industry. If we do not continue to innovate and develop, or acquire, new and compelling products that capitalize upon new technologies in response to consumer preferences, it could have an adverse impact on our results of operations. These changes may also reduce demand for our products for combustion engine vehicles. Work stoppages, production shutdowns and similar events could significantly disrupt our business. Because the automotive industry relies heavily on just-in-time delivery of components during the assembly and manufacture of vehicles, a work stoppage or production shutdown at one or more of our manufacturing and assembly facilities could have adverse effects on our business. Similarly, if one or more of our customers were to experience a work stoppage, that customer would likely halt or limit purchases of our products. We have also experienced significant disruptions in the supply of several key components from Asia due to work stoppages, production shutdowns, government closures, and other supply chain issues at many of our suppliers, leading to an adverse effect on our financial results. Interruptions or delays in obtaining component parts could impair our business and adversely affect our operating results. In our remanufacturing processes, we obtain Used Cores, primarily through the core exchange programs with our customers, and component parts from third-party manufacturers. To supplement Used Cores received from our customers we purchase Used Cores from core brokers. Historically, the Used Core returned from customers together with purchases from core brokers have provided us with an adequate supply of Used Cores. If there was a significant disruption in the supply of Used Cores, whether as a result of increased Used Core acquisitions by existing or new competitors or otherwise, our operating activities could be materially and adversely impacted. In addition, a number of the other components used in the remanufacturing process are available from a very limited number of suppliers. We are, as a result, vulnerable to any disruption in component supply, and any meaningful disruption in this supply would materially and adversely impact our operating results. Increases in the market prices of key component raw materials could increase the cost of our products and negatively impact our profitability. In light of addition to the continuous pressure on pricing which we have experienced from our large largest customers, we also may not be able to recoup the higher costs of our products due to changes in the prices of raw materials, including, but not limited to, aluminum, copper, steel, and cardboard. We If we are unable to recover a substantial portion of our raw materials from Used Cores returned to us by our customers through the core exchange programs, To supplement Used Cores received from our customers, we purchase Used Cores from core brokers. Although this is not a primary source of Used Cores, it is a critical source for meeting our raw material demands. The higher prices of these Used Cores that we purchase could may reflect the impact of changes in the cost of raw materials. Raw Sustained raw-material price increases has have had an impact on our product costs and profitability and continued increases will similarly adversely affect us to date, but we are unable to determine the overall impact, in the future, at this time. Our financial results are affected by automotive parts failure rates that are outside of our control. Our operating results are affected over the long term by automotive parts failure rates. These failure rates are impacted by a number of factors outside of our control, including the product designs that have resulted in greater reliability and durability of vehicles and parts, the number of miles driven by consumers, and the average age of vehicles on the road. These trends A reduction in the failure rates of automotive parts would could reduce the demand for our products and thus adversely affect our sales and profitability. Our reliance on foreign suppliers for some of the automotive parts we sell to our customers or included in our products presents risks to our business. A significant portion of automotive parts and components we use in our remanufacturing process are imported from suppliers located outside the U. S., including China and other countries in Asia. As a result, we are subject to various risks of doing business in foreign markets and importing products from abroad, such as the following, which we have experienced in the last fiscal year: • significant delays in the delivery of cargo due to port security and over-crowding considerations; • imposition of duties, taxes, tariffs or other charges on imports; • financial or political instability in any of the countries in which our product is manufactured; • potential recalls or cancellations of orders for any product-products that does-do not meet our quality standards; • disruption of imports by labor disputes or strikes and local business practices; • inability of our non-U. S. suppliers to obtain adequate credit or access liquidity to finance their operations; and • natural disasters, conflicts, disease epidemics and health related concerns, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas. We It is also face possible, in the future, that we may experience the following risks related to doing business in foreign markets and importing products from abroad, such as the following: • imposition of new legislation relating to import quotas or other restrictions that may limit the quantity of our product that may be imported into the U. S. from countries or regions where we do business; • political or military conflict involving foreign countries or the U. S., which could cause a delay in the transportation of our products and an increase in transportation costs; • heightened terrorism security concerns, which could subject imported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods; and • our ability to enforce any agreements with our foreign suppliers. Any of the foregoing factors, or a combination of them, could increase the cost or reduce the supply of products available to us and materially and adversely impact our business, financial condition, results of operations or liquidity. In addition, because we depend on independent third parties to manufacture a significant portion of our wheel hub, brake-related products, and other purchased finished goods, we cannot be certain that we will not experience operational difficulties with such manufacturers, such as reductions in the availability of production capacity, errors in complying with merchandise specifications, insufficient quality controls and failure to meet production deadlines or increases in manufacturing costs. An increase in the cost or a disruption in the flow of our imported products may significantly decrease our sales and profits. Merchandise manufactured offshore represents a significant portion of our total product purchases. A disruption in the shipping or cost of such merchandise may significantly decrease our sales and profits. In addition, if imported merchandise becomes more expensive or unavailable, the transition to alternative sources may not occur in time to meet our demands. Merchandise from alternative sources may also be of lesser quality and more expensive than those we currently import. Risks associated with our reliance on imported merchandise include disruptions in the shipping and importation or increase in the

costs of imported products. For example, common risks include: • raw material shortages; • problems with oceanic shipping, including shipping container shortages; • increased customs inspections of import shipments or other factors causing delays in shipments; and • increases in shipping rates, all of which we experienced. As well as the following common risks, which we may experience in the future: • work stoppages; • strikes and political unrest; • economic crises; • international disputes and wars; • loss of “most favored nation” trading status by the U. S. in relations to a particular foreign country; • import duties; and • import quotas and other trade sanctions. Products manufactured overseas and imported into the U. S. and other countries are subject to import restrictions and duties, which could delay their delivery or increase their cost. We are **subject to regularly in contact with customs officials from various lawsuits countries and claims disagree from time to time on the amounts due**.

In addition, government agencies and self-regulatory organizations have the ability to conduct periodic examinations of and administrative proceedings regarding our business. Our operating results may continue to fluctuate significantly. We have experienced significant variations in our annual and quarterly results of operations. These fluctuations have resulted from many factors, including shifts in the demand and pricing for our products, general economic conditions, including changes in prevailing interest rates, **wage inflation and multiple minimum wage increases in Mexico in the past and likely in the future**, and the introduction of new products. Our gross profit percentage fluctuates due to numerous factors, some of which are outside of our control. These factors include the timing and level of marketing allowances provided to our customers, actual sales during the relevant period, pricing strategies, the mix of products sold during a reporting period, and general market and competitive conditions. We also incur allowances, accruals, charges and other expenses that differ from period to period based on changes in our business, which causes our operating income to fluctuate. **Regulations related to conflict minerals could..... their efforts in the conflict minerals area**. Natural disasters or other disruptions in our business in California and Baja California, Mexico could increase our operating expenses or cause us to lose revenues. A substantial portion of our operations are located in **Southern** California and Baja California, Mexico, including our headquarters, remanufacturing and warehouse facilities. Any natural disaster, such as an earthquake, or other damage to our facilities from weather, fire or other events could cause us to lose inventory, delay delivery of orders to customers, incur additional repair-related expenses, disrupt our operations or otherwise harm our business. These events could also disrupt our information systems, which would harm our ability to manage our operations worldwide and compile and report financial information. As a result, we could incur additional expenses or liabilities or lose revenues, which could exceed any insurance coverage and would adversely affect our financial condition and results of operations. **During fiscal 2024, we sustained minor damage from rain, which resulted in short-term power outages**. Our failure to maintain effective internal control over financial reporting may affect our ability to accurately report our financial results and could materially and adversely affect the market price of our common stock. Under the Sarbanes-Oxley Act, we must maintain effective disclosure controls and procedures and internal control over financial reporting, which requires significant resources and management oversight. Effective internal and disclosure controls are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot assure you that our internal control over financial reporting will be effective in the future or that other material weakness will not be discovered in the future. Any failure to maintain effective controls or timely effect any necessary improvement of our internal and disclosure controls could harm operating results or cause us to fail to meet our reporting obligations, which could affect our ability to remain listed with the **NASDAQ-Nasdaq** Global Select Market or subject us to adverse regulatory consequences. Ineffective internal and disclosure controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our stock.

Risks Related to Our Overseas Operations Our offshore remanufacturing and logistic activities expose us to increased political and economic risks and place a greater burden on management to achieve quality standards. Our **overseas-international** operations, especially our operations in Mexico, increase our exposure to political, criminal or economic instability in the host countries and to currency fluctuations. Risks are inherent in international operations, including: • exchange controls and currency restrictions; • currency fluctuations and devaluations; • changes in local economic conditions; • repatriation restrictions (including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries); • global sovereign uncertainty and hyperinflation **in certain foreign countries**; • laws and regulations relating to export and import restrictions; • exposure to government actions; • increased required employment related costs; and • exposure to local political or social unrest including resultant acts of war, terrorism or similar events. These and other factors may have a material adverse effect on our **offshore-international** activities and on our business, results of operations and financial condition. Our overall success as a business depends substantially upon our ability to manage our foreign operations. We may not continue to succeed in developing and implementing policies and strategies that are effective in each location where we do business, and failure to do so could materially and adversely impact our business, results of operations, and financial condition. Unfavorable currency exchange rate fluctuations could adversely affect us. We are exposed to market risk from material movements in foreign exchange rates between the U. S. dollar and the currencies of the foreign countries in which we operate. In fiscal **2023-2024**, approximately **25-27%** of our total expenses were in currencies other than the U. S. dollar. As a result of our extensive operations in Mexico, our primary risk relates to changes in the rates between the U. S. dollar and the Mexican peso. To mitigate this currency risk, we enter into forward foreign exchange contracts to exchange U. S. dollars for Mexican pesos. We also enter into forward foreign exchange contracts to exchange U. S. dollars for Chinese yuan in order to mitigate risk related to our purchases and payments to our Chinese vendors. The extent to which we use forward foreign exchange contracts is periodically reviewed in light of our estimate of market conditions and the terms and length of anticipated requirements. The use of derivative financial instruments allows us to reduce our exposure to the risk that the eventual net cash outflow resulting from funding the expenses of the foreign operations will be materially affected by changes in the exchange rates. We do not engage in currency speculation or hold or issue financial instruments for trading purposes. These contracts generally expire in a year or less. Any change in the fair value of foreign exchange contracts is

accounted for as an increase or decrease to foreign exchange impact of lease liabilities and forward contracts in the consolidated statements of operations. We recorded a non-cash **loss of \$ 1, 373, 000, a non-cash** gain of \$ 2, 776, 000, and a non-cash loss of \$ 316, 000 due to the change in the fair value of the forward foreign currency exchange contracts during fiscal **2024, 2023,** and 2022, respectively. In addition, we recorded gains of \$ **5, 187, 000, \$ 6, 515, 000,** and \$ 1, 989, 000 in connection with the remeasurement of foreign currency-denominated lease liabilities during fiscal **2024, 2023,** and 2022, respectively. Changes in trade policy and other factors beyond our control could materially adversely affect our business. **We are affected by** ~~The former presidential administration advocated for greater restrictions on international trade generally~~ **policy**, including ~~with respect to~~ the North American Free Trade Agreement (“NAFTA”) and the World Trade Organization (the “WTO”). In December 2019, the United States, Mexico and Canada signed the amended United States-Mexico-Canada Agreement (the “USMCA”), which replaced NAFTA. In July 2020, the U. S. notified the United Nations of its intention to withdraw from the WTO. While the current presidential administration has rejoined the WTO, it remains difficult to predict what ~~effect~~ **the** USMCA, the WTO or other trade agreements and organizations will have on our business. If the U. S. were to withdraw from or materially modify any other international trade agreements to which it is a party or if the U. S. imposes significant additional tariffs on imports from China or other restrictions, it could have an adverse impact on our business. Possible new tariffs that might be imposed by the United States government could have a material adverse effect on our results of operations. The U. S. government has placed tariffs on certain goods imported from China and may impose new tariffs on goods imported from China and other countries, including products that we import. In retaliation, China has responded by imposing tariffs on a wide range of products imported from the U. S. and by adjusting the value of its currency. If renegotiations of existing tariffs are unsuccessful or additional tariffs or trade restrictions are implemented by the U. S. or other countries in connection with a global trade war, the resulting escalation of trade tensions could have a material adverse effect on world trade and the global economy. Even in the absence of further tariffs or trade restrictions, the related uncertainty and the market’s ~~is~~ fear of an economic slowdown could lead to a decrease in consumer spending, and we may experience lower net sales than expected. Reduced net sales may result in reduced operating cash flows if we are not able to appropriately manage inventory levels or leverage expenses.

Risks Related to Our Indebtedness Our debt can impact our operating results and cash flows and limit our operations. As of March 31, ~~2023~~ **2024**, we had \$ ~~158-128, 325-000~~, 000 of debt outstanding under our credit facility, which is at variable interest rates. Fluctuations in those rates could impact our operating results and cash flows. In particular, interest rates have been rising recently, which increases our interest expense. The weighted average interest on our debt was 8. **43 % at March 31, 2024** ~~compared with 8. 12 % at March 31, 2023 compared to 3. 12 % at March 31, 2022~~. In addition, our credit facility has covenants that limit aspects of our operations. In addition, on March 31, 2023, we issued and sold \$ 32, 000, 000 in aggregate principal amount of 10. 0 % convertible notes due in 2029 (the “Convertible Notes”). The issuance of shares of our common stock upon conversion of the Convertible Notes may dilute the ownership interests of existing stockholders and reduce our per share results of operations. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. We may also incur additional debt in the future, which could further increase our leverage, reduce our cash flow or further restrict our business. Our lenders may not waive future defaults under our credit agreements. Our credit agreement with our lenders contains certain financial and other covenants. If we fail to meet any of these covenants in the future, there is no assurance that our lenders will waive any such defaults or that we will otherwise be able to cure them. If we obtained a waiver, it may impose significant costs or covenants on us. In addition, as the capital markets get more volatile, it may become more difficult to obtain such waivers or refinance our debt. Weakness in conditions in the global credit markets and macroeconomic factors, including interest rates, could adversely affect our financial condition and results of operations. The banking industry and global credit markets also experience difficulties from time to time, and issues involving our lenders could impact our deposits, the availability, terms and cost of borrowings or our ability to refinance our debt. Any weakness in the credit markets could result in significant constraints on liquidity and availability of borrowing terms from lenders and accounts payable terms with vendors. These issues could also result in more stringent lending standards and terms and higher interest rates. In addition, we are exposed to changes in interest rates primarily as a result of our borrowing and receivable discount programs, which have interest costs that vary with interest rate movements. Any limitations on our ability to fund our operations could have a material adverse effect on our business, financial condition and ability to grow.

Risks Related to Owning Our Stock Our stock price is volatile and could decline substantially. Our stock price has fluctuated in the past and may decline substantially in the future as a result of developments in our business, the volatile nature of the stock market, and other factors beyond our control. Our stock price and the stock market generally has, from time to time, experienced extreme price and volume fluctuations. Many factors may cause the market price for our common stock to decline, including: (i) our operating results failing to meet the expectations of securities analysts or investors in any period, (ii) downward revisions in securities analysts’ estimates, (iii) market perceptions concerning our future earnings prospects, (iv) public or private sales of a substantial number of shares of our common stock, (v) adverse changes in general market conditions or economic trends, and (vi) market shocks generally or in our industry. **Our stock price is also affected by volume, such as what has recently occurred which impacts the ability of investors to buy or sell our stock.** General Risk Factors We **have made and** may continue to make strategic acquisitions of other companies ~~or~~ **and** businesses, and these acquisitions **have and may continue to** introduce significant risks and uncertainties, including risks related to integrating the acquired businesses and achieving benefits from the acquisitions. In order to position ourselves to take advantage of growth opportunities, we have made, and may continue to make, strategic acquisitions that involve significant risks and uncertainties. These risks and uncertainties include: • the difficulty in integrating newly ~~acquired~~ businesses and operations in an efficient and effective manner; • the challenges in achieving strategic objectives, cost savings and other benefits from acquisitions; • the potential loss of key employees of the acquired businesses; • the risk of diverting the attention of senior management from our operations; • risks associated with integrating financial reporting and internal control systems; • difficulties in expanding information technology systems and other

business processes to accommodate the acquired businesses; and • future impairments of any goodwill of an acquired business. We may also incur significant expenses to pursue and consummate acquisitions. Any of the foregoing, or a combination of them, could cause us to incur additional expenses and materially and adversely impact our business, financial condition, results of operations or liquidity. Increasing attention to environmental, social, and governance matters may impact our business, financial results, or stock price. In recent years, increasing attention has been given to corporate activities related to environmental, social, and governance (“ ESG ”) matters in public discourse and the investment community. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private action to promote change at public companies related to ESG matters, including through the investment and voting practices of investment advisers, public pension funds, universities, and other members of the investing community. These activities include increasing attention and demands for action related to climate change and promoting the use of energy saving building materials. **As they evaluate investment decisions, many investors and customers, look not only at company disclosures but also to ESG rating systems that have been developed by third parties to allow ESG comparisons among companies. Although we participate in a number of these ratings systems, we do not participate in all such systems. The criteria used in these ratings systems may conflict and change frequently, and we cannot predict how these third parties will score us, nor can we have any assurance that they score us accurately or other companies accurately or that other companies have provided them with accurate data. We supplement our participation in ratings systems with published disclosures of our ESG activities, but some investors may desire other disclosures that we do not provide. We also incur significant costs in complying with reporting obligations and could incur liability if a regulator or other third party disagrees with our statements. In addition, the SEC recently issued final rules that mandate additional ESG disclosure and impose other requirements on us. In addition, some of the domestic and foreign jurisdictions in which we operate could mandate additional ESG disclosure and impose additional requirements on us. For example, in October 2023, California passed two bills that require certain companies that do business in California to disclose their GHG emissions and climate-related financial risks starting in 2026.** A failure to comply with investor or customer expectations and standards, which are evolving, or if we are perceived to not have responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, could also cause reputational harm to our business, **cause certain investors to be unwilling to invest in our stock, which could adversely impact our ability to raise capital** and could have a ~~an~~ other material adverse ~~effect~~ effects on us. Regulations related to conflict minerals could adversely impact our business. The Dodd- Frank Wall Street Reform and Consumer Protection Act (“ Dodd- Frank ”) contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as “ conflict minerals ”, originating from the Democratic Republic of Congo (“ DRC ”) and adjoining countries. These rules could adversely affect the sourcing, supply, and pricing of materials used in our products, as the number of suppliers who provide conflict- free minerals may be limited. We may also suffer reputational harm if we determine that certain of our products contain minerals not determined to be conflict- free or if we are unable to modify our products to avoid the use of such materials. We may also face challenges in satisfying customers who may require that our products be certified as containing conflict- free minerals. The products we manufacture or contract to manufacture contain small quantities of Tin and Gold. We manufacture or contract to manufacture one product with small quantities of Tantalum. For the reporting year ending December 31, ~~2022~~ **2023**, we surveyed ~~211~~ **255** smelters, ~~or~~ refiners, ~~or metal processing facilities~~ for these minerals that are, or could be, in our supply chain. Of these, ~~89~~ **87** % were validated **as Compliant or Conformant** as conflict- free, per publicly available information on the Conflict Free Sourcing Initiative website. We have not been able to ascertain the conflict- free status of the remaining smelters or refiners. Our strategy for managing risks associated with conflict minerals in products includes continuing to encourage our suppliers to engage in conflict- free sourcing and obtaining data from our suppliers that is more applicable to the products we purchase. We continue to monitor progress on industry efforts to ascertain whether some facilities that suppliers identified are actually smelters. We do not believe conflict minerals pose risk to our operations. We are a member of the Automobile Industry Action Group (AIAG) and support their efforts in the conflict minerals **area**. If our technology and telecommunications systems were to fail, or we were not able to successfully anticipate, invest in or adopt technological advances in our industry, it could have an adverse effect on our operations. We rely on computer and telecommunications systems to communicate with our customers and vendors and manage our business. The temporary or permanent loss of our computer and telecommunications equipment and software systems, through casualty, operating malfunction, software virus or service provider failure, could disrupt our operations. In addition, our future growth may require additional investment in our systems to keep up with technological advances in our industry. If we are not able to invest in or adopt changes to our systems, or such upgrades take longer or cost more than anticipated, our business, financial condition and operating results may be adversely affected. Cyber- attacks or other breaches of information technology security could adversely impact our business and operations. The incidence of cyber- attacks and other breaches of information technology security have increased worldwide. Cyber- attacks or other breaches of network or information technology security may cause equipment failure or disruption to our operations. **We may face Such such attacks through**, which include the use of malware, computer viruses, **attachments to e- mails** and other means for disruption or unauthorized access **The risk of a cybersecurity attack**, ~~on companies~~ **including by computer hackers (individual or hacking organizations), foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased in**. **The techniques and sophistication used to conduct cyber- attacks and breaches of IT systems, as well as the sources and targets of these attacks, change frequently frequently**, ~~scope~~ **and are often potential harm in recent years. While, to the best of our knowledge, we have not recognized until such** ~~been subject to cyber- attacks~~ **are launched** ~~or to other cyber incidents which, individually or in the aggregate, have been in place material to our operations or for financial conditions, a period of time. We have been impacted by security incidents in the past and will likely continue to experience security incidents of varying degrees. The~~ preventive actions we take to reduce the risk of cyber incidents and

protect our information technology and networks may be insufficient to repel a major cyber- attack in the future. **As cyber-attacks continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful.** To the extent that any disruption or security breach results in a loss or damage to our data or unauthorized disclosure of confidential information, it could cause significant damage to our reputation, affect our relationship with our customers, suppliers and employees, and lead to claims against us and ultimately harm our business.

Additionally, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future **including if such security breaches result in a violation of applicable federal and state privacy and other laws, or subject us to private consumer, business partner, or securities litigation and governmental investigations and proceedings, any of which could result in our exposure to material civil or criminal liability.** While we maintain specific cyber insurance coverage, which may apply in the event of various breach scenarios, the amount of coverage may not be adequate in any particular case. Furthermore, because cyber threat scenarios are inherently difficult to predict and can take many forms, some breaches may not be covered under our cyber insurance coverage. Item 1B. Unresolved Staff

Comments None. Item **1C. Cybersecurity Material Effects of Cybersecurity Incidents Risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected us, including our business strategy, results of operations, or financial condition. Further information regarding cybersecurity risks can be found in Item 1A. Risk Factors- risks relating to “ cyber- attacks or other breaches of information technology security could adversely impact our business and operation ”.** Cybersecurity Risk Management and Strategy We have developed and implemented a cybersecurity program designed to provide structured and thorough cybersecurity risk management and governance. Our cybersecurity program prioritizes, among other things, prevention of unauthorized access; protection of sensitive information; detection, assessment, and response to cyber threats; and continuous improvement of our cybersecurity measures. We seek to achieve our cybersecurity program priorities through a multi- pronged approach to address cyber threats and incidents that includes (i) implementation of various industry best practices, (ii) proactive monitoring of our IT systems, (iii) ongoing employee training, (iv) quarterly phishing campaigns, (v) continued education for our cybersecurity team, and (vi) regular risk assessments. We also maintain cyber insurance coverage to help mitigate a portion of the potential costs in the event of covered events. Our cybersecurity program is aligned with various frameworks for managing cybersecurity risks, such as the National Institute of Standards and Technology Cybersecurity Framework for IT. We have an Information Technology Steering Committee that oversees the IT function, material projects, budgeting, and cybersecurity. In addition, we have an Incident Response Team, as highlighted in our cybersecurity policy to respond to any information security risks or incidents. These committees report directly to the Audit Committee of the Board of Directors, which is responsible for overall oversight of the Company’ s cybersecurity program. We rely upon both internal and external resources for evaluating and enhancing our cyber posture. Our information security team works with external cybersecurity firms to review and provide feedback on improving our cybersecurity program, including in the areas of data protection, threat and vulnerability management, and end- point protection. We require annual cybersecurity training by our employees, send out regular tips and memos to help our employees recognize phishing emails and other social engineering tactics, and provide various methods for employees to report suspicious activity that may give rise to a cyber- incident or threat. Significant results of such testing and reviews are communicated to our executive management team and our Audit Committee, as applicable, and are utilized in our cybersecurity program’ s continuous improvement process. In response to the growing risks associated with third- party service providers, we do not have any direct connections between our enterprise resource planning (“ ERP ”) system to our third- party suppliers and their access to our IT systems that could significantly disrupt our operations. We maintain a set of core practices and procedures when responding to certain high- risk information security threats and incidents, which are designed to ensure appropriate resources are utilized to provide an effective, timely, and coordinated response in managing crises, including significant cyber threats and incidents. Our Management Risk Committee will assume overall responsibility in an effort to ensure that the appropriate functions and work streams are mobilized and coordinated to effectively manage any significant cyber events. We have been a target of cyberattacks and other hacking activities, as have certain of our third- party service providers. While our cybersecurity program is designed to prevent unauthorized access and protect sensitive information, including through continuous improvement of our cybersecurity measures, and we have not experienced any material cyber threats or incidents to date, we can give no assurance that we will be able to prevent, identify, respond to, or mitigate the impact of all cyber threats or incidents. To the extent future cyber threats or incidents result in significant disruptions and costs to our operations, reduce the effectiveness of our internal controls over financial reporting, or otherwise substantially impact our business, it could have a material adverse effect on our business, liquidity, financial condition, and / or results of operations. For additional discussion on our cybersecurity risks, refer to Item 1A. “ Risk Factors ” of this Form 10- K. Cybersecurity Governance Our Board of Directors oversees the management of risks inherent in the operation of our business, with a focus on the most significant risks that we face, including those related to cybersecurity. Our Board of Directors has delegated oversight of cybersecurity, including privacy and information security, as well as enterprise risk management to the Audit Committee. In connection with that oversight responsibility, our VP of IT and General Counsel meet with the Audit Committee on a quarterly basis to provide information and updates on a range of cybersecurity topics which may include our cybersecurity program and governance processes; cyber risk monitoring and management; the status of projects to strengthen our cybersecurity and privacy capabilities; recent significant incidents or threats impacting our operations, industry, or third- party suppliers; and the emerging threat landscape. Our cybersecurity team is managed by a dedicated information security team, led by our VP of IT.

Our VP of IT has more than 25 years of information technology experience across various disciplines, including nearly 15 years of experience in the financial, re-manufacturing, and distribution industries. She has led our global information security organization for almost three years. In addition to her employment experience in the cybersecurity field, our VP of IT has a Bachelor's of Business Administration and Computer Information Systems, and meets regularly with other members of our executive team to provide relevant updates on our cybersecurity program. Item 2.

Location	Type	Facility	Approx. Square Feet	Leased	Expiration
Torrance, CA	Remanufacturing, Warehouse, Administrative, and Office	231,000	Leased	March 2032	
Tijuana, Mexico	Remanufacturing, Warehouse, and Office	312,000	Leased	August 2033	
Tijuana, Mexico	Distribution Center and Office	410,000	Leased	December 2032	
Tijuana, Mexico	Remanufacturing, Warehouse, and Office	199,000	Leased	December 2032	
Tijuana, Mexico	Core Induction, Warehouse, and Office	173,000	Leased	December 2032	
Singapore & Malaysia	Remanufacturing, Warehouse, and Office	144,000	Leased	Various through December 2024	
Shanghai, China	Warehouse and Office	27,000	Leased	March 2027	
Ontario, Canada	Remanufacturing, Warehouse, and Office	157,000	Leased	May 2026	
Ontario, Canada	Manufacturing, Warehouse, and Office	35,000	Leased	December 2024	

We believe the above mentioned facilities are sufficient to satisfy our current and foreseeable operations. Item 3. Legal Proceedings We are subject to various lawsuits and claims. In addition, government agencies and self-regulatory organizations have the ability to conduct periodic examinations of and administrative proceedings regarding our business. Following an audit in fiscal 2019 ("Audit"), the U. S. Customs and Border Protection ("CBP") stated that it believed that we owed additional duties relating to products that we imported from Mexico from 2011 through mid-2018. The CBP recently requested that we pay additional duties of approximately \$3,900,000 from 2011 through mid-2018 related to all matters including but not limited to the findings of the Audit. We do not believe that this amount is correct and believe that we have numerous defenses and are disputing this amount vigorously. We cannot assure that the CBP will agree or that we will not need to accrue or pay additional amounts in the future. environmental, information security, taxes, levies, tariffs and such.

Item 4. Mine Safety Disclosures Not applicable. PART III 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 trading symbol MPAA. As of June 6, 2023, there were 19,494,662 shares of common stock outstanding held by 11,100 holders of record. Purchases of Equity Securities by the Issuer Share repurchase activity during the fourth quarter of fiscal 2023 was as follows: Periods Total Number of Shares Purchased Average Price Paid Per Share Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1) January 1- January 31, 2023: Open market and privately negotiated purchases- \$-- \$ 18,255,000 February 1- February 28, 2023: Open market and privately negotiated purchases- \$-- 18,255,000 March 1- March 31, 2023: Open market and privately negotiated purchases- \$-- 18,255,000 Total \$ 18,255,000 (1) As of March 31, 2023, \$ 18,745,000 of the \$ 37,000,000 was utilized and \$ 18,255,000 remains available to repurchase shares under the authorized share repurchase program, subject to the limit in our Credit Facility. We retired the 837,007 shares repurchased under this program through March 31, 2023. Our share repurchase program does not obligate us to acquire any specific number of shares and shares may be repurchased in privately negotiated and / or open market transactions. Sales of Unregistered Securities On March 31, 2023, we issued \$ 32,000,000 aggregate principal amount of convertible notes (the "Convertible Notes") in a private placement offering to persons reasonably believed to be qualified institutional buyers pursuant to the exemption from registration provided by Rule 144A under the Securities Act. The Convertible Notes bear interest at a rate of 10% per year. The Convertible Notes may either be redeemed for cash, converted into shares of our common stock, or a combination thereof, at our election. The Convertible Notes are presented as convertible notes, net of unamortized debt issuance costs, on the consolidated balance sheet. The aggregate proceeds from the offering were approximately \$ 31,280,000 million, net of initial purchasers' fees and other related expenses. The notes will mature on March 30, 2029, unless earlier converted, repurchased or redeemed. The initial conversion rate is 66.6667 shares of our common stock per \$ 1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$ 15.00 per share of common stock).

Equity Compensation Plan Information The following summarizes our equity compensation plans as of March 31, 2023: 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 security holders (1) 2,122,863 (1) \$ 20.9 (2) 871,430, 432,129 (3) Equity compensation plans not approved by security holders N / A N / A N / A Total 2,122,863 \$ 9.32 430,129 (1) \$ 20.9 (2) 871,432 (1) Consists of (i) 6140, 299,000 stock options issued under the 2004 Non-Employee Director Stock Option Plan, (ii) 366,169 restricted stock units and restricted stock (collectively "RSUs"), 192,696 performance stock units (PSU) 's), and 1,975,884 226,745 stock options issued under the Fourth Amended and Restated 2010 Incentive Award Plan (the "2010 Plan"), and (iii) 10100, 417,624 RSUs issued under our 2014 Non-Employee Director Incentive Award Plan (the "2014 Plan"), 581 and (iv) 52,768 227 RSUs PSUs, and 132,133 stock options issued under our 2022 Incentive Award Plan (the "2022 Plan"). (2) The weighted average exercise price does not reflect the shares that will be issued in connection with the settlement of RSUs and PSUs, since RSUs and PSUs have no exercise price. (3) Consists of shares available for future issuance under our 2022 Plan. Stock Performance Graph The following graph compares the cumulative return to holders of our common stock for the five years ending March 31, 2023 with the NASDAQ Composite Total Returns Index and the Zacks Retail and Wholesale Auto Parts Index. The comparison assumes \$ 100 was invested at the close of business on March 31, 2019 in

our common stock and in each of the comparison groups, and assumes reinvestment of dividends. Item 6. Selected Financial Data Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion contains forward-looking statements, including, without limitation, our expectations and statements regarding our outlook and future revenues, expenses, results of operations, liquidity, plans, strategies and objectives of management and any assumptions underlying any of the foregoing. Our actual results may differ significantly from those projected in the forward-looking statements. Our forward-looking statements and factors that might cause future actual results to differ materially from our recent results or those projected in the forward-looking statements include, but are not limited to, those discussed in the section titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" of this Annual Report on Form 10-K. Except as required by law, we assume no obligation to update the forward-looking statements or our risk factors for any reason.

Management Overview With a scalable infrastructure and abundant growth opportunities, we are focused on growing our aftermarket business in the North American marketplace and growing our leadership position in the test solutions and diagnostic equipment market by providing innovative and intuitive solutions to our customers. Our investments in infrastructure and human resources during the past few years reflects the significant expansion of manufacturing capacity to support multiple product lines. These investments included (i) a 410,000 square foot distribution center, (ii) two buildings totaling 372,000 square feet for remanufacturing and core sorting of brake calipers, and (iii) the realignment of production at our original 312,000 square foot facility in Mexico. Highlights and Accomplishments in Fiscal 2023-2024 During fiscal 2023-2024, we continued to execute our strategic plan – focusing on meaningful growth and improving profitability by leveraging our offshore infrastructure, industry position and customer relationships. The following significant accomplishments support our optimism moving forward:

- We achieved **Sales increased by 5.1 percent to a record \$ 717.7 million, despite industry softness in the** fiscal fourth quarter and full-year sales, which increased 18.8 percent and 5.0 percent, respectively, with solid demand across multiple categories;
- **Increased market share for** We experienced meaningful traction with our customers and consumers since last year's launch of a comprehensive line of brake pads utilizing **related product lines for both our branded Quality-Built® and our private label retail** industry-leading formulation, and brake rotors serving products;
- **Expanded brand equity by increasing sales under the MPA portfolio of brands, including Quality-Built®, in** the professional installer market under our Quality-Built® brand;
- We expanded sales **Sales with growth in our recently launched Mexican market continued to accelerate, driven by market share gains through** additional product line offerings and business being awarded by current customers in Mexico;
- We continued **Secured additional commitments for our JBT-1 bench-** to top improve efficiencies with expected ongoing benefits through increased production volume and pricing **testers that are being rolled-out to the majority of retail stores in North America**;
- We focused on reduction in inventory levels following **Gross profit increased 16.3 percent to \$ 132.6 million**;
- **Gross margin increased 1.8 percentage points to 18.5 percent**;
- **Opened a strategic build-up new facility in Malaysia** to meet demand during support manufacturing of wheel hub products for direct shipments to our customers;
- **Operating income increased 26.5 percent – percent global to \$ 46.1 million**;
- **Generated cash from operating activities of approximately \$ 39.2 million**;
- **Reduced net bank debt by \$ 32.5 million to \$ 114.0 million**;
- **Restructured our credit agreement to eliminate the senior leverage ratio financial covenant**;
- **Retired our term loans and materially reduced the balance of our revolving facility**;
- **Instituted a vendor supply chain challenges financing program to support our strategy for neutralization of working capital**;
- and
- **Made significant progress** We enhanced our liquidity and capital resources with a \$ 32 million strategic convertible note investment that supports us at an exciting pivotal point in our evolution;
- We received increasing interest and orders for our Test Solutions and Diagnostic Equipment, including our emerging contract testing center, from major automotive retailers, major global automotive, aerospace and research institutions;
- We continued our social responsibility initiatives with the successful launch of an Agri-farm organic food and community program in Mexico and a continued focus on opportunities to enhance **enhancing** our Environmental, Social and Governance practices on a global basis.

Trends Affecting Our Business Our business is impacted by various factors within the economy that affect both our customers and our industry, including but not limited to inflation, interest rates, **global disruptions in the** supply chain disruptions, fuel costs, wage rates, and other economic conditions. Given the nature of these various factors, we cannot predict whether or for how long certain trends will continue, nor can we predict to what degree these trends will impact us in the future.

Inflation The cost to manufacture and distribute our products is impacted by the cost of raw materials, finished goods, labor, and transportation. During fiscal 2023-2024, we experienced **increased** continued inflationary pressure and higher costs as a result of the increasing cost of raw materials, finished goods, **higher** labor, transportation **costs in Mexico**, and other administrative costs. The increase in the cost of raw materials and finished goods are due in part to a shortage in the availability of certain products and the higher cost of shipping. We can only pass our increased costs onto customers on a limited basis. Future general price inflation and its impact on costs and availability of materials could adversely affect our financial results.

Interest Rates Interest rates are rising **remain high** in an effort to curb **higher on-going** inflation. We are experiencing higher interest costs for our **accounts** borrowing and our customers' receivable discount programs **and borrowings under our credit facility**, which have interest costs that vary with interest rate movements. The majority of our interest costs **results – result** from our **accounts** customers' receivable discount programs. The, **which had a** weighted average discount rate **of 6.8 %** for these programs was **fiscal 2024 compared with** 5.3 % for fiscal 2023 **compared with** 1.9 % for fiscal 2022. These **continued** higher interest rates and any future increases in interest rates will continue to adversely **affect impact** our financial results.

Impact of COVID-19 The COVID-19 pandemic continues to adversely impact the U.S. and global economies – creating uncertainty regarding the potential effects on the supply chain disruptions, rate of inflation, increasing interest rates, and customer demand. We incurred certain costs related to the COVID-19 pandemic, which are included in cost of goods sold and operating expenses in the consolidated statements of operations of \$ 1,957,000 and \$ 3,368,000 during fiscal 2023 and 2022, respectively. Employee Retention Credit The CARES Act provides an employee retention credit ("ERC") that is a refundable tax credit against certain employer taxes. In the fourth quarter of the fiscal year ended

March 31, 2022, we amended certain payroll tax filings and applied for a refund of \$ 5, 104, 000. As of March 31, 2023, we determined that all contingencies related to the ERC were resolved and recorded a \$ 5, 104, 000 receivable which is included in prepaid expenses and other current assets in the accompanying consolidated balance sheet. The ERC was recognized as a reduction in employer payroll taxes and allocated to the financial statement captions from which the employee's taxes were originally incurred. As a result, we recorded a reduction in expenses of \$ 2, 034, 000 in cost of goods sold, \$ 1, 377, 000 in general and administrative expense, \$ 968, 000 in selling and marketing expense, and \$ 725, 000 in research and development expense, which is reflected in the accompanying consolidated statement of operations for the year ended March 31, 2023. In April 2023, we received full payment of the ERC receivable. Segment Reporting Our three operating segments are as follows: • Hard Parts, ~~including which includes~~ (i) light duty rotating electric products such as alternators and starters, (ii) wheel hub products, (iii) brake- related products, including brake calipers, brake boosters, brake rotors, brake pads and brake master cylinders, and (iv) turbochargers, • Test Solutions and Diagnostic Equipment, ~~including which includes~~ (i) applications for combustion engine vehicles, including bench ~~top testers for alternators and starters,~~ (ii) ~~test solutions and diagnostic~~ equipment for the pre- and post- production of electric vehicles, ~~and~~ (iii) software emulation of power ~~systems~~ ~~system~~ applications for the electrification of all forms of transportation (including automobiles, ~~trucks and~~ ~~trucks~~, the emerging electrification of systems within the aerospace industry, ~~and such as~~ electric vehicle charging stations), and • Heavy Duty, ~~including which includes~~ non- discretionary automotive aftermarket replacement hard parts for heavy- duty truck, industrial, marine, and agricultural applications. ~~Prior to the fourth quarter of fiscal 2023, our operating segments met the aggregation criteria and were aggregated. Effective as of the fourth quarter of fiscal 2023, we revised our segment reporting as we determined that our three operating segments no longer met the criteria to be aggregated. Our Hard Parts operating segment meets the criteria of a reportable segment. The Test Solutions and Diagnostic Equipment and Heavy Duty segments are not material, are not~~ **required to be** separately reportable ~~--- reported~~, and are included within the " all other " category. See Note 19 of the notes to consolidated financial statements for more information. Critical Accounting Policies We prepare our consolidated financial statements in accordance with generally accepted accounting principles, or GAAP, in the United States. Our significant accounting policies are discussed in detail below and in Note 2 of the notes to consolidated financial statements. In preparing our consolidated financial statements, we use estimates and assumptions for matters that are inherently uncertain. We base our estimates on historical experiences and reasonable assumptions. Our use of estimates and assumptions affect the reported amounts of assets, liabilities and the amount and timing of revenues and expenses we recognize for and during the reporting period. ~~Actual results may differ from our estimates. There continues to be uncertainty and disruption in the global economy and financial markets.~~ We are not currently aware of any specific event or circumstance that would require an update to our estimates or judgments or a revision of the carrying value of our assets or liabilities as of March 31, ~~2023~~ **2024**. **However, These these** estimates may change, as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions. Our remanufacturing operations include core exchange programs for the core portion of the finished goods. The Used Cores that we acquire and are returned to us from our customers are a necessary raw material for remanufacturing. We also offer our customers marketing and other allowances that impact revenue recognition. These elements of our business give rise to more complex accounting than many businesses our size or larger. **Recently Adopted Accounting Pronouncements Supplier Finance Programs In September 2022, the Financial Accounting Standards Board (the " FASB ") issued Accounting Standards Update (" ASU ") 2022- 04, Liabilities — Supplier Finance Programs (Subtopic 405- 50) Disclosure of Supplier Finance Program Obligations. This standard requires qualitative and quantitative disclosures sufficient to enable users of the financial statements to understand the nature, activity during the period, changes from period to period and potential magnitude of supplier finance programs. The guidance is effective for fiscal years beginning after December 15, 2022. During fiscal 2024, we launched a supplier finance program as part of our ongoing efforts to improve cash flow and liquidity. This program allows certain of our suppliers to sell their receivables due from us to a participating financial institution at the sole discretion of both the supplier and the financial institution. The program is administered by a third party. We have no economic interest in the sale of these receivables and no direct relationship with the financial institution. Payments to the third- party administrator are based on services rendered and are not on related to the volume or number of financing agreements between suppliers, financial institution, and the third- party administrator. We are not a party to agreements negotiated between participating suppliers and the financial institution. Our obligations to our suppliers, including amounts due and payment terms, are not affected by a supplier' s decision to participate in this program. We do not provide guarantees and there are no assets pledged to the financial institution or the third- party administrator for the committed payment in connection with this program. As of March 31, 2024, we had \$ 1, 695, 000 of outstanding supplier obligations confirmed under this program, included in accounts payable in the consolidated balance sheet. Accounting Pronouncements Not Yet Adopted Disclosure Improvements In October 2023, the FASB issued ASU 2023- 06, Disclosure Improvements: Codification Amendments in Response to the SEC' s Disclosure Update and Simplification Initiative. This standard was issued in response to the SEC' s disclosure update and simplification initiative, which affects a variety of topics within the Accounting Standards Codification. The amendments apply to all reporting entities within the scope of the affected Topics unless otherwise indicated. The effective date for each amendment will be the date on which the SEC' s removal of that related disclosure from Regulation S- X or Regulation S- K becomes effective, with early adoption prohibited. We are currently evaluating the impact this guidance will have on our financial statement disclosures. Reportable Segment Disclosures In November 2023, the FASB issued ASU 2023- 07, Improvements to Reportable Segment Disclosures (Topic 280). This standard requires us to disclose significant segment expenses that are regularly provided to the CODM and are included within each reported measure of segment operating results. The standard also requires us to disclose the total amount of any other items included in segment operating results, which**

were not deemed to be significant expenses for separate disclosure, along with a qualitative description of the composition of these other items. In addition, the standard also requires disclosure of the CODM's title and position, as well as detail on how the CODM uses the reported measure of segment operating results to evaluate segment performance and allocate resources. The standard also aligns interim segment reporting disclosure requirements with annual segment reporting disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact this guidance will have on our financial statement disclosures. Improvements to Income Tax Disclosures In December 2023, the FASB issued ASU 2023- 09, Improvements to Income Tax Disclosures (Topic 740). This standard requires us to provide further disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, as well as additional information about federal, state / local and foreign income taxes. The standard also requires us to annually disclose our income taxes paid (net of refunds received), disaggregated by jurisdiction. This guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The standard is to be applied prospective basis, although optional retrospective application is permitted. We are currently evaluating the impact this guidance will have on our financial statement disclosures.

Inventory Inventory is comprised of: (i) Used Core and component raw materials, (ii) work- in- process, and (iii) remanufactured and purchased finished goods. Used Core, component raw materials, and purchased finished goods are stated at the lower of average cost or net realizable value. Work- in- process is in various stages of production and is valued at the average cost of Used Cores and component raw materials issued to work orders still open, including allocations of labor and overhead costs. Historically, work- in- process inventory has not been material compared to the total inventory balance. Remanufactured finished goods include: (i) the Used Core cost and (ii) the cost of component raw materials, and allocations of labor and variable and fixed overhead costs (the " Unit Cost "). The allocations of labor and variable and fixed overhead costs are based on the actual use of the production facilities over the prior 12 months which approximates normal capacity. This method prevents the distortion in allocated labor and overhead costs that would occur during short periods of abnormally low or high production. In addition, we exclude certain unallocated overhead such as severance costs, duplicative facility overhead costs, start- up costs, training, and spoilage from the calculation and expenses these unallocated overhead costs as period costs. Purchased finished goods also include an allocation of fixed overhead costs. The estimate of net realizable value is subjective and based on our judgment and knowledge of current industry demand and management' s projections of industry demand. The estimates may, therefore, be revised if there are changes in the overall market for our products or market changes that in our judgment impact our ability to sell or liquidate potentially excess or obsolete inventory. Net realizable value is determined at least quarterly as follows: • Net realizable value for finished goods by customer, by product line are determined based on the agreed upon selling price with the customer for a product in the trailing 12 months. We compare the average selling price, including any discounts and allowances, to the finished goods cost of on- hand inventory, less any reserve for excess and obsolete inventory. Any reduction of value is recorded as cost of goods sold in the period in which the revaluation is identified. • Net realizable value for Used Cores are determined based on current core purchase prices from core brokers to the extent that core purchases in the trailing 12 months are significant. Remanufacturing consumes, on average, more than one Used Core for each remanufactured unit produced since not all Used Cores are reusable. The yield rates depend upon both the product and customer specifications. We purchase Used Cores from core brokers to supplement our yield rates and Used Cores not returned under the core exchange programs. We also consider the net selling price our customers have agreed to pay for Used Cores that are not returned under our core exchange programs to assess whether Used Core cost exceeds Used Core net realizable value on a by customer, by product line basis. Any reduction of core cost is recorded as cost of goods sold in the period in which the revaluation is identified. • We record an allowance for potentially excess and obsolete inventory based upon recent sales history, the quantity of inventory on- hand, and a forecast of potential use of the inventory. We periodically review inventory to identify excess quantities and part numbers that are experiencing a reduction in demand. Any part numbers with quantities identified during this process are reserved for at rates based upon our judgment, historical rates, and consideration of possible scrap and liquidation values which may be as high as 100 % of cost if no liquidation market exists for the part. As a result of this process, we recorded reserves for excess and obsolete inventory of \$ 17, 372, 000 and \$ 16, 436, 000 and \$ 13, 520, 000 at March 31, 2024 and 2023 and 2022, respectively. This increase in the reserve was primarily due to excess inventory of certain finished goods on hand at March 31, 2023-2024 compared with March 31, 2022-2023. We record vendor discounts as a reduction of inventories and are recognized as a reduction to cost of sales as the inventories are sold. Inventory Unreturned Inventory unreturned represents our estimate, based on historical data and prospective information provided directly by the customer, of finished goods shipped to customers that we expect to be returned, under our general right of return policy, after the balance sheet date. Inventory unreturned includes only the Unit Cost of a finished goods. The return rate is calculated based on expected returns within the normal operating cycle, which is generally one year. As such, the related amounts are classified in current assets. Inventory unreturned is valued in the same manner as our finished goods inventory. Contract AssetsContract assets consists of: (i) the core portion of the finished goods shipped to customers, (ii) upfront payments to customers in connection with customer contracts, (iii) core premiums paid to customers, (iv) finished goods premiums paid to customers, and (v) long- term core inventory deposits. Remanufactured Cores held at customers' locations as a part of the finished goods sold to the customer are classified as long- term contract assets. These assets are valued at the lower of cost or net realizable value of Used Cores on hand (See Inventory above). For these Remanufactured Cores, we expect the finished good containing the Remanufactured Core to be returned under our general right of return policy or a similar Used Core to be returned to us by the customer, under our core exchange programs, in each case for credit. Remanufactured Cores and Used Cores returned by consumers to our customers but not yet returned to us are classified as " Cores expected to be returned by customers ", which are included in short- term contract assets until we physically receive them during our normal operating cycle, which is generally one year. Upfront payments to customers represent

marketing allowances, such as sign- on bonuses, slotting fees, and promotional allowances provided to our customers. These allowances are recognized as an asset and amortized over the appropriate period of time as a reduction of revenue if we expect to generate future revenues associated with the upfront payment. If we do not expect to generate additional revenue, then the upfront payment is recognized in the consolidated statements of operations when payment occurs as a reduction of revenue. Upfront payments expected to be amortized during our normal operating cycle, which is generally one year, are classified as short- term contract assets. Core premiums paid to customers represent the difference between the Remanufactured Core acquisition price paid to customers generally in connection with new business, and the related Used Core cost. The core premiums are treated as an asset and recognized as a reduction of revenue through the later of the date at which related revenue is recognized or the date at which the sales incentive is offered. We consider, among other things, the length of our largest ongoing customer relationships, duration of customer contracts, and the average life of vehicles on the road in determining the appropriate period of time over which to amortize these premiums. These core premiums are amortized over a period typically ranging from six to eight years, adjusted for specific circumstances associated with the arrangement. Core premiums are recorded as long- term contract assets. Core premiums expected to be amortized within our normal operating cycle, which is generally one year, are classified as short- term contract assets. Finished goods premiums paid to customers represent the difference between the finished good acquisition price paid to customers, generally in connection with new business, and the related finished good cost, which is treated as an asset and recognized as a reduction of revenue through the later of the date at which related revenue is recognized or the date at which the sales incentive is offered. We consider, among other things, the length of our largest ongoing customer relationships, duration of customer contracts, and the average life of vehicles on the road in determining the appropriate period of time over which to amortize these premiums. Finished goods premiums are amortized over a period typically ranging from six to eight years, adjusted for specific circumstances associated with the arrangement. Finished goods premiums are recorded as long- term contract assets. Finished goods premiums expected to be amortized within our normal operating cycle, which is generally one year, are classified as short- term contract assets. Long- term core inventory deposits represent the cost of Remanufactured Cores we have purchased from customers, which are held by the customers and remain on the customers' premises. The costs of these Remanufactured Cores were established at the time of the transaction based on the then current cost. The selling value of these Remanufactured Cores was established based on agreed upon amounts with these customers. We expect to realize the selling value and the related cost of these Remanufactured Cores should our relationship with a customer end, a possibility that we consider remote based on existing long- term customer agreements and historical experience. Revenue Recognition Revenue is recognized when performance obligations under the terms of a contract with our customers are satisfied; generally, this occurs with the transfer of control of our products. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Revenue is recognized net of all anticipated returns, marketing allowances, volume discounts, and other forms of variable consideration. Revenue is recognized either when products are shipped or when delivered, depending on the applicable contract terms. The price of a finished remanufactured product sold to customers is generally comprised of separately invoiced amounts for the Remanufactured Core included in the product (" Remanufactured Core value ") and the unit portion included in the product (" Unit Value "), for which revenue is recorded based on our then current price list, net of applicable discounts and allowances. The Remanufactured Core value is recorded as a net revenue based upon the estimate of Used Cores that will not be returned by the customer for credit. These estimates are subjective and based on management' s judgment and knowledge of historical, current, and projected return rates. As reconciliations are completed with the customers the actual rates at which Used Cores are not being returned may differ from the current estimates. This may result in periodic adjustments of the estimated contract asset and liability amounts recorded and may impact the projected revenue recognition rates used to record the estimated future revenue. These estimates may also be revised if there are changes in contractual arrangements with customers, or changes in business practices. A significant portion of the remanufactured automotive parts sold to customers are replaced by similar Used Cores sent back for credit by customers under the core exchange programs (as described in further detail below). The number of Used Cores sent back under the core exchange programs is generally limited to the number of similar Remanufactured Cores previously shipped to each customer. Revenue Recognition — Core Exchange Programs Full price Remanufactured Cores: When remanufactured products are shipped, certain customers are invoiced for the Remanufactured Core value of the product at the full Remanufactured Core sales price. For these Remanufactured Cores, revenue is only recognized based upon an estimate of the rate at which these customers will pay cash for Remanufactured Cores in lieu of sending back similar Used Cores for credits under the core exchange programs. The remainder of the full price Remanufactured Core value invoiced to these customers is established as a long- term contract liability rather than being recognized as revenue in the period the products are shipped as we expect these Remanufactured Cores to be returned for credit under our core exchange programs. Nominal price Remanufactured Cores: Certain other customers are invoiced for the Remanufactured Core value of the product shipped at a nominal (generally \$ 0. 01 or less) Remanufactured Core price. For these nominal Remanufactured Cores, revenue is only recognized based upon an estimate of the rate at which these customers will pay cash for Remanufactured Cores in lieu of sending back similar Used Cores for credits under the core exchange programs. Revenue amounts are calculated based on contractually agreed upon pricing for these Remanufactured Cores for which the customers are not returning similar Used Cores. The remainder of the nominal price Remanufactured Core value invoiced to these customers is established as a long- term contract liability rather than being recognized as revenue in the period the products are shipped as we expect these Remanufactured Cores to be returned for credit under our core exchange programs. Revenue Recognition; General Right of Return Customers are allowed to return goods that their end- user customers have returned to them, whether or not the returned item is defective (warranty returns). In addition, under the terms of certain agreements and industry practice, customers from time to time are allowed stock adjustments when their inventory of certain product lines exceeds the anticipated sales to end- user customers (stock adjustment returns). Customers have various contractual rights for stock adjustment returns, which are

typically less than 5 % of units sold. In some instances, a higher level of returns is allowed in connection with significant restocking orders. The aggregate returns are generally limited to less than 20 % of unit sales. The allowance for warranty returns is established based on a historical analysis of the level of this type of return as a percentage of total unit sales. The allowance for stock adjustment returns is based on specific customer inventory levels, inventory movements, and information on the estimated timing of stock adjustment returns provided by customers. Stock adjustment returns do not occur at any specific time during the year. The return rate for stock adjustments is calculated based on expected returns within the normal operating cycle, which is generally one year. The Unit Value of the warranty and stock adjustment returns are treated as reductions of revenue based on the estimations made at the time of the sale. The Remanufactured Core value of warranty and stock adjustment returns are provided for as indicated in the paragraph “ Revenue Recognition – Core Exchange Programs ”. As is standard in the industry, we only accept returns from on- going customers. If a customer ceases doing business with us, we have no further obligation to accept additional product returns from that customer. Similarly, we accept product returns and grant appropriate credits to new customers from the time the new customer relationship is established. Contract Liability Contract liability consists of: (i) customer allowances earned, (ii) accrued core payments, (iii) customer core returns accruals, (iv) core bank liability, (v) finished goods liabilities, and (vi) customer deposits. Customer allowances earned includes all marketing allowances provided to customers. Such allowances include sales incentives and concessions. Voluntary marketing allowances related to a single exchange of product are recorded as a reduction of revenues at the time the related revenues are recorded or when such incentives are offered. Other marketing allowances, which may only be applied against future purchases, are recorded as a reduction to revenues in accordance with a schedule set forth in the relevant contract. Sales incentive amounts are recorded based on the value of the incentive provided. Customer allowances to be provided to customers within our normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Accrued core payments represent the sales price of Remanufactured Cores purchased from customers, generally in connection with new business, which are held by these customers and remain on their premises. The sales price of these Remanufactured Cores will be realized when our relationship with a customer ends, a possibility that we consider remote based on existing long- term customer agreements and historical experience. The payments to be made to customers for purchases of Remanufactured Cores within our normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Customer core returns accruals represent the full and nominally priced Remanufactured Cores shipped to our customers. When we ship product, we recognize an obligation to accept a similar Used Core sent back under the core exchange programs based upon the Remanufactured Core price agreed upon by us and our customer. The contract liability related to Used Cores returned by consumers to our customers but not yet returned to us are classified as short- term contract liabilities until we physically receive these Used Cores as they are expected to be returned during our normal operating cycle, which is generally one year and the remainder are recorded as long- term contract liabilities. The core bank liability represents the full Remanufactured Core sales price for cores returned under our core exchange programs. The payment for these returned cores are made over a contractual repayment period pursuant to our agreement with this customer. Payments to be made within our normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Finished goods liabilities represents the agreed upon price of finished goods acquired from customers, generally in connection with new business. The payment for these finished goods are made over a contractual repayment period pursuant to our agreement with the customer. Payments to be made within our normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Customer deposits represent the receipt of prepayments from customers for the obligation to transfer goods or services in the future. We classify these customer deposits as short- term contract liabilities as we expect to satisfy these obligations within our normal operating cycle, which is generally one year. Customer Finished Goods Returns Accrual The customer finished goods returns accrual represents our estimate of our exposure to customer returns, including warranty returns, under our general right of return policy to allow customers to return items that their end user customers have returned to them and from time to time, stock adjustment returns when the customers’ inventory of certain product lines exceeds the anticipated sales to end- user customers. The customer finished goods returns accrual represents the Unit Value of the estimated returns and is classified as a current liability due to the expectation that these returns will occur within the normal operating cycle of one year. Our customer finished goods returns accrual was \$ **38,312,000 and \$ 37,984,000 and \$ 38,086,000** at March 31, **2024 and 2023 and 2022**, respectively. The change in the customer finished goods returns accrual primarily resulted from the timing of returned goods authorizations (“ RGAs ”) issued at March 31, **2023-2024** compared with March 31, **2022-2023**. Income Taxes We account for income taxes using the liability method, which measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. The resulting asset or liability is adjusted to reflect changes in the tax laws as they occur. A valuation allowance is provided to reduce deferred tax assets when it is more likely than not that a portion of the deferred tax asset will not be realized. Realization of deferred tax assets is dependent upon our ability to generate sufficient future taxable income. Significant judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. We make these estimates and judgments about our future taxable income that are based on assumptions that are consistent with our future plans. A valuation allowance is established when we believe it is not more likely than not all or some of a deferred tax assets will be realized. In evaluating our ability to recover deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence, **including scheduled reversals of deferred tax liabilities, projected future taxable income, past financial performance, and tax planning strategies**. Deferred tax assets arising primarily as a result of net operating loss carry- forwards and research and development credits in connection with our Canadian operations have been offset completely by a valuation allowance due to the uncertainty of their utilization in future

periods. **During the year ended March 31, 2024, we recorded a discrete non-cash valuation allowance of \$ 38,009,000 on U. S. federal and various state deferred tax assets that is considered not more likely than not to be realized under U. S. GAAP.** Should the actual amount differ from our estimate, the amount of our valuation allowance could be impacted. We have made an accounting policy election to recognize the U. S. tax effects of global intangible low-taxed income as a component of income tax expense in the period the tax arises. The following discussion and analysis should be read together with the financial statements and notes thereto appearing elsewhere herein. The following summarizes certain key operating consolidated data for the periods indicated: Fiscal Years Ended March 31, ~~2023~~ **2024** Cash flows (used in) provided by (used in) operations \$ **39,172,000** \$ (21,754,000) \$ (44,862,000) \$ ~~56,089,000~~ Finished goods turnover (1) ~~3.73~~ **63.84** (1) Finished goods turnover is calculated by dividing the cost of goods sold for the year by the average ~~between of~~ beginning and ending non-core finished goods inventory values, for each fiscal year. We believe that this provides a useful measure of our ability to turn our inventory into revenues. ~~Our finished goods turnover for fiscal 2023 was impacted by our investment in inventory during the prior year to address disruptions related to the worldwide supply chain and logistics challenges to meet higher anticipated future sales.~~ Fiscal ~~2023~~ **2024** Compared with Fiscal ~~2022~~ **2023** Net Sales and Gross Profit The following summarizes net sales and gross profit: Fiscal Years Ended March 31, ~~2023~~ **2024** Net sales **to external customers \$ 717,684,000** \$ 683,074,000 \$ ~~650,308,000~~ Cost of goods sold **585,133,000** \$ ~~569,112,000~~ \$ ~~532,443,000~~ Gross profit **132,551,000** \$ ~~113,962,000~~ \$ ~~117,865,000~~ Gross profit percentage **18.5%** ~~16.7%~~ ~~18.1%~~ Net Sales. Our consolidated net sales for ~~fiscal the year ended March 31, 2023~~ **2024** were \$ ~~683,717,074~~ **684,000**, which represents an increase of \$ ~~32,34,766~~ **610,000**, or ~~5.0~~ **1%**, from ~~fiscal the year ended March 31, 2022~~ **2023** of \$ ~~650,683,308~~ **683,308,074,000**. The prior year's net sales was positively impacted by \$ ~~13,327,000~~ in core revenue due to **strong demand** a realignment of inventory at certain customer distribution centers. This increase in net sales for **both** the year ended March 31, ~~2023~~ primarily reflects growing sales of our brake-related products and higher sales of our rotating electric **and brake-related products-product lines**; partially offset by disruptions to global supply chain and logistics services and inventory reduction initiatives from one of our largest customers. The following summarizes consolidated net sales by product mix: Fiscal Years Ended March 31, ~~2023~~ **2024** Rotating electrical products % **Wheel hub Brake-related products %** **Wheel hub Brake-related products %** Other products % % % % Gross Profit. Our consolidated gross profit was ~~for fiscal 2024 increased~~ \$ ~~113,962,589,000~~, or ~~16.7~~ **3%**, **to \$ 132,551,000 from \$ 113,962,000 for fiscal 2023.** Our consolidated gross margin, as a percentage of consolidated net sales, **improved by 1.8%** for the year ended March 31, ~~fiscal 2024~~ **2024** to ~~18.5%~~ **18.5%** from ~~16.7%~~ **16.7%** for ~~fiscal 2023~~ **2023** compared with \$ ~~117,865,000~~. **This improvement is due to better utilization of our facilities and 18.1% of consolidated net sales, for the year ended March 31, 2022 benefit of price increases that went into effect during current and prior periods.** ~~Our~~ **In addition, our** gross margin for ~~fiscal 2024~~ **2024** compared with ~~fiscal the year ended March 31, 2023~~ reflects (i) higher per-unit costs resulting from absorption of overhead costs as we manage our inventory levels, (ii) higher costs due to disruptions to the global supply chain, logistics services, related higher freight costs, higher wages, (iii) impact of core revenue in the prior period due to a realignment of inventory at certain customer distribution centers, and (iv) changes in product mix. Our gross margin for the years ended March 31, 2023 and 2022 was impacted by (i) higher freight costs, net of certain price increases, of \$ ~~3,290,000~~, and \$ ~~9,135,000~~, respectively, (ii) additional expenses **of \$ 7,472,000 and \$ 8,195,000, respectively, primarily** due to certain costs for disruptions in the supply chain of \$ ~~8,195,000~~ and \$ ~~8,759,000~~, respectively, (iii) ~~ii~~ amortization of core and finished goods premiums paid to customers related to new business of \$ **10,963,000 and \$ 11,791,000 and \$ 11,960,000**, respectively. ~~In addition, and~~ gross margin for the year ended March 31, 2023 was impacted by (i) ~~iii~~ **the** non-cash quarterly revaluation of cores that are part of the finished goods on the customers' shelves (which are included in contract assets) to the lower of cost or net realizable value, which resulted in a write-down of \$ **5,353,000 and \$ 3,736,000 and (ii), respectively.** **In addition, gross margin for fiscal 2023 was impacted by** a \$ ~~2,034,000~~ reduction of payroll expense for the **Employee Retention Credit ("ERC")**. ~~For~~ the year ended March 31, 2022, gross margin was impacted by non-cash quarterly revaluation of cores that are part of the finished goods on the customers' shelves (which are included in contract assets) to the lower of cost or net realizable value and gain due to realignment of inventory at certain customer distribution centers, which resulted in a net gain of \$ ~~75,000~~. Gross margin for the year ended March 31, 2022 was further impacted by transition expenses in connection with the expansion of our brake-related operations in Mexico of \$ ~~2,744,000~~. Operating Expenses The following summarizes consolidated operating expenses: Fiscal Years Ended March 31, ~~2023~~ **2024** General and administrative \$ **57,769,000** \$ ~~54,756,000~~ \$ ~~57,499,000~~ Sales and marketing **22,481,000** \$ ~~21,729,000~~ \$ ~~22,833,000~~ Research and development **9,995,000** \$ ~~10,322,000~~ \$ ~~10,502,000~~ Foreign exchange impact of lease liabilities and forward contracts (~~3,814,000~~) (~~9,291,000~~) (~~1,673,000~~) Percent of net sales General and administrative ~~8.0%~~ **8.0%** Sales and marketing ~~3.1%~~ **3.2%** Research and development ~~1.5~~ **4%** ~~1.6~~ **5%** Foreign exchange impact of lease liabilities and forward contracts (~~0.5~~) % (~~1.4~~) % (~~0.3~~) % General and Administrative. Our general and administrative expenses for ~~fiscal 2024~~ **2024** were \$ **57,769,000**, which represents an increase of \$ ~~3,013,000~~, or ~~5.5~~ **5%**, from ~~fiscal 2023~~ **2023** of \$ ~~54,756,000~~. This increase was primarily due to (i) \$ ~~2,960,000~~ of increased employee incentives, (ii) \$ ~~1,075,000~~ of increased employee-related expenses which resulted from the \$ ~~1,377,000~~ employee retention credit recorded in the prior year partially offset by lower expenses due to cost-cutting measures, and (iii) \$ ~~1,033,000~~ of increased professional services. These increases were partially offset by (i) \$ ~~54,952,756~~ **000** of decreased severance and (ii) the benefit of our continued cost-cutting measures at our offshore locations. Sales and Marketing. Our sales and marketing expenses for ~~fiscal 2024~~ **2024** were \$ **22,481,000**, which represents an increase of \$ ~~752,000~~, or ~~3.5~~ **5%**, from ~~fiscal 2023~~ **2023** of \$ ~~21,729,000~~. This increase was primarily due to (i) the \$ ~~968,000~~ employee retention credit recorded in the prior year and (ii) \$ ~~467,000~~ of increased commissions due to higher sales. These increases were partially offset by our cost-cutting measures, which included (i) \$ ~~375,000~~ of decreased marketing and advertising expenses and (ii) \$ ~~218,000~~ of decreased trade show expense. Research and Development. Our research and development expenses for ~~fiscal 2024~~ **2024** were \$ **9,995,000**, which represents a decrease of \$ ~~327,000~~, or ~~3.2~~ **4%**, from ~~fiscal 2022~~ **2023**

of \$ 57-10, 499-322, 000. The **This** decrease in general and administrative expense during fiscal 2023 was primarily due to (i) \$ 3, 743, 000 of decreased employee incentives as no bonuses were recorded for fiscal 2023, (ii) \$ 2, 602, 000 of decreased share-based compensation in connection with equity grants made to employees, and (iii) a **headcount \$ 1, 377, 000 reduction of payroll and a reduction in research and development expense expenses** for the ERC. These decreases were partially offset by **the (i) \$ 1-725, 640, 000 employee retention credit recorded in the prior year. Foreign Exchange Impact** of increased expense resulting from **Lease Liabilities and Forward Contracts. Our foreign exchange impact** currency transactions, (ii) \$ 1, 562, 000 of **lease liabilities** increased severance expense due to headcount reduction, (iii) \$ 920, 000 of increased employee-related expense at our offshore locations, (iv) \$ 403, 000 of increased information technology costs in connection with cybersecurity and **forward contracts** other productivity tools, and (v) \$ 346, 000 of increased professional services. Sales and Marketing. Our sales and marketing expenses for fiscal **2024 and 2023 were non- cash gains of \$ 3, 814, 000 and \$ 9, 21-291, 729, 000, respectively** which represents a decrease of \$ 1, 104, 000, or 4. **This change during 8 %, from fiscal 2022-2024 compared with** of \$ 22, 833, 000. This decrease in sales and marketing expense during fiscal 2023 was primarily due to (i) \$ 1, 359, 000 of decreased employee- related expenses (including a \$ 968, 000 reduction of payroll expense for the ERC) due to our cost-cutting measures and (ii) \$ 535, 000 of decreased marketing and advertising expenses. These decreases were partially offset by (i) \$ 359, 000 of increased trade shows as normal business expenses resumed, (ii) \$ 370, 000 of increased travel costs as some business travel resumed, and (iii) \$ 171, 000 of increased commissions due to higher sales. Research and Development. Our research and development expenses for fiscal 2023 were \$ 10, 322, 000, which represents a decrease of \$ 180, 000, or 1. 7 %, from fiscal 2022 of \$ 10, 502, 000. This decrease in research and development expenses during fiscal 2023 was primarily due to (i) a \$ 725, 000 reduction of payroll expense related to the ERC and (ii) \$ 265, 000 of decreased outside services. These decreases were partially offset by (i) \$ 558, 000 of increased samples for our core library and other research and development supplies and (ii) \$ 238, 000 of increased employee- related expenses. Foreign Exchange Impact of Lease Liabilities and Forward Contracts. Our foreign exchange impact of lease liabilities and forward contracts for the years ended March 31, 2023 and 2022 were non- cash gains of \$ 9, 291, 000 and \$ 1, 673, 000, respectively. This change was primarily due to (i) the remeasurement of our foreign currency- denominated lease liabilities, which resulted in non- cash gains of \$ **5, 187, 000 and \$ 6, 515, 000 and \$ 1, 989, 000 for the years ended March 31, 2023 and 2022**, respectively, due to foreign currency exchange rate fluctuations and (ii) the forward foreign currency exchange contracts, which resulted in a non- cash **gain-loss** of \$ **2-1, 776-373, 000** compared with a non- cash **loss-gain** of \$ **316-2, 776 000** for the years ended March 31, **000 2023 and 2022**, respectively, due to the changes in their fair values. Operating Income Consolidated Operating Income. Our consolidated operating income for **fiscal the year ended March 31, 2023-2024** was \$ 36, 446- **46, 120, 000**, which represents an increase of \$ **7-9, 742-674, 000**, or **27-26, 0-5 %**, from **fiscal the year ended March 31, 2022-2023** of \$ **28-36, 704-446, 000**. Operating income increased primarily due to **higher gross profit** increased non- cash gains from the foreign exchange impact of lease liabilities and forward contracts and lower operating expenses, which were **was** partially offset by lower gross profit **higher operating expenses** as discussed above. Interest Expense Interest Expense, net. Our interest expense for **fiscal the year ended March 31, 2023-2024** was \$ **39-60, 555-040, 000**, which represents an increase of \$ **24-20, 000-485, 000**, or **154-51, 3-8 %**, from interest expense for **fiscal the year ended March 31, 2022-2023** of \$ **15-39, 555, 000**. Approximately 86 % of this **This** increase was **primarily** due to (i) higher interest rates on our borrowing and **increased collection of receivables utilizing** accounts receivable discount programs **on higher sales**, which have variable (ii) **higher** interest rates **offset by lower**. In addition, during the year ended March 31, 2023, utilization of our accounts receivable discount programs and our average borrowing **outstanding balances** under our credit facility increased, and (iii) non- cash interest expense incurred on the convertible notes issued on March 31, 2023. **Change in Fair Value of Compound Net Derivative Liability Change in Fair Value of Compound Net Derivative Liability. Our change in fair value of compound net derivative liability for fiscal 2024 was a non- cash gain of \$ 1, 020, 000 associated with the convertible notes issued on March 31, 2023. Loss on Extinguishment of Debt Loss on Extinguishment of Debt. Our loss on extinguishment of debt was \$ 168, 000 in connection with the repayment of the remaining outstanding balance of our term loans during fiscal 2024.** Provision for Income Taxes Income Tax. We recorded an income tax expense of \$ **1-36, 098-176, 000**, or an effective tax rate of (**35-276, 3-8 %**), and **income tax expense of \$ 5-1, 788-098, 000**, or an effective tax rate of **44-(35, 0-3) %**, for **fiscal 2024 and 2023 and 2022**, respectively. **During fiscal 2024, we recorded a discrete non- cash valuation allowance of \$ 38, 009, 000 on our U. S. federal and various state deferred tax assets primarily due to recent losses.** The effective tax rate for **fiscal year ended March 31, 2023-2024**, was primarily impacted by (i) specific jurisdictions **the valuation allowance on U. S. and Canadian deferred tax assets** that we do not expect to recognize the **be realized, (ii) excess tax** benefit of losses from stock- based compensation, (**ii-iii) non- deductible executive compensation under Internal Revenue Code Section 162 (m), and (iv)** foreign income taxed at rates that are different from the federal statutory rate, and (iii) non- deductible executive compensation under Internal Revenue Code Section 162 (m). **Fiscal 2022-2023** Compared with Fiscal 2021 Fiscal Years Ended March 31, 2022 **A discussion** Net sales \$ 650, 308, 000 \$ 540, 782, 000 Cost of **the changes in** goods sold 532, 443, 000 431, 321, 000 Gross profit 117, 865, 000 109, 461, 000 Gross profit percentage 18. 1 % 20. 2 % Net Sales. Our consolidated net sales for fiscal 2022 were \$ 650, 308, 000, which represents an increase of \$ 109, 526, 000, or 20. 3 %, from fiscal 2021 of \$ 540, 782, 000. While our **results** net sales increased across all product lines due to strong demand for our products, we continued to experience a number of challenges related to the global COVID- 19 pandemic, including disruptions with worldwide supply chain and logistics services during both periods. Net sales for fiscal 2022 and 2021 include \$ 13, 327, 000 and \$ 12, 779, 000, respectively, in core revenue due to a realignment of inventory at certain customer distribution centers. The following summarizes sales mix: Years Ended March 31, 2022 Rotating electrical products % % Wheel hub products % % Brake- related products % % Other products % % % Gross Profit. Our gross profit increased \$ 8, 404, 000, or 7. 7 %, to \$ 117, 865, 000 for fiscal 2022 from \$ 109, 461, 000 for fiscal 2021. Our gross profit increased due to strong demand across all product lines. Our consolidated gross margin was 18. 1 % of net sales for fiscal

2022 compared with 20.2% of net sales for fiscal 2021. The decrease in our gross margin was primarily due to inflationary costs related to the global pandemic, including disruptions with worldwide supply chain, logistics services, and related higher freight costs. During fiscal 2022 and 2021, higher freight costs, net of certain price increases that went into effect during the latter part of the current year, impacted gross margin by approximately \$9,135,000, and \$1,785,000, respectively. During fiscal 2022, we also incurred additional expenses of \$8,759,000 due to COVID-19 related costs for disruptions in the supply chain, increased salaries associated with COVID-19 vulnerable employee pay, and personal protective equipment. During fiscal 2021, we incurred additional expenses of \$5,268,000 due to increased salaries associated with COVID-19 bonuses, vulnerable employee pay, and personal protective equipment in connection with the COVID-19 pandemic. Our gross margin for fiscal 2022 and 2021 was also impacted by (i) transition expenses in connection with the expansion of our brake-related operations in Mexico of \$2,744,000 and \$16,353,000, respectively, and (ii) amortization of core and finished goods premiums paid to customers related to new business of \$11,960,000 and \$6,691,000, respectively. Expansion of our brake-related operations in Mexico was completed during the second quarter of fiscal 2022. In addition, gross margin was impacted by (i) non-cash quarterly revaluation of cores that are part of the finished goods on the customers' shelves (which are included in contract assets) to the lower of cost or net realizable value and gain due to realignment of inventory at customer distribution centers, which resulted in a net gain of \$75,000 and net write-down of \$209,000 for fiscal 2022 and 2021, respectively, (ii) customer allowances and return accruals related to new business of \$307,000 recorded during fiscal 2021, (iii) net tariff costs of \$332,000 not passed through to customers for fiscal 2021, and (iv) a \$3,561,000 benefit for revised tariff costs recorded during fiscal 2021.

Fiscal Years Ended March 31, 2022 General and administrative \$57,499,000 \$53,847,000 Sales and marketing 22,833,000 18,024,000 Research and development 10,502,000 8,563,000 Foreign exchange impact of lease liabilities and forward contracts (1,673,000) (17,606,000) Percent of net sales General and administrative 8.8% 10.0% Sales and marketing 3.5% 3.3% Research and development 1.6% 1.6% Foreign exchange impact of lease liabilities and forward contracts (0.3)% (3.3)% General and Administrative. Our general and administrative expenses for fiscal 2022 were \$57,499,000, which represents an increase of \$3,652,000, or 6.8%, from fiscal 2021 of \$53,847,000, however, general and administrative expenses as a percentage of net sales decreased to 8.8% for fiscal 2022 from 10.0% for the prior year. The increase in general and administrative expense was primarily due to (i) \$2,040,000 of increased share-based compensation due to equity grants made to employees in fiscal 2022, (ii) \$353,000 of increased employee related expenses, primarily due to the reinstatement of salary reductions in the prior year in response to the COVID-19 pandemic, (iii) \$905,000 of decreased gain resulting from foreign currency transactions, (iv) \$705,000 of increased costs at our offshore locations, (v) \$305,000 of increased information technology costs in connection with cybersecurity and other productivity tools, and (vi) \$292,000 of increased general insurance costs. These increases in general and administrative expenses were partially offset by \$1,329,000 of decreased professional services. Sales and Marketing. Our sales and marketing expenses for fiscal 2022 were \$22,833,000, which represents an increase of \$4,809,000, or 26.7%, from fiscal 2021 of \$18,024,000. This increase in sales and marketing expense during fiscal 2022 was primarily due to (i) \$1,500,000 of increased commissions due to higher sales, (ii) \$1,304,000 of increased employee related expenses, primarily due to the reinstatement of salary reductions in the prior year in response to the COVID-19 pandemic and increased headcount in the current year, (iii) \$1,027,000 of increased marketing in connection with new business and advertising expense, (iv) \$501,000 of increased travel as normal business operations resume, and (v) \$261,000 of increased trade shows expense as normal business operations resume. Research and Development. Our research and development expenses for fiscal 2022 were \$10,502,000, which represents an increase of \$1,939,000, or 22.6%, from fiscal 2021 of \$8,563,000. This increase in research and development expenses during fiscal 2022 was primarily due to (i) \$1,274,000 of increased employee related expenses, primarily due to the reinstatement of salary reductions in the prior year in response to the COVID-19 pandemic and increased headcount during the current year, (ii) \$504,000 of increased outside services primarily due to development projects, and (iii) \$110,000 of increased samples for our core library and other research and development supplies. Foreign Exchange Impact of Lease Liabilities and Forward Contracts. Our foreign exchange impact of lease liabilities and forward contracts for fiscal 2022 was a non-cash gain of \$1,673,000 compared with a non-cash gain for fiscal 2021 of \$17,606,000. This change in gain was primarily due to (i) the remeasurement of our foreign currency-denominated lease liabilities which resulted in non-cash gains of \$1,989,000 compared with \$9,893,000 for fiscal 2022 and 2021, respectively, due to foreign currency exchange rate fluctuations and (ii) the forward foreign currency exchange contracts which resulted in a non-cash loss of \$316,000 compared with a non-cash gain of \$7,713,000 for fiscal 2022 and 2021, respectively, due to the changes in their fair values. Consolidated Operating Income. Our consolidated operating income for the year ended March 31, 2022-2023, was as compared with \$28,704,000, which represents a decrease of \$17,929,000, or 38.4%, from the year ended March 31, 2021-2022 of \$46,633,000. Operating income decreased primarily due to decreased non-cash gains from foreign exchange impact of lease liabilities (this Form 10-K but may be found in Item 7. "Management's Discussion and forward contracts Analysis of Financial Condition and increased operating expenses Results of Operations" of the annual report on Form 10-K for the year ended March 31, 2023, filed with the SEC on June 14, 2023, which were partially offset is available free of charge on the SEC's website at www.sec.gov by searching with our ticker symbol "MPAA" increased gross profit as discussed above. Interest Expense, net. Our interest expense, net for fiscal 2022 was \$15,555,000, which represents a decrease of \$215,000, or at 1.3%, from fiscal 2021 of \$15,770,000. The decrease in interest expense was primarily due to lower interest rates on our accounts receivable discount programs partially offset internet address, www.motorcarparts.com, by clicking "Investors" located increased borrowing under our credit facility. Income Tax. We recorded income tax expense of \$5,788,000, or an effective tax rate of 44.0%, for fiscal 2022 and \$9,387,000, or an effective tax rate of 30.4%, for fiscal 2021. The effective tax rate for fiscal 2022 was primarily impacted by (i) non-deductible executive compensation under Internal Revenue Code Section 162(m), (ii) income taxes associated with uncertain tax positions, (iii) specific jurisdictions that we do not expect to recognize the benefit of losses, and (iv) foreign

income taxed at rates that are different from the federal statutory rate **top of the page**. Liquidity and Capital Resources We had working capital (current assets minus current liabilities) of \$ **156,034,000 and \$ 154,886,000 and \$ 110,580,000**, a ratio of current assets to current liabilities of 1.4:1.0 at March 31, **2024 and 2023 and 1.3:1.0 at March 31, respectively 2022**. The increase in working capital resulted primarily from (i) lower accounts payable balances, (ii) the pay down of our revolving loans from the net proceeds received from the issuance of \$ 32,000,000 in convertible notes, (iii) higher accounts receivable, which resulted from higher net sales for fiscal 2023, and (iv) a reduction of inventory that was built up in the prior year to meet customer demand. Our primary source of liquidity was from **cash generated from operations** the use of our receivable discount programs, credit facility, and issuance of convertible notes during fiscal 2023 **2024**. In addition, we have access to our existing cash, as well as our available credit facilities to meet short-term liquidity needs. We believe **cash generated from operations**, our cash and cash equivalents, use of **accounts** receivable discount programs, amounts available under our credit facility, and other sources are sufficient to satisfy our **expected future working capital needs**, **repayment of the current portion of our term loans**, and lease and capital expenditure obligations over the next 12 months. **On March 31, 2023, we issued \$ 32,000,000 aggregate principal amount of convertible notes in a private placement offering. The convertible notes bear interest at a rate of 10% per year. The convertible notes may either be redeemed for cash, converted into shares of our common stock, or a combination thereof, at our election. The aggregate proceeds from the offering were approximately \$ 31,280,000, net initial purchasers' fees and other related expenses. The notes will mature on March 30, 2029, unless earlier converted, repurchased or redeemed.** Cash Flows The following summarizes cash flows as reflected in the consolidated statements of cash flows: Fiscal Years Ended March 31, **2023 2024** Cash (used in) provided by (used in): Operating activities \$ **39,172,000 \$ (21,754,000) \$ (44,862,000) \$ 56,089,000** Investing activities (**479,000) (4,191,000) (7,938,000) (14,214,000)** Financing activities **(36,439,000) 14,308,000 60,215,000 (76,567,000)** Effect of exchange rates on cash and cash equivalents **124,000 217,000 78,000 599,000** Net **increase (decrease) increase in cash and cash equivalents \$ 2,378,000 \$ (11,420,000) \$ 7,493,000 \$ (34,093,000)** Additional selected cash flow data: Depreciation and amortization \$ **11,619,000 \$ 12,444,000 \$ 12,886,000 \$ 11,144,000** Capital expenditures **1,000,000 4,201,000 7,550,000 13,942,000** Net cash used in **provided by** operating activities was \$ **39,172,000 for fiscal 2024 compared with net cash used in operations of \$ 21,754,000 and \$ 44,862,000 for fiscal 2023 and 2022, respectively**. The significant change **changes** in our operating activities **reflect** was due primarily to (i) a **reduction-increased collections** of inventory that was built up in our **accounts receivable balances resulting from higher sales during the current year, (ii) the timing of supplier payments compared with the prior year, and (iii) continued investments in inventory** to meet customer **support anticipated future demand for**, (ii) a reduction of accounts payable balances due to lower purchases as we continue to manage our **products** inventory levels, and (iii) increased sales for fiscal 2023 compared with **inventory reduction initiatives** fiscal 2022, resulting in **the prior year** a higher accounts receivable balance which will be collected in future periods. We continue to manage our working capital to maximize our operating cash flow. Net cash used in investing activities was \$ **479,000 and \$ 4,191,000 and \$ 7,938,000 for fiscal 2024 and 2023 and 2022**, respectively. The change in our investing activities primarily resulted from decreased capital expenditures due to the completion of our expansion of our brake-related operations in Mexico during the second quarter of fiscal 2022. Net cash provided by **used in** financing activities was \$ **14 36,439 308,000 and \$ 60,215,000 for fiscal 2023 2024 and 2022**, respectively. The significant change in our financing activities was due mainly to net repayments under our credit facility during fiscal 2023 compared to net borrowings under our credit facility during fiscal 2022 to support the investment in our inventory partially offset by \$ 32,000,000 in proceeds less debt issuance costs from the issuance of our convertible notes during fiscal 2023. In addition, we repurchased 106,486 shares of our common stock for \$ 1,914,000 during fiscal 2022. Net cash used in operating activities was \$ 44,862,000 for fiscal 2022 compared with net cash provided by operating **financing** activities of \$ **56 14,089 308,000 for fiscal 2021 2023**. The significant change in our operating activities was due primarily to (i) increased sales for fiscal 2022 compared with fiscal 2021, resulting in a higher accounts receivable balance which will be collected in future periods and (ii) higher inventory purchases during the current year compared with the prior year as we increased our inventory levels as a result of disruptions with worldwide supply chain and logistics services to meet higher anticipated sales; however, our days payable outstanding did not increase proportionately to our purchases during the current year as compared with the prior year. Our operating results (net income plus the net add-back for non-cash transactions in earnings) were higher during fiscal 2022 as compared with fiscal 2021. Net cash used in investing activities was \$ 7,938,000 and \$ 14,214,000 for fiscal 2022 and 2021, respectively. The significant change in our investing activities was due primarily to decreased capital expenditures in connection with the completion of our expansion of our brake-related operations in Mexico during the second quarter of fiscal 2022. Net cash provided by financing activities was \$ 60,215,000 for fiscal 2022 compared with net cash used in financing activities \$ 76,567,000 for fiscal 2021. The significant change in our financing activities was due mainly to additional **primarily resulted from (i) the net borrowings-repayment of amounts outstanding** under our credit facility of \$ **30,325,000 during fiscal 2022 2024** to support the investment in our inventory compared with \$ **13,550,000 during fiscal 2023 and (ii) the repayments--- payment under of debt issuance costs incurred in connection with the amendments to our credit facility and convertible notes** during fiscal 2021 **2024**. During fiscal 2023 we generated proceeds, less debt issuance costs, from the issuance of \$ 32,000,000 in convertible notes issued on March 31, 2023. A discussion of the changes in our operating activities, investing activities, and financing activities for the year ended March 31, 2023, as compared with the year ended March 31, 2022, has been omitted from this Form 10-K but may be found in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the annual report on Form 10-K for the year ended March 31, 2023, filed with the SEC on June 14, 2023, which is available free of charge on the SEC's website at www.sec.gov by searching with our ticker symbol "MPAA" or at our internet address, www.motorcarparts.com, by clicking "Investors" located at the top of the page. We are party to a \$ 268,620,000 senior secured financing, (as amended from time to time, the "Credit Facility") with a syndicate of lenders, and PNC Bank, National Association, as

administrative agent, consisting of (i) a \$ 238, 620, 000 revolving loan facility, subject to borrowing base restrictions, a \$ 24, 000, 000 sublimit for borrowings by Canadian borrowers, and a \$ 20, 000, 000 sublimit for letters of credit (the “ Revolving Facility ”) and (ii) a \$ 30, 000, 000 term loan facility (the “ Term Loans ”). **The Prior to the eighth amendment discussed below, the loans under the Credit Facility were scheduled to** mature on May 28, 2026. The Credit Facility currently permits the payment of up to \$ 29, 043, 000 of dividends and share repurchases for fiscal year 2023, subject to pro forma compliance with financial covenants. In connection with the Credit Facility, the lenders have a security interest in substantially all of our assets. **The On August 3, 2023, we entered into a seventh amendment to the Credit Facility, which among other things, (i) permitted us to repay our outstanding balance of** Term Loans require, **(ii) permitted the exclusion of** quarterly principal payments of **Term Loans from the fixed charge coverage ratio** \$ 937, 500. The Credit Facility bears interest at rates equal to either SOFR (including retrospectively as defined below) plus a margin of 2. 75 %, 3. 00 % or for 3. 25 % the prior periods or for all quarters beginning June 30 a reference rate plus a margin of 1. 75 %, 2. 00 % 2023, **(iii) reset the fixed charge coverage ratio financial covenant level or for the quarters** 2. 25 %, in each case depending ending on September 30, 2023 and December 31, 2023, **(iv) eliminated** the senior leverage ratio **financial covenant effective with the quarter ended June 30, 2023, (v) extended the minimum undrawn availability financial covenant through the delivery of the June 30, 2024 compliance certificate, and (vi) excluded the amount of all amendment fees and expenses incurred in connection with this amendment as well as prior unamortized fees associated with the Term Loans from bank EBITDA and the fixed charge coverage ratio financial covenant. On August 3, 2023, we repaid the remaining outstanding balance of our Term Loans and recorded a loss on extinguishment of debt for the remaining unamortized debt issuance costs of \$ 168, 000 in the consolidated statement of operations. On December 12, 2023, we entered into an eighth amendment to the Credit Facility, which among the other applicable measurement things, (i) extended the maturity date to December 12, 2028 from May 28, 2026, (ii) amended the definition of “ Applicable Margin ” to provide for a pricing grid, with the Applicable Margin for Term SOFR loans ranging from 2. There 75 % to 3. 25 % and the Applicable Margin for base rate loans ranging from 1. 75 % to 2. 25 %, in each case based on average daily undrawn availability for the most recently completed calendar quarter, (iii) amended the existing fixed charge coverage ratio financial covenant that is also a facility fee only tested if undrawn availability (which may include up to \$ 8, 000, 000 of suppressed availability) is less than 22. 375 5 % of to 0. 50 %, depending on the senior aggregate revolving commitments, and (iv) amended the definitions of Consolidated EBITDA and fixed charge leverage coverage ratio and certain component definitions used therein. We had \$ 128, 000, 000 and \$ 145, 200, 000 outstanding under the Revolving Facility at March 31, 2024 and 2023, respectively. In addition, \$ 6, 370, 000 as was outstanding for letters of credit at March 31, 2024. At March 31, 2024, after certain contractual adjustments, \$ 100, 915, 000 was available under the Revolving Facility applicable measurement date. The interest rate on our Term Loans and Revolving Facility was 8. 02 43 % and 8. 13 %, respectively, at March 31, 2024 and 2023, and 2. 99 % and 3. 13 %, respectively, at March 31, 2022. The Credit Facility, as amended among other things, requires us to maintain certain financial covenants including a maximum senior leverage ratio and a minimum fixed charge coverage ratio if undrawn availability is less than 22. In addition, 5 % of the aggregate revolving commitments Credit Facility places limits on our ability to incur liens, incur additional indebtedness, make loans and investments, engage in mergers and acquisitions, engage in asset sales, redeem, or repurchase capital stock, alter the business conducted by us and our subsidiaries, transact with affiliates, prepay, redeem, or purchase subordinated debt, and amend and or otherwise alter debt agreements. On November 3, 2022, we entered into a specified minimum undrawn availability. During fourth amendment to the Credit Facility, which among other the things period ended March 31 2024, undrawn availability was greater than the 22. 5 % threshold, therefore, the fixed charge coverage ratio financial covenant for the fiscal quarters ending September 30, 2022 and December 31, 2022, (ii) modified the total leverage ratio financial covenant for the quarter ending September 30, 2022, (iii) modified the definition of “ Consolidated EBITDA ”, and (iv) replaced LIBOR as the benchmark rate with a replacement benchmark based on the Secured Overnight Financing Rate (“ SOFR ”) effective November 3, 2022. The modifications to the financial covenants were effective as of September 30, 2022. As of December 31, 2022, we identified certain defaults with respect to the Credit Facility, which arose from non-compliance with certain financial covenants. On February 3, 2023, we entered into the fifth amendment, which among other things, (i) waived certain existing defaults and events of defaults arising from non-compliance with the fixed charge coverage ratio and senior leverage ratio financial covenants as of the end of the fiscal quarter ended December 31, 2022, (ii) modified the fixed charge coverage ratio and senior leverage ratio financial covenant levels for the quarters ending March 31, 2023 and June 30, 2023, (iii) modified the definitions of “ Applicable Margin ” and “ Consolidated EBITDA ”, and (iv) added a new minimum undrawn availability financial covenant. On March 31, 2023, we entered into a sixth amendment to the Credit Facility, which among other things, (i) permitted the issuance of the Convertible Notes (as defined below), (ii) amended the definition of Consolidated EBITDA, and (iii) amended certain component definitions used in calculating the senior leverage ratio financial covenant to exclude the Convertible Notes (as defined below). We were in compliance with all financial covenants as of March 31, 2023. We had \$ 145, 200, 000 and \$ 155, 000, 000 outstanding under the Revolving Facility at March 31, 2023 and 2022, respectively. In addition, \$ 6, 370, 000 was not required to be tested reserved for letters of credit at March 31, 2023. At March 31, 2023, after certain adjustments, \$ 87, 050, 000 was available under the Revolving Facility. On March 31, 2023, we entered into a note purchase agreement, as amended, (the “ Note Purchase Agreement ”) with Bison Capital Partners VI, L. P. and Bison Capital Partners VI- A, L. P. (collectively, the “ Purchasers ”) and Bison Capital Partners VI, L. P., as the purchaser representative (the “ Purchaser Representative ”) for the issuance and sale of \$ 32, 000, 000 in aggregate principal amount of convertible notes due in 2029 (the “ Convertible Notes ”) to be, which was used for general corporate purposes. The Convertible Notes bear interest at a rate of 10. 0 % per annum, compounded annually, and payable (i) in kind or (ii) in cash, annually in arrears on April 1 of each year, commencing on April 1, 2024. On June 8, 2023, we entered into the first amendment**

to the Note Purchase Agreement, which among other things, removed a provision that specified the Purchasers would be entitled to receive a dividend or distribution payable in certain circumstances. This amendment was effective as of March 31, 2023. **On August 1, 2023, we entered into the second amendment to the Note Purchase Agreement, which amended the definition of “ Permitted Restricted Payments ” to permit the prepayment of our Term Loans.** The aggregate proceeds from the offering were approximately \$ 31, 280, 000, net of initial purchasers’ fees and other related expenses. The initial conversion rate is 66. 6667 shares of our common stock per \$ 1, 000 principal amount of notes (equivalent to an initial conversion price of approximately \$ 15. 00 per share of common stock). At March 31, ~~2023~~ **2024**, we had 28, ~~650, 214~~, ~~590, 757~~ shares of our common stock available to be issued if the Convertible Notes were converted. In connection with the Note Purchase Agreement, we entered into common stock warrants (the “ Warrants ”) with the Purchasers, which mature on March 30, 2029. The Warrants do not become exercisable unless a Company Redemption (as defined below) occurs and the volume weighted average price of our common stock for 20 consecutive days prior to the redemption is less than \$ 15. 00. The fair value of the Warrants, using Level 3 inputs and the Monte Carlo simulation model, was zero at March 31, **2024 and** 2023. We estimate the fair value of the Warrants at each balance sheet date. Any subsequent changes from the initial recognition in the fair value of the Warrants will be recorded in current period earnings in the consolidated statements of operations. The Convertible Notes may be converted, subject to certain conditions, at a conversion price of approximately \$ 15. 00 (the “ Conversion Option ”). The Convertible Notes also include a provision for a return of interest (“ Return of Interest ”), which requires the Purchasers to return 15. 0 % of the interest paid to us in certain circumstances. The Return of Interest provision is accounted for as part of the Conversion Option and if the Conversion Option is exercised in the future, the Return of Interest provision will remain outstanding until the Purchaser sells all of the underlying stock received upon conversion. Upon conversion, any value associated with the Return of Interest provision will be reflected as a derivative asset upon conversion, with changes in fair value being recorded in earnings in the consolidated statements of operations until settlement in connection with the sale of the underlying stock by the Purchaser. Unless and until we deliver a redemption notice, the Purchasers of the Convertible Notes may convert their Convertible Notes at any time at their option. Upon conversion, the Convertible Notes will be settled in shares of our common stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events. The Convertible Notes have a stated maturity of March 30, 2029, subject to earlier conversion or redemption in accordance with their terms. If there is a Fundamental Transaction, as defined in the Form of Convertible Promissory Note, we may redeem all or part of the Convertible Notes. Except in the case of the occurrence of a Fundamental Transaction, we may not redeem the Convertible Notes prior to March 31, 2026. After March 31, 2026, we may redeem all or part of the Convertible Notes for a cash purchase (the “ Company Redemption ”) price equal to the redemption price plus \$ ~~45~~, 000, 000, but only if (i) we are listed on a national exchange, (ii) there is no “ Event of Default ” occurring and continuing and (iii) Adjusted EBITDA for the prior four quarters is greater than \$ 80, 000, 000. The “ Redemption Price ” shall mean a cash amount equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest. However, if the volume weighted average price of our common stock for 20 consecutive days prior to the notice of the Company Redemption is less than \$ 15 ~~-00~~, the Purchasers may exercise the warrants and we will pay the Redemption Price plus \$ 2 ,000, 000. ~~However, if the volume weighted average price of our common stock is less than \$ 8 for 20 days between March 31, 2023 and September 27, 2023, we will pay the redemption price plus \$ 5-, 000, 000.~~ The Conversion Option and the Company Redemption both met the criteria for bifurcation from the Convertible Notes as derivatives and **have** using the Monte Carlo simulation model were fair valued as a derivative liability of \$ 10, 400, 000 and an asset of \$ 1, 970, 000 at March 31, 2023, respectively. The Company Redemption has been combined with the Conversion Option as a compound net derivative liability (the “ Compound Net Derivative Liability ”). The Compound Net Derivative Liability has been recorded within convertible note, related party in the consolidated balance ~~sheet~~ **sheets**. **The fair value of the Conversion Option and the Company Redemption option using Level 3 inputs and the Monte Carlo simulation model was a liability of \$ 9, 800, 000 and \$ 10, 400, 000, and an asset of \$ 2, 390, 000 and \$ 1, 970, 000** at March 31, **2024 and** 2023, **respectively**. We estimate the fair value of the Compound Net Derivative Liability at each balance sheet date. Any subsequent changes from the initial recognition in the fair value of the Compound Net Derivative Liability will be recorded in current period earnings in the consolidated statements of operations. **During the year ended March 31, 2024, we recorded a gain of \$ 1, 020, 000 as the change in fair value of the Compound Net Derivative Liability in the consolidated statement of operations and consolidated statement of cash flows.** The Convertible Notes also contain additional features, such as, default interest and options related to a Fundamental Transaction, requiring bifurcation which were not separately accounted for as the value of such features were not material at March 31, **2024 and** 2023. Any subsequent changes from the initial recognition in the fair value of those features will be recorded in current period earnings in the consolidated statements of operations. The Convertible Notes include customary provisions relating to the occurrence of Events of Default, which include the following: (i) certain payment defaults on the Convertible Notes ; (ii) certain events of bankruptcy, insolvency and reorganization involving us or any of our subsidiaries; (iii) the entering of one or more final ~~judgements~~ **judgments** or orders against us or any of our subsidiaries for an aggregate payment exceeding \$ 25, 000, 000; (iv) the acceleration of senior debt; (v) certain failures of us to comply with certain provisions of the Note Purchase Agreement or material breaches of the Note Purchase Agreement by us or any of our subsidiaries; (vi) any material provision of the Note Purchase Agreement, the Convertible Notes, the guarantee, the subordination agreement, the warrants or the registration rights agreement, for any reason, ceases to be valid and binding on us or any subsidiary, or any subsidiary shall so claim in writing to challenge the validity of our liability under the Note Purchase Agreement, the Convertible Notes, or the registration rights agreement; or (vii) we fail to maintain the listing of our capital stock on a national securities exchange. Events of Default will be subject to a 30- day cure period except for those related to clause (ii) and (iv) of the preceding sentence. If an Event of Default occurs and is continuing, then, we shall deliver written notice to the Purchasers within 5 business days of first learning of such Event of Default. If an Event of Default involving bankruptcy, insolvency or reorganization events with respect to us (and not solely with respect to our

significant subsidiary) occurs, then the principal amount of, and all accrued and unpaid interest on, all of the Convertible Notes then outstanding will immediately become due and payable without any further action. **Unamortized Debt debt** issuance costs of **\$ 1, 058, 000 and** \$ 1, 006, 000 are presented in the balance sheet as a direct deduction from the carrying amounts of the Convertible Notes at March 31, **2024 and 2023, respectively**. Debt issuance costs are amortized using the effective interest method through the maturity of the Convertible **Note Notes** and recorded in interest expense in the consolidated statements of operations. **The effective interest rate was 18. 3 % as of March 31, 2024**. Debt issuance costs of \$ 360, 000 allocated to the Compound Net Derivative Liability were immediately expensed to interest expense in the consolidated statements of operations for the year ended March 31, 2023. Additionally, pursuant to the Note Purchase Agreement, subject to certain conditions, the Purchaser Representative shall have the right to nominate one director to serve (the " Investor Director ") on our Board of Directors (the " Board "). If an Investor Director is not currently serving on the Board, and subject to certain other conditions set forth in the Note Purchase Agreement, the Purchaser Representative shall have the right to designate one person to have observation rights with respect to all meetings of the Board. In connection with our entry into the Note Purchase Agreement, we have appointed Douglas Trussler to serve on our Board. **Accounts Receivable Discount Programs** We use **accounts receivable discount programs with offered by** certain customers and their respective banks. Under these programs, we have options to sell those customers' receivables to those banks at a discount to be agreed upon at the time the receivables are sold. These **accounts receivable discount arrangements programs** allow us to accelerate receipt of payment on customers' receivables. While these arrangements have reduced our working capital needs, there can be no assurance that these **accounts receivable discount programs** will continue in the future. Interest expense resulting from these **accounts receivable discount programs** would increase if interest rates rise, if utilization of these **accounts receivable discounting discount arrangements programs** expands- **expand**. if customers extend their payment to us, or if the discount period is extended to reflect more favorable payment terms to customers. The following is a summary of the **accounts receivable discount programs**: Fiscal Years Ended March 31, **2023-2024** Receivables discounted \$ **618, 012, 000 \$ 548, 376 ,000 \$ 525, 441 , 000** Weighted average days Weighted average discount rate **6. 8 % 5. 3 % 1. 9 %** Amount of discount as interest expense \$ **39, 175, 000 \$ 26, 432 ,000 \$ 9, 197 , 000** Multi- year Customer Agreements We have or are renegotiating long- term agreements with many of our major customers. Under these agreements, which in most cases have initial terms of at least four years, we are designated as the exclusive or primary supplier for specified categories of our products. Because of the very competitive nature of the market and the limited number of customers for these products, our customers have sought and obtained price concessions, significant marketing allowances and more favorable delivery and payment terms in consideration for our designation as a customer' s exclusive or primary supplier. These incentives differ from contract to contract and can include (i) the issuance of a specified amount of credits against receivables in accordance with a schedule set forth in the relevant contract, (ii) support for a particular customer' s research or marketing efforts provided on a scheduled basis, (iii) discounts granted in connection with each individual shipment of product, and (iv) other marketing, research, store expansion or product development support. These contracts typically require that we meet ongoing performance standards. While these longer- term agreements strengthen our customer relationships, the increased demand for our products often requires that we increase our inventories and personnel. Customer demands that we purchase their Remanufactured Core inventory also require the use of our working capital. The marketing and other allowances we typically grant our customers in connection with our new or expanded customer relationships adversely impact the near- term revenues, profitability and associated cash flows from these arrangements. However, we believe the investment we make in these new or expanded customer relationships will improve our overall liquidity and cash flow from operations over time. Share Repurchase Program In August 2018, our board of directors approved an increase in our share repurchase program from \$ 20, 000, 000 to \$ 37, 000, 000 of our common stock. During fiscal **2024 and 2023**, we did not repurchase any shares of our common stock. During fiscal 2022 **and 2021**, we repurchased 106, 486 **and 54, 960** shares of our common stock, **respectively**, for \$ 1, 914, 000 **and \$ 1, 139, 000, respectively**. As of March 31, **2023-2024**, \$ 18, 745, 000 was utilized and \$ 18, 255, 000 remains available to repurchase shares under the authorized share repurchase program, subject to the limit in our Credit Facility. We retired the 837, 007 shares repurchased under this program through March 31, **2023-2024**. Our share repurchase program does not obligate us to acquire any specific number of shares and shares may be repurchased in privately negotiated and / or open market transactions. Capital Expenditures and Commitments Our total capital expenditures **were \$ 1, including 755, 000 for fiscal 2024 and \$ 4, 792, 000 for fiscal 2023. These capital expenditures include (i) cash paid for the purchase of plant and equipment plant, (ii) equipment acquired under finance leases, and (iii) non- cash capital expenditures. Capital expenditures**, were \$ 4, 792, 000 for fiscal 2023-**2024** and \$ 8, 150, 000 for fiscal 2022. These capital expenditures primarily include the purchase of equipment for our current operations **and the expansion of our operations in Mexico, which was completed during the second quarter of fiscal 2022**. We expect to incur approximately \$ 7, 000, 000 of capital expenditures primarily to support our **global growth initiatives and** current operations during fiscal **2024-2025**. We have used and expect to continue using our working capital and additional capital lease obligations to finance these capital expenditures. Contractual Obligations The following summarizes our contractual obligations and other commitments as of March 31, **2023-2024** and the effect such obligations could have on our cash flows in future periods:

Payments Due by Period	Contractual Obligations	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Finance lease obligations (1)	\$ 5-3, 008-825, 000 \$ 2-1, 064-753, 000 \$ 2-1, 406-539, 000 \$ 532-533, 000 \$ -6, 000					
Operating lease obligations (2)	113-101, 671-759, 000 13-12, 567-676, 000 24-23, 634-568, 000 21-22, 541-054, 000 53-43, 929-461, 000					
Revolving facility (3)	145-128, 200, 000 --145, 200, 000- -128					
Term loan (4)	14, 947, 000 4, 655, 000 8, 391, 000 1, 901, 000- Convertible notes (5-4) 56, 704, 000-- 56, 704, 000 -					
Accrued core payment (6-5)	13-10, 289-650, 000 3, 480-792, 000 5, 985-737, 000 3-1, 824-121, 000- Core bank liability (7-6) 16, 148- 14, 130, 000 2, 018, 000 4, 036, 000 4, 036, 000 6-4, 058-040, 000					
Finished goods liabilities (8-7)	1-549, 710, 000 1-404, 277, 000 433-145, 000--					
Unrecognized tax benefits (9-8)	-----					
Other long- term obligations (10-9)	63-54, 976-095, 000 14, 637-701, 000 22-21, 226-479, 000 19-15, 137-089, 000 7					

2, 976-826, 000 Total \$ 430-369, 653-712, 000 \$ 41-35, 698-344, 000 \$ 68-56, 111-504, 000 \$ 196-227, 171-537, 000 \$ 124-50, 673-327, 000 (1) Finance lease obligations represent amounts due under finance leases for various types of equipment. (2) Operating lease obligations represent amounts due for rent under our leases for all our facilities, certain equipment, and our Company automobile. (3) Obligations under our Revolving Facility mature on ~~May 28~~ **December 12, 2026-2028**. This debt is classified as a short term liability on our balance sheet as we expect to use our working capital to repay the amounts outstanding under our revolving loan. (4) ~~Term Loan obligations represent the amounts due for principal payments as well as interest payments to be made. Interest payments were calculated based upon the interest rate for our Term Loan using the SOFR option at March 31, 2023, which was 8.02%.~~ (5) Obligations under our Convertible Notes mature on March 30, 2029. There are no future payments required under the Convertible Notes prior to their maturity, therefore, the carrying value of the notes plus interest payable in kind, assuming no early redemption or conversion has occurred, is included in the above table based on their maturity date of March 30, 2029. (6-5) Accrued core payment represents the amounts due for principal of \$ ~~12-10, 227-011~~, 000 and interest payments of \$ ~~639-1,062~~, 000 to be made in connection with the purchases of Remanufactured Cores from our customers, which are held by these customers and remain on their premises. (7-6) The core bank liability represents the amounts due for principal of \$ ~~15-13, 268-582~~, 000 and interest payments of \$ ~~880-548~~, 000 to be made in connection with the return of Used Cores from our customers. (8-7) Finished goods liabilities represents the amounts due for principal of \$ ~~1-549, 690~~, 000 and ~~no~~ interest payments ~~of \$ 20,000~~ to be made in connection with the purchase of finished goods from our customers. (9-8) We are unable to reliably estimate the timing of future payments related to uncertain tax position liabilities at March 31, ~~2023-2024~~; therefore, future tax payment accruals related to uncertain tax positions in the amount of \$ 1, ~~964-784~~, 000 have been excluded from the table above. (10-9) Other long-term obligations represent commitments we have with certain customers to provide marketing allowances in consideration for multi-year customer agreements to provide products over a defined period. We are not obligated to provide these marketing allowances should our business relationships end with these customers. Item 7A. Quantitative and Qualitative Disclosures About Market Risk Our primary market risk relates to changes in interest rates, foreign currency exchange rates, and customer credit. We do not enter into derivatives or other financial instruments for trading or speculative purposes. As our overseas operations expand, our exposure to the risks associated with foreign currency fluctuations will continue to increase. Interest rate risk We are exposed to changes in interest rates primarily as a result of our borrowing and receivable discount programs, which have interest costs that vary with interest rate movements. Our ~~credit revolving~~ facility bears interest at variable base rates, plus an applicable margin, **which was 8.43% and 8.12% at March 31, 2024 and 2023, respectively**. At March 31, ~~2023-2024~~, **borrowings under our revolving facility net debt obligations** totaled \$ ~~158-128, 143-000~~, 000. If interest rates were to increase 1%, our net annual interest expense on our ~~credit revolving~~ facility would have increased by approximately \$ 1, ~~581-280~~, 000. ~~The weighted average interest on our debt was 8.12% at March 31, 2023 compared to 3.12% at March 31, 2022.~~ In addition, during the ~~year-ends~~ **ended March 31, 2024 and 2023, collections under our receivables discounted were \$ 548, 376, 000. For each \$ 500, 000, 000 of accounts receivable we discount program were over a period of 180 days, a 1% increase in interest rates would have increased our interest expense by \$ 2-618, 500-012, 000 and \$ 548, 376, 000, respectively**. The weighted average discount rate ~~on our factored receivables~~ was **6.8% and 5.3% during fiscal 2024 and 2023 compared with, respectively. If discount rates were to increase 1-9% for fiscal 2022, our net annual interest expense on our accounts receivable discount programs would have increased by approximately \$ 6, 180, 000**. Foreign currency risk We are exposed to foreign currency exchange risk inherent in our anticipated purchases and expenses denominated in currencies other than the U. S. dollar. We transact business in the following foreign currencies; Mexican pesos, Malaysian ringgit, Singapore dollar, Chinese yuan, and the Canadian dollar. Our primary currency risks result from fluctuations in the value of the Mexican peso and to a lesser extent the Chinese yuan. To mitigate these risks, we enter into forward foreign currency exchange contracts to exchange U. S. dollars for these foreign currencies. The extent to which we use forward foreign currency exchange contracts is periodically reviewed in light of our estimate of market conditions and the terms and length of anticipated requirements. The use of derivative financial instruments allows us to reduce our exposure to the risk that the eventual net cash outflow resulting from funding the expenses of the foreign operations will be materially affected by changes in exchange rates. These contracts generally expire in a year or less. Any changes in the fair values of our forward foreign currency exchange contracts are reflected in current period earnings. Based upon our forward foreign currency exchange contracts related to these currencies, an increase of 10% in exchange rates at March 31, ~~2023-2024~~ would have increased our operating expenses by approximately \$ ~~4-5, 761-146~~, 000. During fiscal ~~2024 and fiscal 2023 and fiscal 2022~~, **a loss of \$ 1, 373, 000 and** a gain of \$ 2, 776, 000 ~~and a loss of \$ 316, 000, respectively~~, was recorded due to the change in the value of the forward foreign currency exchange contracts subsequent to entering into the contracts. In addition, we recorded gains \$ ~~5, 187, 000 and \$ 6, 515, 000 and \$ 1, 989, 000~~ in connection with the remeasurement of foreign currency-denominated lease liabilities during fiscal ~~2024 and fiscal 2023 and fiscal 2022~~, respectively. Credit Risk We regularly review our accounts receivable and allowance for credit losses by considering factors such as historical experience, credit quality and age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay such amounts owed to us. The majority of our sales are to leading automotive aftermarket parts suppliers. We participate in trade accounts receivable discount programs with our major customers. If the creditworthiness of any of our customers was downgraded, we could be adversely affected, in that we may be subjected to higher interest rates on the use of these ~~discount~~ programs or we could be forced to wait longer for payment. Should our customers experience significant cash flow problems, our financial position and results of operations could be materially and adversely affected, and the maximum amount of loss that would be incurred would be the outstanding receivable balance, Used Cores expected to be returned by customers, and the value of the Remanufactured Cores held at customers' locations. We maintain an allowance for credit losses that, in our opinion, provides for an adequate reserve to cover losses that may be incurred. Item 8. Financial Statements and Supplementary Data The information required by this item is set forth in the consolidated financial statements, commencing on page F- 1 included herein.

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

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures Management, with the participation of our Chief Executive Officer (“ CEO ”), Chief Financial Officer (“ CFO ”) and Chief Accounting Officer (“ CAO ”), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15 (e) and 15d- 15 (e) under the Securities Exchange Act of 1934, as amended, or the “ Exchange Act, ”) as of the end of the period covered by this Annual Report on Form 10- K. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our CEO, CFO and CAO, as appropriate to allow timely decisions regarding required disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC’ s rules and forms. Based on this evaluation, our CEO, CFO and CAO have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of March 31, ~~2023~~ **2024**. Management’ s Annual Report on Internal Control over Financial Reporting Management 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 Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Management assessed the effectiveness of our internal control over financial reporting as of March 31, ~~2022~~ **2024** using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework (2013). Based on its assessment, our management, including our CEO and CFO, has concluded that our internal control over financial reporting was effective as of March 31, ~~2023~~ **2024**. The effectiveness of our internal control over financial reporting as of March 31, ~~2023~~ **2024** has been audited by the Company’ s independent registered public accounting firm, Ernst & Young LLP. Their assessment is included in the accompanying Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting. Change in Internal Control Over Financial Reporting There was no change in our internal control over financial reporting (as defined in Rules 13a- 15 (f) and 15d- 15 (f) under the Exchange Act) identified in connection with the evaluation of our internal control performed during the period covered by this report, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Inherent Limitations on Effectiveness of Controls Management recognizes that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost- effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information

Information Trading Arrangements During the quarter ended March 31, 2024, no director or officer of the Company adopted or terminated a “ Rule 10b5- 1 trading arrangement ” or “ non- Rule 10b5- 1 trading arrangement ” as each such term is defined in Item 408 of Regulation S- K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated by reference to our Definitive Proxy Statement in connection with our next Annual Meeting of Stockholders (the “ Proxy Statement ”). Item 11. Executive Compensation

The information required by this item is incorporated by reference to the Proxy Statement. Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions, and Director Independence

Item 14. Principal Accountant Fees and Services

PART IV

~~Item 15~~ **Item 15**. Exhibits, Financial Statement Schedules

~~Schedule a~~ **Schedule a**. Documents filed as part of this report: (1) Index to Consolidated Financial Statements: Reports of Independent Registered Public Accounting Firm (PCAOB ID No. 42) Consolidated Balance Sheets

F- 1 Consolidated Statements of Operations

F- 2 Consolidated Statements of Comprehensive **(Loss)** Income

F- 3 Consolidated Statements of Shareholders’ Equity

F- 4 Consolidated Statements of Cash Flows

F- 5 Notes to Consolidated Financial Statements

F- 6 (2) ~~Schedules~~ **Schedule** . Schedule II — Valuation and Qualifying Accounts

S- 1 (3) Exhibits: Number Description of Exhibit Method of Filing

3. 1 Certificate of Incorporation of the Company Incorporated by reference to Exhibit 3. 1 to the Company’ s Registration Statement on Form SB- 2 declared effective on March 22, 1994 (the “ 1994 Registration Statement ”). 3. 2 Amendment to Certificate of Incorporation of the Company Incorporated by reference to Exhibit 3. 2 to the Company’ s Registration Statement on Form S- 1 (No. 33- 97498) declared effective on November 14, 1995 (the “ 1995 Registration Statement ”). 3. 3 Amendment to Certificate of Incorporation of the Company Incorporated by reference to Exhibit 3. 3 to the Company’ s Annual Report on Form 10- K for the fiscal year ended March 31, 1997. 3. 4 Amendment to Certificate of Incorporation of the Company Incorporated by reference to Exhibit 3. 4 to the Company’ s Annual Report on Form 10- K for the fiscal year ended March 31, 1998 (the “ 1998 Form 10- K ”). 3. 5 Amendment to Certificate of Incorporation of the Company Incorporated by reference to Exhibit C to the Company’ s proxy statement on Schedule 14A filed with the SEC on November 25, 2003. 3. 6 Amended and Restated By- Laws of the Company Incorporated by reference to Exhibit 3. 1 to Current Report on Form 8- K filed on August 24, 2010. 3. 7 Certificate of Amendment of the Certificate of Incorporation of the Company Incorporated by reference to Exhibit 3. 1 to Current Report on Form 8- K filed on April 17, 2014. 3. 8 Amendment to the Amended and Restated By- Laws of the Company Incorporated by reference to Exhibit 3. 1 to Current Report on Form 8- K filed on June 14, 2016. Number Description of Exhibit

Method of Filing 3. 9 Amendment to the Amended and Restated By- Laws of the Company Incorporated by reference to Exhibit 3. 1 to Current Report on Form 8- K filed on February 22, 2017. 3. 10 Third Amendment to the Amended and Restated By- Laws of the Company Incorporated by reference to Exhibit 3. 1 to Current Report on Form 8- K filed on February 1, 2022. 4. 1 Description of the Registrant’ s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 Incorporated by reference to Exhibit 4. 1 to Quarterly Report on Form 10- Q filed on August 9, 2022. 4. 2 2004 Non- Employee Director Stock Option Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A for the 2004 Annual Shareholders Meeting. 4. 3 2010 Incentive Award Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on December 15, 2010. 4. 4 Amended and Restated 2010 Incentive Award Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on March 5, 2013. 4. 5 Second Amended and Restated 2010 Incentive Award Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on March 3, 2014. 4. 6 2014 Non- Employee Director Incentive Award Plan Incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A filed on March 3, 2014. 4. 7 Third Amended and Restated 2010 Incentive Award Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on November 20, 2017. 4. 8 Fourth Amended and Restated 2010 Incentive Award Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on July 24, 2020. 4. 9 2022 Incentive Award Plan Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on July 29, 2022. 4. 10 Form of Convertible Promissory Note Incorporated by reference to Exhibit 4. 1 to the Current Report on Form 8- K filed on March 31, 2023. 4. 11 Form of Common Stock Warrant Incorporated by reference to Exhibit 4. 2 to the Current Report on Form 8- K filed on March 31, 2023. 4. 12 First Amended and Restated Convertible Promissory note **Note Incorporated by reference to Exhibit 4. 12 to the Annual Report on Form 10- K Filed filed herewith on June 14, 2023.** 4. 13 First Amended and Restated Common Stock Warrant **Incorporated by reference to Exhibit 4. 13 to the Annual Report on Form 10- K Filed filed herewith on June 14, 2023.** **Number Description of Exhibit Method of Filing** 10. 1 Form of Indemnification Agreement for officers and directors Incorporated by reference to Exhibit 10. 25 to the 1997 Registration Statement. 10. 2 Amended and Restated Employment Agreement, dated as of December 31, 2008, by and between the Company and Selwyn Joffe Incorporated by reference to Exhibit 10. 1 to Current Report on Form 8- K filed January 7, 2009. **Number Description of Exhibit Method of Filing** 10. 3 Employment Agreement, dated as of May 18, 2012, between Motorcar Parts of America, Inc., and Selwyn Joffe Incorporated by reference to Exhibit 10. 1 to Current Report on Form 8- K filed on May 24, 2012. 10. 4 Form of Stock Option Notice for use in connection with stock options granted to Selwyn Joffe pursuant to the Motorcar Parts of America, Inc. 2010 Incentive Award Plan Incorporated by reference to Exhibit 10. 1 to Current Report on Form 8- K filed on August 12, 2013. 10. 5 Form of Stock Option Agreement for use in connection with stock options granted to Selwyn Joffe pursuant to the Motorcar Parts of America, Inc. 2010 Incentive Award Plan Incorporated by reference to Exhibit 10. 2 to Current Report on Form 8- K filed on August 12, 2013. 10. 6 * Revolving Credit, Term Loan and Security Agreement, dated as of June 3, 2015, among Motorcar Parts of America, Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Current Report on Form 8- K filed on June 8, 2015. 10. 7 First Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of November 5, 2015, among Motorcar Parts of America, Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 2 to the Quarterly Report on Form 10- Q filed on November 9, 2015. 10. 8 Consent and Second Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of May 19, 2016, among Motorcar Parts of America, Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to Quarterly Report on Form 10- Q filed on August 9, 2016. 10. 9 Third Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of March 24, 2017, among Motorcar Parts of America, Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 38 to Annual Report on Form 10- K filed on June 14, 2017. **Number Description of Exhibit Method of Filing** 10. 10 Fourth Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of April 24, 2017, among Motorcar Parts of America, Inc., each lender from time to time party thereto and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to Current Report on Form 8- K filed on April 27, 2017. **Number Description of Exhibit Method of Filing** 10. 11 Fifth Amendment to Revolving Credit, Term Loan and Security Agreement, dated as of July 18, 2017, among Motorcar Parts of America, Inc., each lender from time to time party thereto and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to Current Report on Form 8- K filed on July 24, 2017. 10. 12 * Amended and Restated Credit Facility, dated as of June 5, 2018, among Motorcar Parts of America, Inc., each lender from time to time party thereto and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Quarterly Report on Form 10- Q filed on August 9, 2018. 10. 13 First Amendment to Amended and Restated Loan Agreement, dated as of November 14, 2018, among Motorcar Parts of America, Inc., D & V Electronics Ltd., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Current Report on Form 8- K filed on November 20, 2018. 10. 14 Amendment No. 2 to Employment Agreement, dated as of February 5, 2019, between Motorcar Parts of America, Inc., and Selwyn Joffe Incorporated by reference to Exhibit 10. 3 to the Quarterly Report on Form 10- Q filed on February 11, 2019. 10. 15 Second Amendment to Amended and Restated Loan Agreement, dated as of June 4, 2019, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Current Report on Form 8- K filed on June 7, 2019. 10. 16 Amendment No. 3 to Employment Agreement, dated as of March 30, 2020, between Motorcar Parts of America, Inc., and Selwyn Joffe Incorporated by reference to Exhibit 10. 24 to the Annual Report on Form 10- K filed on June 15, 2020. 10. 17 Amendment No. 4 to Employment Agreement, dated as of May 21, 2020, between Motorcar Parts of America, Inc., and Selwyn Joffe Incorporated by reference to exhibit 10. 1 to the Quarterly Report filed on

August 10, 2020. **Number Description of Exhibit Method of Filing** 10. 18 Third Amendment to Amended and Restated Loan Agreement, dated as of May 28, 2021, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Current Report on Form 8- K filed on June 2, 2021. **Number Description of Exhibit Method of Filing** 10. 19 Amendment No. 5 to Employment Agreement, dated as of June 18, 2021, between Motorcar Parts of America, Inc., and Selwyn Joffe Incorporated by reference to Exhibit 10. 1 to Quarterly Report on Form 10- Q filed on August 9, 2021. 10. 20 Fourth Amendment to Amended and Restated Loan Agreement, dated as of November 3, 2022, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Quarterly Report on Form 10- Q filed on November 9, 2022. 10. 21 Fifth Amendment to Amended and Restated Loan Agreement, dated as of February 3, 2023, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 2 to the Quarterly Report on Form 10- Q filed on February 9, 2023. 10. 22 Note Purchase Agreement Incorporated by reference to Exhibit 10. 1 to the Current Report on Form 8- K filed on March 31, 2023. 10. 23 Registration Rights Agreement Incorporated by reference to Exhibit 10. 2 to the Current Report on Form 8- K filed on March 31, 2023. 10. 24 Sixth Amendment to Amended and Restated Loan Agreement, dated as of May 28, 2021, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., and Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 3 to the Current Report on Form 8- K filed on March 31, 2023. 10. 25 Amendment No. 6 to Employment Agreement, dated March 29, 2023, between Motorcar Parts of America, Inc. and Selwyn Joffe. Incorporated by reference to Exhibit 10. 4 to the Current Report on Form 8- K filed on March 31, 2023. 10. 26 First Amendment to Note Purchase Agreement **Incorporated by reference to Exhibit 10. 26 to the Annual Report on Form 10- K Filed filed herewith on June 14, 2023.** 10. 27 **Seventh Amendment to Amended and Restated Loan Agreement, dated as of August 3, 2023, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., and Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Quarterly Report on Form 10- Q filed on August 9, 2023.** 10. 28 **Second Amendment to the Note Purchase Agreement Incorporated by reference to Exhibit 10. 2 to the Quarterly Report on Form 10- Q filed on August 9, 2023.** 10. 29 **Eighth Amendment to Amended and Restated Loan Agreement, dated as of December 12, 2023, among Motorcar Parts of America, Inc., D & V Electronics Ltd., Dixie Electric Ltd., and Dixie Electric Inc., each lender from time to time party thereto, and PNC Bank, National Association, as administrative agent Incorporated by reference to Exhibit 10. 1 to the Current Report on Form 8- K filed on December 13, 2023.** 21. 1 List of Subsidiaries Filed herewith. 23. 1 Consent of Independent Registered Public Accounting Firm Ernst & Young LLP Filed herewith. 31. 1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 Filed herewith. 31. 2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 Filed herewith. 31. 3 Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 Filed herewith. 32. 1 Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 Filed herewith. 101. INS Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the XBRL document) Filed herewith. 101. SCM Inline XBRL Taxonomy Extension Schema Document Filed herewith. 101. CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document Filed herewith. 101. DEF Inline XBRL Taxonomy Extension Definition Linkbase Document Filed herewith. 101. LAB Inline XBRL Taxonomy Extension Label Linkbase Document Filed herewith. 101. PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document Filed herewith. Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) Filed herewith. * Portions of this exhibit have been granted confidential treatment by the SEC. The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in those agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time. Item 16. Form 10- K SummarySIGNATURES Pursuant to the requirements of Section 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. MOTORCAR PARTS OF AMERICA, INC. Dated: June 13-11, 2023By: 2024By: / s / David Lee David Lee Chief Financial Officer Dated: June 13-11, 2023By: 2024By: / s / Kamlesh Shah Kamlesh Shah Chief Accounting Officer Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10- K has been signed by the following persons on behalf of the Registrant in the capacities and on the dates indicated: / s / Selwyn Joffe Chief Executive Officer and Director June 13, 2023 Selwyn Joffe (Principal Executive Officer) June 11, 2024 Selwyn Joffe / s / David Lee Chief Financial Officer June 13, 2023 David Lee (Principal Financial Officer) June 11, 2024 David Lee / s / Kamlesh Shah Chief Accounting Officer June 13, 2023 Kamlesh Shah (Principal Accounting Officer) June 11, 2024 Kamlesh Shah / s / Rudolph Borneo Director June 13-11, 2023 Rudolph 2024 Rudolph Borneo / s / David Bryan Director June 13-11, 2023 David 2024 David Bryan / s / Joseph Ferguson Director June 13-11, 2023 Joseph 2024 Joseph Ferguson / s / Philip Gay Director June 13-11, 2023 Philip 2024 Philip Gay / s / Jeffrey Mirvis Director June 13-11, 2023 Jeffrey 2024 Jeffrey Mirvis / s / Jamy Rankin Director June 13-11, 2023 Jamy 2024 Jamy Rankin / s / Douglas Trussler Director June 13-11, 2023 Douglas 2024 Douglas Trussler / s / Patricia Warfield Director June 13-11, 2023 Patricia 2024 Patricia Warfield / s / Barbara Whittaker Director June 13-11, 2023 Barbara 2024 Barbara Whittaker MOTORCAR Whittaker MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES CONTENTS Page Reports of Independent Registered Public Accounting Firm (PCAOB ID No. 42)

Consolidated Balance SheetsF- 1Consolidated Statements of OperationsF- 2Consolidated Statements of Comprehensive (Loss) IncomeF- Income F- 3Consolidated Statements of Shareholders' EquityF- 4Consolidated Statements of Cash FlowsF- 5Notes to Consolidated Financial StatementsF- 6Schedule II — Valuation and Qualifying AccountsS- 1REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMTo-- FIRM To the Shareholders and the Board of Directors of Motorcar Parts of America, Inc. Opinion on Internal Control Over Financial ReportingWe-- Reporting We have audited Motorcar Parts of America, Inc. and subsidiaries' internal control over financial reporting as of March 31, 2023-2024, based on criteria established in Internal Control- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Motorcar Parts of America, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2023-2024, based on the COSO criteria. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2024 and 2023 and 2022-, the related consolidated statements of operations, comprehensive (loss) income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2023-2024, and the related notes and financial statement schedule listed in the Index at Item 15 and our report dated June 13-11, 2023-2024 expressed an unqualified opinion thereon. Basis for OpinionThe-- Opinion The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over 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 ReportingA-- 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 / Ernst & Young LLP Los Angeles, California June 13-11, 2023-2024 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMTo the Shareholders and the Board of Directors of Motorcar Parts of America, Inc. Opinion on the Financial StatementsWe-- Statements We have audited the accompanying consolidated balance sheets of Motorcar Parts of America, Inc. and subsidiaries (the Company) as of March 31, 2024 and 2023 and 2022-, the related consolidated statements of operations, comprehensive (loss) income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2023-2024, and the related notes and financial statement schedule listed in the Index at Item 15 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2024 and 2023 and 2022-, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2023-2024, in conformity with U. S. generally accepted accounting principles. We also have 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 March 31, 2023-2024, based on criteria established in Internal Control- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated June 13-11, 2023-2024 expressed an unqualified opinion thereon. Basis for OpinionThese-- 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 MattersThe-- Matter The critical audit matters-- matter communicated below are is a matters-- matter arising from the current period audit of the financial statements that were was communicated or

required to be communicated to the audit committee and that: (1) ~~relate~~ **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 ~~this~~ **critical audit matters** ~~matter~~ does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit ~~matters~~ **matter** below, providing ~~a~~ **separate opinions** ~~opinion~~ on the critical audit ~~matters~~ **matter** or on the accounts or disclosures to which ~~they~~ **it** ~~relate~~ **relates**.

~~Contractual Agreements with Core Exchange Programs Description of the Matter~~ As more fully described in Note 2 to the consolidated financial statements, the Company enters into contractual arrangements with customers (core exchange programs) which represent the majority of the Company's sales for products that contain remanufactured cores. At March 31, 2023, contract assets and contract liabilities related to core exchange programs recorded on the consolidated balance sheet were \$ 343, 824, 000 and \$ 233, 946, 000, respectively. Auditing contract assets and contract liabilities related to the core exchange programs involved complex auditor judgment due to the unique terms of each customer arrangement which impact the completeness, existence, valuation and classification of contract assets and liabilities. How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over management's review of contracts with customers, management's assessment of the accounting for core exchange programs, including unique contractual terms, and management's review of the related contract assets and liabilities including controls over the completeness and accuracy of data. Our audit procedures to test the contract assets and contract liabilities related to core exchange programs included, among others, (i) reviewing agreements and amendments for significant customers, (ii) testing the completeness of management's identification of contractual terms, (iii) evaluating the consistency of the accounting treatment with the Company's policies; and (v) testing the completeness and accuracy of the underlying data used in management's analyses.

~~Marketing Allowances Description of the Matter~~ As more fully described in Note 2 and Note 14 to the consolidated financial statements, revenue is recognized net of applicable marketing allowances. These marketing allowances vary by contract and can include (i) the issuance of a specified amount of credits against receivables, (ii) support for research or marketing efforts, (iii) discounts granted in connection with ~~each individual shipments~~ **shipment** of product, and (iv) other marketing, research, store expansion or product development support. At March 31, ~~2023~~ **2024**, marketing allowances recorded on the Company's consolidated balance sheet was \$ 19, ~~997~~ **789**, 000, which is presented within contract liabilities. Auditing the completeness of marketing allowances was complex because marketing allowances vary by contract and ~~could can~~ be impacted by unrecorded marketing allowances provided to customers. How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the marketing allowances processes. For example, we tested controls over management's review of contracts with customers containing marketing allowances, management's review of the completeness and accuracy of data used in the marketing accrual analysis at period end and management's review of credits issued to customers subsequent to the balance sheet date. Our audit procedures to test marketing allowances included, among others, reviewing significant contracts with customers, obtaining confirmations of contractual terms and conditions from a sample of the Company's customers, and testing credits issued or payments made to customers ~~throughout~~ **during** the year and subsequent to year-end. We tested the completeness and accuracy of data used in the calculation of the marketing allowance by agreeing contractual terms to the underlying agreements. In addition, we evaluated the relationship between revenue and marketing allowances and assessed subsequent events to determine whether there was any new information that would require adjustments to the amounts recorded.

/ s / Ernst & Young LLP We have served as the Company's auditor since 2007. Los Angeles, California June ~~13~~ **11**, ~~2023~~ **2024**

MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Consolidated Balance Sheets March 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,974,000	\$ 11,596,000
Short-term investments	1,837,000	2,011,000
Accounts receivable — net	96,296,000	119,868,000
Inventory — net	377,040,000	339,675,000
Inventory unreturned	20,288,000	16,579,000
Contract assets	27,139,000	25,443,000
Income tax receivable	5,683,000	2,156,000
Prepaid expenses and other current assets	18,202,000	20,150,000
Total current assets	560,459,000	537,478,000
Plant and equipment — net	38,338,000	46,052,000
Operating lease assets	83,973,000	87,619,000
Deferred income taxes	2,976,000	32,625,000
Long-term contract assets	320,282,000	318,381,000
Goodwill	3,205,000	3,205,000
Intangible assets — net	1,069,000	2,143,000
Other assets	1,700,000	1,062,000
TOTAL ASSETS	\$ 1,012,002,000	\$ 1,028,565,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 154,977,000	\$ 119,437,000
Accrued liabilities	30,205,000	22,329,000
Customer finished goods returns accrual	38,312,000	37,984,000
Contract liabilities	37,591,000	40,340,000
Revolving loan	128,000,000	145,200,000
Other current liabilities	7,021,000	4,871,000
Operating lease liabilities	8,319,000	8,767,000
Current portion of term loan	3,664,000	3,670,000
Total current liabilities	404,425,000	382,592,000
Term loan, less current portion	9,279,000	13,024,000
Convertible notes, related party	30,776,000	30,994,000
Contract liabilities, less current portion	212,068,000	193,606,000
Deferred income taxes	511,000	718,000
Operating lease liabilities, less current portion	72,240,000	79,318,000
Other liabilities	6,872,000	11,583,000
Total liabilities	726,892,000	708,090,000
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; par value \$ 0.01 per share, 5,000,000 shares authorized; none issued		
Series A junior participating preferred stock; par value \$ 0.01 per share, 20,000 shares authorized; none issued		
Common stock; par value \$ 0.01 per share, 50,000,000 shares authorized; 19,662,380 and 19,494,615 and 19,104,751 shares issued and outstanding at March 31, 2024 and 2023 and 2022, respectively	197,000	195,000
Additional paid-in capital	236,255,000	231,836,000
Retained earnings	39,503,000	88,747,000
Accumulated other comprehensive income (loss)	(9,155,000)	(5,066,000)
Total shareholders' equity	285,110,000	320,475,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,012,002,000	\$ 1,028,565,000

The accompanying notes to

consolidated financial statements are an integral part hereof. F- 1MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Consolidated Statements of Operations Years Ended March 31, Net sales \$ **717,684,000** \$ 683,074,000 \$ 650,308,000 \$ 540,782,000 Cost of goods sold **585,133,000** 569,112,000 532,443,000 431,321,000 Gross profit **132,551,000** 113,962,000 117,865,000 109,461,000 Operating expenses: General and administrative **57,769,000** 54,756,000 57,499,000 53,847,000 Sales and marketing **22,481,000** 21,729,000 22,833,000 18,024,000 Research and development **9,995,000** 10,322,000 10,502,000 8,563,000 Foreign exchange impact of lease liabilities and forward contracts (**3,814,000**) (9,291,000) (1,673,000) (17,606,000) Total operating expenses **86,431,000** 77,516,000 89,161,000 62,828,000 Operating income **46,120,000** 36,446,000 28,704,000 **Other expenses:** 46,633,000 Interest expense, net **60,040,000** 39,555,000 15,555,000 **Change in fair value of compound net derivative liability (1,020,000)-- Loss on extinguishment of debt 168,000-- Total other expenses 59,188,000 39,555,000** 15,770,555,000 (Loss) income before income tax expense (**13,068,000**) (3,109,000) 13,149,000 30,863,000 Income tax expense **36,176,000** 1,098,000 5,788,000 9,387,000 Net (loss) income \$ (**49,244,000**) \$ (4,207,000) \$ 7,361,000 \$ 21,476,000 Basic net (loss) income per share \$ (**2.51**) \$ (0.22) \$ 0.38 \$ 1.13 Diluted net (loss) income per share \$ (**2.51**) \$ (0.22) \$ 0.38 \$ 1.11 Weighted average number of shares outstanding: Basic 19, **601,204** 19,340,246 19,119,727 19,023,145 Diluted 19, **601,204** 19,340,246 19,559,646 19,387,555 The accompanying notes to consolidated financial statements are an integral part hereof. F- 2MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Consolidated Statements of Comprehensive (Loss) Income Years Ended March 31, Net (loss) income \$ (**49,244,000**) \$ (4,207,000) \$ 7,361,000 \$ 21,476,000 Other comprehensive income (loss), net of tax: Foreign currency translation income (loss) **9,458,000** 4,763,000 2,630,000 (328,000) Total other comprehensive income **, net of tax 9,458,000 4,763,000 2,630,000 Comprehensive** (loss) **, net of tax 4,763,000 2,630,000 (328,000) Comprehensive** income \$ (**39,786,000**) \$ 556,000 \$ 9,991,000 \$ 21,148,000 The accompanying notes to consolidated financial statements are an integral part hereof. F- 3MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Consolidated Statements of Shareholders' Equity Common Stock Shares Amount Additional Paid- in Capital Common Stock Retained Earnings Accumulated Other Comprehensive (Loss (-) Income (-) Total Balance at March 31, 2020 **2021 18 19**, 969 **045,380 386** 190,000 218 **223,581 058**,000 \$ **64 85,117 593**,000 \$ (7,368 **696**,000) \$ **275 301,520 145**,000 Compensation recognized under employee stock plans-- **5 7,247 287**,000-- **5 7,247 287**,000 Exercise of stock options **58,848 719,000-- 719,000 Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes 72 and net share settlement of exercise price 33,118 996 499,000-- 499,000 Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes 131,855 2,000 (1,747 000 (351,000)-- (350 1,745),000) Repurchase and cancellation of treasury stock, including fees (**54 106,960 486**) (1,000) (1,138 **913**,000)-- (1,139 **914**,000) Foreign currency translation---- **2 (328,630 000) (328,000) 2,630,000** Net income--- **21 7,476 361**,000- **21 7,476 361**,000 Balance at March 31, 2021 **2022 19,045 104,386 751** \$ **190 191**,000 \$ **223 227,058 184**,000 \$ **85 92,593 954**,000 \$ (**7 5,696 066**,000) \$ **301 315,145 263**,000 Compensation recognized under employee stock plans-- **7 4,287 685**,000-- **7 4,287 685**,000 Exercise of stock options, net of shares withheld for employee taxes and net share settlement of exercise price **33 236,199 2 996 499,000 938,000 -- 499 940**,000 Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes **131 153,855 665** 2,000 (**1 971,747**,000)-- (**969 1,745**,000) Repurchase and cancellation of treasury stock, including fees (106,486) (1,000) (1,913,000)-- (1,914,000) Foreign currency translation---- **2 4,630 763**,000 **2 4,630 763**,000 Net income loss --- **7 (4,361 207,000) 7 (4,361 207,000)** Balance at March 31, 2022 **2023 19,104 494,751 615** \$ **191 195**,000 \$ **227 231,184 836**,000 \$ **92 88,954 747**,000 \$ (**5 303,066**,000) \$ **315 320,263 475**,000 Compensation recognized under employee stock plans-- **4,685 700**,000-- **4,685 700**,000 Exercise **Issuance of common** stock **options upon vesting of RSUs**, net of shares withheld for employee taxes **167 and net share settlement of exercise price 236,199 765** 2,000 **938,000-- 940,000 Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes 153,665 2,000 (971 281),000-- (969 279),000** Foreign currency translation---- **4 9,763 458**,000 **4 9,763 458**,000 Net loss--- (**4 49,207 244**,000)- (**4 49,207 244**,000) Balance at March 31, 2023 **2024 19,494 662,615 380** \$ **195 197**,000 \$ **231 236,836 255**,000 \$ **88 39,747 503**,000 \$ **9 (303,155 000) 320,475 000 \$ 285,110**,000 The accompanying notes to consolidated financial statements are an integral part hereof. F- 4MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Consolidated Statements of Cash Flows Years Ended March 31, Cash flows from operating activities: Net (loss) income \$ (**49,244,000**) \$ (4,207,000) \$ 7,361,000 \$ 21,476,000 Adjustments to reconcile net (loss) income to net cash (used in) provided by (used in) operating activities: Depreciation and amortization 10, **544,000 10,984,000 11,338,000 9,573,000** Amortization of intangible assets 1, **075,000 1,460,000 1,548,000 1,571,000** Amortization and write-off of debt issuance costs **2,165,000** 663,000 623,000 859,000 Amortization of interest on contract liabilities, net **933,000** 940,000 879,000 924,000 Accrued interest on convertible notes, related party **3,200,000 9,000** **Loss on extinguishment of debt 168,000--** Amortization of core premiums paid to customers **10,181,000** 11,113,000 11,242,000 6,590,000 Amortization of finished goods premiums paid to customers **782,000** 678,000 718,000 101,000 Non- cash lease expense **10,255,000** 8,348,000 7,447,000 7,102,000 Foreign exchange impact of lease liabilities and forward contracts (**3,814,000**) (9,291,000) (1,673,000) (17,606,000) Foreign currency remeasurement **65,000** loss (gain)-1,408,000 48,000 **Change in fair value of compound net derivative liability (1,500 020,000) --** Loss due to the change in the fair value of the contingent consideration- **67,000 230,000** Loss (gain Gain) loss on short- term investments **(347,000)** 181,000 (163,000) (521,000) Net provision for inventory reserves **16,233,000** 18,851,000 13,504,000 12,803,000 Net provision for customer payment discrepancies **1,452,000** 2,112,000 2,142,000 694,000 Net (recovery of) provision for doubtful accounts **(133,000)** 108,000 95,000 (1,000) Deferred income taxes **29,564,000** (5,207,000) (7,442,000) (433,000) Share- based compensation expense 4, **700,000 4,685,000 7,287,000 5,247,000** Loss on disposal of plant and equipment **9,000** 17,000 36,000 29,000 Change in operating assets and liabilities, net of effects of acquisitions: Accounts receivable **22,687,000** (37,176,000) (24,145,000) 28,364,000 Inventory **(53,585,000)** 10,423,000 (95,529,000) (73,564,000) Inventory unreturned (**3,666,****

000) (1,531,000) (437,000) (5,514,000) Income tax receivable (**3,501,000**) (2,030,000) 111,000 3,200,000 Prepaid expenses and other current assets **3,100,000** (2,906,000) (682,000) (2,763,000) Other assets **(601,000)** 435,000 122,000 523,000 Accounts payable and accrued liabilities **47,264,000** (23,757,000) 17,453,000 55,958,000 Customer finished goods returns accrual **222,000** (201,000) 6,533,000 6,138,000 Contract assets, net (**14,221,000**) (17,560,000) (52,474,000) (43,871,000) Contract liabilities, net **14,664,000** 17,719,000 48,056,000 45,118,000 Operating lease liabilities (**8,702,000**) (7,141,000) (5,442,000) (6,376,000) Other liabilities (**1,257,000**) (881,000) 6,515,000 1,738,000 Net cash (used in) provided by (used in) operating activities **39,172,000** (21,754,000) (44,862,000) 56,089,000 Cash flows from investing activities: Purchase of plant and equipment (**1,000,000**) (4,201,000) (7,550,000) (13,942,000) Proceeds from sale of plant and equipment -- 8,000 Redemptions of (payments for) short term investments **521,000** 10,000 (388,000) (280,000) Net cash used in investing activities (**479,000**) (4,191,000) (7,938,000) (14,214,000) Cash flows from financing activities: Borrowings under revolving loan **82,005,000** 65,000,000 107,000,000 27,000,000 Repayments under revolving loan (**99,205,000**) (74,800,000) (36,000,000) (95,000,000) Repayments of term loan (**313,750,125**,000) (3,750,000) (3,750,000) Proceeds from issuance of convertible notes, related party -- 32,000,000 -- Payments for debt issuance costs (**3,973,000**) (1,716,000) (1,159,000) -- Payments on finance lease obligations (**1,862,000**) (2,397,000) (2,716,000) (2,442,000) Payment of contingent consideration -- (1,605,000) Exercise of stock options -- 940,000 499,000 719,000 Cash used to net share settle equity awards (**279,000**) (969,000) (1,745,000) (350,000) Repurchase of common stock, including fees -- (1,914,000) (1,139,000) Net cash (used in) provided by (used in) financing activities **(36,439,000)** 14,308,000 60,215,000 (76,567,000) Effect of exchange rate changes on cash and cash equivalents **124,000** 217,000 78,000 599,000 Net increase (decrease) increase in cash and cash equivalents **2,378,000** (11,420,000) 7,493,000 (34,093,000) Cash and cash equivalents — Beginning of year **11,596,000** 23,016,000 15,523,000 49,616,000 Cash and cash equivalents — End of year \$ **13,974,000** \$ 11,596,000 \$ 23,016,000 \$ 15,523,000 Supplemental disclosures of cash flow information: Cash paid for interest, net \$ **53,797,000** \$ 37,772,000 \$ 13,994,000 \$ 14,066,000 Cash paid for income taxes, net of refunds **9,558,000** 14,198,000 6,746,000 3,027,000 Cash paid for operating leases **13,358,000** 12,055,000 10,406,000 10,878,000 Cash paid for finance leases 2, **081,000** 2,659,000 3,061,000 2,821,000 Plant and equipment acquired under finance lease **745,000** 1,246,000 836,000 4,102,000 Assets acquired under operating leases **1,603,000** 7,832,000 16,187,000 16,484,000 Non-cash capital expenditures **16,000** 6,000 661,000 857,000 Debt issuance costs included in accounts payable and accrued liabilities -- 476,000 -- The accompanying notes to consolidated financial statements are an integral part hereof.

5MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements

1. Company Background and Organization Motorcar Parts of America, Inc. and its subsidiaries (the “Company”, or “MPA”) is a leading supplier of automotive aftermarket non-discretionary replacement parts, and test solutions and diagnostic equipment. These replacement parts are primarily sold to automotive retail chain stores and warehouse distributors throughout North America and to major automobile manufacturers for both their aftermarket programs and warranty replacement programs (“OES”). The Company’s test solutions and diagnostic equipment primarily serves the global automotive component and powertrain testing market. The Company’s products include (i) light duty and heavy duty rotating electrical products such as alternators and starters, (ii) wheel hub assemblies and bearings, (iii) brake-related products, which include brake calipers, brake boosters, brake rotors, brake pads, brake shoes, and brake master cylinders, and (iv) other products, which include (a) turbochargers and (b) test solutions and diagnostic equipment including: (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) test solutions and diagnostic equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power systems -- system applications for the electrification of all forms of transportation (including automobiles, trucks and trucks, the emerging electrification of systems within the aerospace industry, and such as electric vehicle charging stations). The Company primarily ships its products from its facilities, including the Company’s 410,000 square foot distribution center in Tijuana, Mexico, and various third-party warehouse distribution centers in North America.

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

Supplier Finance Programs

In September 2022, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2022-04, Liabilities — Supplier Finance Programs (Subtopic 405-50) Disclosure of Supplier Finance Program Obligations. This standard requires qualitative and quantitative disclosures to enable users of the financial statements to understand the nature, activity during the period, changes from period to period and potential magnitude of supplier finance programs. The guidance is effective for fiscal years beginning after December 15, 2022. During the year ended March 31, 2024, the Company launched a supplier finance program as part of its ongoing efforts to improve cash flow and liquidity. This program allows certain of the Company’s suppliers to sell their receivables due from the Company to a participating financial institution at the sole discretion of both the supplier and the financial institution. The program is administered by a third party. The Company has no economic interest in the sale of these receivables and no direct relationship with the financial institution. Payments to the third-party administrator are based on services rendered and are not related to the volume or number of financing agreements between suppliers, financial institution, and the third-party administrator. The Company is not a party to agreements negotiated between participating suppliers and the financial institution. The Company’s obligations to its suppliers, including amounts due and payment terms, are not affected by a supplier’s decision to participate in this program. The Company does not provide guarantees and there are no assets pledged to the financial institution or the third-party administrator for the committed payment in connection with this program. As of March 31, 2024, the Company had \$ 1,695,000 of outstanding supplier obligations confirmed under this program, included in accounts payable in the consolidated balance sheet. Accounting Pronouncements Not Yet Adopted

Disclosure Improvements In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative. This standard was issued in response to the SEC’s disclosure update and simplification initiative, which affects a variety of topics within the

Accounting Standards Codification. The amendments apply to all reporting entities within the scope of the affected topics unless otherwise indicated. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

F-6 Reportable Segment Disclosures In November 2023, the FASB issued ASU 2023-07, **Improvements to Reportable Segment Disclosures (Topic 280)**. This standard requires the Company to disclose significant segment expenses that are regularly provided to the CODM and are included within each reported measure of segment operating results. The standard also requires the Company to disclose the total amount of any other items included in segment operating results, which were not deemed to be significant expenses for separate disclosure, along with a qualitative description of the composition of these other items. In addition, the standard also requires disclosure of the CODM's title and position, as well as detail on how the CODM uses the reported measure of segment operating results to evaluate segment performance and allocate resources. The standard also aligns interim segment reporting disclosure requirements with annual segment reporting disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

Improvements to Income Tax Disclosures In December 2023, the FASB issued ASU 2023-09, **Improvements to Income Tax Disclosures (Topic 740)**. This standard requires the Company to provide further disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, as well as additional information about federal, state / local and foreign income taxes. The standard also requires the Company to annually disclose its income taxes paid (net of refunds received), disaggregated by jurisdiction. This guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The standard is to be applied prospective basis, although optional retrospective application is permitted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

Principles of ConsolidationThe accompanying consolidated financial statements include the accounts of Motorcar Parts of America, Inc. and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated. **Segment Reporting** The Company's three operating segments are as follows: • **Hard Parts, including which includes** (i) light duty rotating electric products such as alternators and starters, (ii) wheel hub products, (iii) brake-related products, including brake calipers, brake boosters, brake rotors, brake pads and brake master cylinders, and (iv) turbochargers, • **Test Solutions and Diagnostic Equipment, including which includes** (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) test solutions and diagnostic equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power systems- **system** applications for the electrification of all forms of transportation (including automobiles, trucks and, the emerging electrification of systems within the aerospace industry, and such as electric vehicle charging stations), and • **Heavy Duty, including which includes** non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications. ~~Prior to the fourth quarter of fiscal 2023, the Company's operating segments met the aggregation criteria and were aggregated. Effective as of the fourth quarter of fiscal 2023, the Company revised its segment reporting as it determined that its three operating segments no longer met the criteria to be aggregated.~~ The Company's Hard Parts operating segment meets the criteria of a reportable segment. The Test Solutions and Diagnostic Equipment and Heavy Duty **segments** are not material, are not **required to be** separately reportable --- **reported**, and are included within the "all other" category. See Note 19 for more information.

F-7 Cash and Cash Equivalents Cash primarily consists of cash on hand and bank deposits. Cash equivalents consist of money market funds. The Company considers all highly liquid investments purchased with an original or remaining maturity of less than three months at the date of purchase to be cash equivalents. Cash and cash equivalents are maintained with various financial institutions.

F-6 Accounts- Accounts Receivable The Company's accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The net amount of accounts receivable and corresponding allowance for credit losses are presented in the consolidated balance sheets. The Company maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. The Company does not require collateral for accounts receivable. The Company believes its credit risk with respect to trade accounts receivable is limited due to its credit evaluation process and the long-term nature of its relationships with its largest customers. The Company utilizes a historical loss rate method, adjusted for any changes in economic conditions or risk characteristics, to estimate its expected credit losses each period. When developing an estimate of expected credit losses, the Company considers all available relevant information regarding the collectability of cash flows, including historical information, current conditions, and reasonable and supportable forecasts of future economic conditions over the contractual life of the receivable. The historical loss rate method considers past write-offs of trade accounts receivable over a period commensurate with the initial term of the Company's contracts with its customers. The Company recognizes the allowance for credit losses at inception and reassesses quarterly based on management's expectation of the asset's collectability. The Company's accounts receivable are short-term in nature and written off only when all collection attempts have failed. The Company has receivable discount programs that have been established with certain major customers and their respective banks. Under these programs, the Company has the option to sell those customers' receivables to those banks at a discount to be agreed upon at the time the receivables are sold. Once the customer chooses which outstanding invoices are going to be made available for discounting, the Company can accept or decline the bundle of invoices provided. The receivable discount programs are non-recourse, and funds cannot be reclaimed by the customer or its bank after the related invoices have been discounted.

Inventory Inventory is comprised of: (i) Used Core and component raw materials, (ii) work-in-process, (iii) remanufactured finished goods and purchased finished goods. Used Core, component raw materials, and purchased finished goods are stated at the lower of average cost or net realizable value. Work-in-process is in various stages of production and is valued at the average cost of Used Cores and component raw materials issued to

work orders still open, including allocations of labor and overhead costs. Historically, work-in-process inventory has not been material compared to the total inventory balance. Remanufactured finished goods include: (i) the Used Core cost and (ii) the cost of component raw materials, and allocations of labor and variable and fixed overhead costs (the “ Unit Cost ”). The allocations of labor and variable and fixed overhead costs are based on the actual use of the production facilities over the prior 12 months which approximates normal capacity. This method prevents the distortion in allocated labor and overhead costs that would occur during short periods of abnormally low or high production. In addition, the Company excludes certain unallocated overhead such as severance costs, duplicative facility overhead costs, start-up costs, training, and spoilage from the calculation and expenses these unallocated overhead costs as period costs. Purchased finished goods also include an allocation of fixed overhead costs. The estimate of net realizable value is subjective and based on management’s judgment and knowledge of current industry demand and management’s projections of industry demand. The estimates may, therefore, be revised if there are changes in the overall market for the Company’s products or market changes that in management’s judgment impact its ability to sell or liquidate potentially excess or obsolete inventory. Net realizable value is determined at least quarterly as follows: F- 7-8 • Net realizable value for finished goods by customer, by product line are determined based on the agreed upon selling price with the customer for a product in the trailing 12 months. The Company compares the average selling price, including any discounts and allowances, to the finished goods cost of on-hand inventory, less any reserve for excess and obsolete inventory. Any reduction of value is recorded as cost of goods sold in the period in which the revaluation is identified. • Net realizable value for Used Cores are determined based on current core purchase prices from core brokers to the extent that core purchases in the trailing 12 months are significant. Remanufacturing consumes, on average, more than one Used Core for each remanufactured unit produced since not all Used Cores are reusable. The yield rates depend upon both the product and consumer specifications. The Company purchases Used Cores from core brokers to supplement its yield rates and Used Cores not returned under the core exchange programs. The Company also considers the net selling price its customers have agreed to pay for Used Cores that are not returned under its core exchange programs to assess whether Used Core cost exceeds Used Core net realizable value on a by customer, by product line basis. Any reduction of core cost is recorded as cost of goods sold in the period in which the revaluation is identified. • The Company records an allowance for potentially excess and obsolete inventory based upon recent sales history, the quantity of inventory on-hand, and a forecast of potential use of the inventory. The Company periodically reviews inventory to identify excess quantities and part numbers that are experiencing a reduction in demand. Any part numbers with quantities identified during this process are reserved for at rates based upon management’s judgment, historical rates, and consideration of possible scrap and liquidation values which may be as high as 100 % of cost if no liquidation market exists for the part. As a result of this process, the Company recorded reserves for excess and obsolete inventory of \$ 17,372,000 and \$ 16,436,000 and \$ 13,520,000 at March 31, 2024 and 2023 and 2022, respectively. This increase in the reserve was primarily due to excess inventory of certain finished goods on hand at March 31, 2023-2024 compared with March 31, 2022-2023. The Company records vendor discounts as a reduction of inventories and are recognized as a reduction to cost of sales as the inventories are sold. Inventory UnreturnedInventory unreturned represents the Company’s estimate, based on historical data and prospective information provided directly by the customer, of finished goods shipped to customers that the Company expects to be returned under its general right of return policy, after the balance sheet date. Inventory unreturned includes only the Unit Cost of a finished good. The return rate is calculated based on expected returns within the normal operating cycle, which is generally one year. As such, the related amounts are classified in current assets. Inventory unreturned is valued in the same manner as the Company’s finished goods inventory. Contract AssetsContract assets consists of: (i) the core portion of the finished goods shipped to customers, (ii) upfront payments to customers in connection with customer contracts, (iii) core premiums paid to customers, (iv) finished goods premiums paid to customers, and (v) long-term core inventory deposits. Remanufactured Cores held at customers’ locations as a part of the finished goods sold to the customer are classified as long-term contract assets. These assets are valued at the lower of cost or net realizable value of Used Cores on hand (See Inventory above). For these Remanufactured Cores, the Company expects the finished good containing the Remanufactured Core to be returned under the Company’s general right of return policy or a similar Used Core to be returned to the Company by the customer, under the Company’s core exchange programs, in each case for credit. The Remanufactured Cores and Used Cores returned by consumers to the Company’s customers but not yet returned to the Company are classified as “ Cores expected to be returned by customers ”, which are included in short-term contract assets until the Company physically receives them during its normal operating cycle, which is generally one year. F- 8Upfront 9Upfront payments to customers represent marketing allowances, such as sign-on bonuses, slotting fees, and promotional allowances provided by the Company to its customers. These allowances are recognized as an asset and amortized over the appropriate period of time as a reduction of revenue if the Company expects to generate future revenues associated with the upfront payment. If the Company does not expect to generate additional revenue, then the upfront payment is recognized in the consolidated statements of operations when payment occurs as a reduction of revenue. Upfront payments expected to be amortized during the Company’s normal operating cycle, which is generally one year, are classified as short-term contract assets. Core premiums paid to customers represent the difference between the Remanufactured Core acquisition price paid to customers, generally in connection with new business, and the related Used Core cost. The core premiums are treated as an asset and recognized as a reduction of revenue through the later of the date at which related revenue is recognized or the date at which the sales incentive is offered. The Company considers, among other things, the length of its largest ongoing customer relationships, duration of customer contracts, and the average life of vehicles on the road in determining the appropriate period of time over which to amortize these premiums. These core premiums are amortized over a period typically ranging from six to eight years, adjusted for specific circumstances associated with the arrangement. Core premiums are recorded as long-term contract assets. Core premiums expected to be amortized within the Company’s normal operating cycle, which is generally one year, are classified as short-term contract assets. Finished goods premiums paid to customers represent the difference between the finished good acquisition price paid to

customers, generally in connection with new business, and the related finished good cost, which is treated as an asset and recognized as a reduction of revenue through the later of the date at which related revenue is recognized or the date at which the sales incentive is offered. The Company considers, among other things, the length of its largest ongoing customer relationships, duration of customer contracts, and the average life of vehicles on the road in determining the appropriate period of time over which to amortize these premiums. Finished goods premiums are amortized over a period typically ranging from six to eight years, adjusted for specific circumstances associated with the arrangement. Finished goods premiums are recorded as long- term contract assets. Finished goods premiums expected to be amortized within our normal operating cycle, which is generally one year, are classified as short- term contract assets. Long- term core inventory deposits represent the cost of Remanufactured Cores the Company has purchased from customers, which are held by the customers and remain on the customers' premises. The costs of these Remanufactured Cores were established at the time of the transaction based on the then current cost. The selling value of these Remanufactured Cores was established based on agreed upon amounts with these customers. The Company expects to realize the selling value and the related cost of these Remanufactured Cores should its relationship with a customer end, a possibility that the Company considers remote based on existing long- term customer agreements and historical experience. Customer Finished Goods Returns Accrual The customer finished goods returns accrual represents the Company' s estimate of its exposure to customer returns, including warranty returns, under its general right of return policy to allow customers to return items that their end user customers have returned to them and from time to time, stock adjustment returns when the customers' inventory of certain product lines exceeds the anticipated sales to end- user customers. The customer finished goods returns accrual represents the Unit Value of the estimated returns and is classified as a current liability due to the expectation that these returns will occur within the normal operating cycle of one year. Income Taxes The Company accounts for income taxes using the liability method, which measures deferred income taxes by applying enacted statutory rates in effect at the balance sheet date to the differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. The resulting asset or liability is adjusted to reflect changes in the tax laws as they occur. A valuation allowance is provided to reduce deferred tax assets when it is more likely than not that a portion of the deferred tax asset will not be realized.

F- The 10 The primary components of the Company' s income tax expense were (i) federal income taxes, (ii) state income taxes, (iii) foreign income taxed at rates that are different from the federal statutory rate, (iv) change in realizable deferred tax items, (v) impact of the non- deductible executive compensation under Internal Revenue Code Section 162 (m), **and (vi) the portion of book expense related to convertible notes and derivatives that is not expected to be deductible for tax, and (vii)** income taxes associated with uncertain tax positions. ~~F-9~~ **Realization- Realization** of deferred tax assets is dependent upon the Company' s ability to generate sufficient future taxable income. Significant judgment is required in determining the Company' s provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against the Company' s net deferred tax assets. The Company makes these estimates and judgments about its future taxable income that are based on assumptions that are consistent with the Company' s future plans. A valuation allowance is established when the Company believes it is not more likely than not all or some deferred tax assets will be realized. In evaluating the Company' s ability to recover deferred tax assets within the jurisdiction in which they arise, the Company considers all available positive and negative evidence **, including scheduled reversals of deferred tax liabilities, projected future taxable income, past financial performance, and tax planning strategies**. Deferred tax assets arising primarily as a result of net operating loss carry- forwards and research and development credits in connection with the Company' s Canadian operations have been offset completely by a valuation allowance due to the uncertainty of their utilization in future periods. **During the year ended March 31, 2024, the Company recorded a discrete non- cash valuation allowance of \$ 38, 009, 000 on U. S. federal and various state deferred tax assets that is considered not more likely than not to be realized under U. S. GAAP.** Should the actual amount differ from the Company' s estimates, the amount of the valuation allowance could be impacted. The Company has made an accounting policy election to recognize the U. S. tax effects of global intangible low- taxed income as a component of income tax expense in the period the tax arises. Plant and Equipment Plant and equipment are stated at cost, less accumulated depreciation. The cost of additions and improvements are capitalized, while maintenance and repairs are charged to expense when incurred. Depreciation is provided on a straight- line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives. Machinery and equipment are depreciated over a range from five to ten years. Office equipment and fixtures are depreciated over a range from three to ten years. Leasehold improvements are depreciated over the lives of the respective leases or the service lives of the leasehold improvements, whichever is shorter. Depreciation of assets recorded under finance leases is included in depreciation expense. The Company evaluates plant and equipment, including leasehold improvements, equipment, construction in progress, and right- of- use assets for impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. There was no impairment recorded during the years ended March 31, **2024, 2023, or 2022 , or 2021**. Leases The Company determines if an arrangement contains a lease at inception. Lease assets and lease liabilities are recorded based on the present value of lease payments over the lease term, which includes the minimum unconditional term of the lease. Certain of the Company' s leases include options to extend the leases for up to five years. When the Company has the option to extend the lease term, terminate the lease before the contractual expiration date, or purchase the leased asset, and it is reasonably certain that it will exercise the option, the option is considered in determining the classification and measurement of the lease. The lease assets are recorded net of any lease incentives received. The Company exempts leases with an initial term of 12 months or less from balance sheet recognition and, for all classes of assets, combines non- lease components with lease components. Lease assets are tested for impairment in the same manner as long- lived assets used in operations. The Company uses its incremental borrowing rate for each of its leases in determining the present value of its expected lease payments based on the information available at the lease commencement date as the rate implicit for each of its leases is not readily determinable. The Company' s incremental borrowing rate is determined by analyzing and combining (i) an applicable risk- free rate, (ii) a financial spread adjustment, and (iii) any lease

specific adjustment. Certain leases contain provisions for property- related costs that are variable in nature for which the Company is responsible, including common area maintenance and other property operating services, which are expensed as incurred and not included in the determination of lease assets and lease liabilities. These costs are calculated based on a variety of factors including property values, tax and utility rates, property services fees, and other factors. The Company records rent expense for operating leases, some of which have escalating rent payments, on a straight- line basis over the lease term. ~~F- The~~ **11The** Company has material non- functional currency leases. As required for other monetary liabilities, lessees shall remeasure a foreign currency- denominated lease liability using the exchange rate at each reporting date, but the lease assets are nonmonetary assets measured at historical rates, which are not affected by subsequent changes in the exchange rates. The Company recorded gains of \$ **5, 187, 000, \$** 6, 515, 000 ~~;~~ **and** \$ 1, 989 ~~;~~ **and** \$ 9, 893 ~~;~~ 000 during the years ended March 31, **2024, 2023,** ~~and~~ **2022** ~~and~~ **2021**, respectively, which are included in foreign exchange impact of lease liabilities and forward contracts in the consolidated statements of operations. See Note 10 for additional information regarding the Company' s leases. ~~F- 10GoodwillThe~~ **GoodwillThe** Company evaluates goodwill for impairment at least annually during the fourth quarter of each fiscal year or more frequently when an event occurs or circumstances change that indicate the carrying value may not be recoverable. The goodwill impairment test is performed at the reporting unit level, which represents the Company' s operating segments. In testing for goodwill impairment, the Company may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If the Company' s qualitative assessment indicates that goodwill impairment is more likely than not, it will proceed with performing the quantitative assessment. If the fair value of the reporting unit exceeds its carrying value, goodwill is not considered impaired. If the carrying value of the reporting unit exceeds its fair value an impairment loss will be recognized for the amount by which the carrying value exceeds the reporting unit' s fair value. The Company completes the required annual testing of goodwill impairment for each of the reporting units during the fourth quarter of the year. No impairment was recorded during the years ended March 31, **2024, 2023,** ~~or~~ **2022** ~~;~~ ~~or~~ **2021**. Intangible AssetsThe Company' s intangible assets other than goodwill are finite – lived and amortized on a straight- line basis over their respective useful lives. The Company analyzes its finite- lived intangible assets for impairment when and if indicators of impairment exist. No impairment was recorded during the years ended March 31, **2024, 2023,** ~~or~~ **2022** ~~;~~ ~~or~~ **2021**. Debt Issuance CostsDebt issuance costs include fees and costs incurred to obtain financing. Debt issuance costs related to the Company' s term ~~loans-- loan~~ **loan** and convertible notes are presented in the balance sheet as a direct deduction from carrying amounts of the respective debt. Debt issuance costs related to the Company' s revolving loan are presented in prepaid expenses and other current assets in the accompanying consolidated balance sheets, regardless of whether or not there are any outstanding borrowings under the revolving loan. ~~These fees~~ **Debt issuance costs related to the Company' s convertible notes are amortized using the effective interest method** ~~and~~ **debt issuance costs related to the Company' s term loans and revolving loans are amortized using the straight- line method, which approximates the effective interest method.** ~~Debt issuance~~ **costs are amortized using the straight- line method, which approximates the effective interest rate method,** over the ~~terms-- term~~ **term** of the related loans and ~~notes and are~~ included in interest expense in the Company' s consolidated statements of operations. Foreign Currency TranslationFor financial reporting purposes, the functional currency of the foreign subsidiaries is the local currency. The assets and liabilities of foreign operations for which the local currency is the functional currency are translated into the U. S. dollar at the exchange rate in effect at the balance sheet date, while revenues and expenses are translated at average exchange rates during the year. The accumulated foreign currency translation adjustment is presented as a component of comprehensive income or loss in the consolidated statements of shareholders' equity. ~~During the year ended March 31, 2023, aggregate~~ **Aggregate** foreign currency ~~transaction transactions recorded in general and administrative expenses were a gain of \$ 515, 000, a losses-- loss~~ **loss** of \$ 1, 401, 000 ~~;~~ ~~and a gains-- gain~~ **gain** of \$ 239 ~~;~~ ~~and~~ \$ 1, 144, 000 for the years ended March 31, **2024, 2023, and** ~~2022 and 2021~~, respectively ~~;~~ ~~were recorded in general and administrative expenses.~~ ~~F- Revenue~~ **12Revenue** RecognitionRevenue is recognized when performance obligations under the terms of a contract with the Company' s customers are satisfied; generally, this occurs with the transfer of control of its products. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. Revenue is recognized net of all anticipated returns, marketing allowances, volume discounts, and other forms of variable consideration. Revenue is recognized either when products are shipped or when delivered, depending on the applicable contract terms. ~~F- 11The~~ ~~The~~ **The** price of a finished remanufactured product sold to customers is generally comprised of separately invoiced amounts for the Remanufactured Core included in the product (“ Remanufactured Core value ”) and the unit portion included in the product (“ Unit Value ”), for which revenue is recorded based on our then current price list, net of applicable discounts and allowances. The Remanufactured Core value is recorded as a net revenue based upon the estimate of Used Cores that will not be returned by the customer for credit. These estimates are subjective and based on management' s judgment and knowledge of historical, current, and projected return rates. As reconciliations are completed with the customers the actual rates at which Used Cores are not being returned may differ from the current estimates. This may result in periodic adjustments of the estimated contract asset and liability amounts recorded and may impact the projected revenue recognition rates used to record the estimated future revenue. These estimates may also be revised if there are changes in contractual arrangements with customers, or changes in business practices. A significant portion of the remanufactured automotive parts sold to customers are replaced by similar Used Cores sent back for credit by customers under the core exchange programs (as described in further detail below). The number of Used Cores sent back under the core exchange programs is generally limited to the number of similar Remanufactured Cores previously shipped to each customer. Revenue Recognition — Core Exchange ProgramsFull price Remanufactured Cores: When remanufactured products are shipped, certain customers are invoiced for the Remanufactured Core value of the product at the full Remanufactured Core sales price. For these Remanufactured Cores, revenue is only recognized based upon an estimate of the rate at which these customers will pay cash for Remanufactured Cores in lieu of sending back similar Used Cores for credits under the core

exchange programs. The remainder of the full price Remanufactured Core value invoiced to these customers is established as a long- term contract liability rather than being recognized as revenue in the period the products are shipped as the Company expects these Remanufactured Cores to be returned for credit under its core exchange programs. Nominal price Remanufactured Cores: Certain other customers are invoiced for the Remanufactured Core value of the product shipped at a nominal (generally \$ 0. 01 or less) Remanufactured Core price. For these nominal Remanufactured Cores, revenue is only recognized based upon an estimate of the rate at which these customers will pay cash for Remanufactured Cores in lieu of sending back similar Used Cores for credits under the core exchange programs. Revenue amounts are calculated based on contractually agreed upon pricing for these Remanufactured Cores for which the customers are not returning similar Used Cores. The remainder of the nominal price Remanufactured Core value invoiced to these customers is established as a long- term contract liability rather than being recognized as revenue in the period the products are shipped as the Company expects these Remanufactured Cores to be returned for credit under its core exchange programs. Revenue Recognition; General Right of Return Customers are allowed to return goods that their end- user customers have returned to them, whether or not the returned item is defective (warranty returns). In addition, under the terms of certain agreements and industry practice, customers from time to time are allowed stock adjustments when their inventory of certain product lines exceeds the anticipated sales to end- user customers (stock adjustment returns). Customers have various contractual rights for stock adjustment returns, which are typically less than 5 % of units sold. In some instances, a higher level of returns is allowed in connection with significant restocking orders. The aggregate returns are generally limited to less than 20 % of unit sales. ~~F- The 13~~The allowance for warranty returns is established based on a historical analysis of the level of this type of return as a percentage of total unit sales. The allowance for stock adjustment returns is based on specific customer inventory levels, inventory movements, and information on the estimated timing of stock adjustment returns provided by customers. Stock adjustment returns do not occur at any specific time during the year. The return rate for stock adjustments is calculated based on expected returns within the normal operating cycle, which is generally one year. The Unit Value of the warranty and stock adjustment returns are treated as reductions of revenue based on the estimations made at the time of the sale. The Remanufactured Core value of warranty and stock adjustment returns are provided for as indicated in the paragraph “ Revenue Recognition – Core Exchange Programs ”. ~~As F- 12~~As is standard in the industry, the Company only accepts returns from on- going customers. If a customer ceases doing business with the Company, it has no further obligation to accept additional product returns from that customer. Similarly, the Company accepts product returns and grants appropriate credits to new customers from the time the new customer relationship is established. Shipping Costs The Company includes shipping and handling charges in the gross invoice price to customers and classifies the total amount as revenue. All shipping and handling costs are expensed as cost of sales as inventory is sold. Contract Liability Contract liability consists of: (i) customer allowances earned, (ii) accrued core payments, (iii) customer core returns accruals, (iv) core bank liability, (v) finished goods liabilities, and (vi) customer deposits. Customer allowances earned includes all marketing allowances provided to customers. Such allowances include sales incentives and concessions. Voluntary marketing allowances related to a single exchange of product are recorded as a reduction of revenues at the time the related revenues are recorded or when such incentives are offered. Other marketing allowances, which may only be applied against future purchases, are recorded as a reduction to revenues in accordance with a schedule set forth in the relevant contract. Sales incentive amounts are recorded based on the value of the incentive provided. See Note 14 for a description of all marketing allowances. Customer allowances to be provided to customers within the Company’ s normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Accrued core payments represent the sales price of Remanufactured Cores purchased from customers, generally in connection with new business, which are held by these customers and remain on their premises. The sales price of these Remanufactured Cores will be realized when the Company’ s relationship with a customer ends, a possibility that the Company considers remote based on existing long- term customer agreements and historical experience. The payments to be made to customers for purchases of Remanufactured Cores within the Company’ s normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Customer core returns accruals represent the full and nominally priced Remanufactured Cores shipped to the Company’ s customers. When the Company ships the product, it recognizes an obligation to accept a similar Used Core sent back under the core exchange programs based upon the Remanufactured Core price agreed upon by the Company and its customer. The Contract liability related to Used Cores returned by consumers to the Company’ s customers but not yet returned to the Company are classified as short- term contract liabilities until the Company physically receives these Used Cores as they are expected to be returned during the Company’ s normal operating cycle, which is generally one year and the remainder are recorded as long- term contract liabilities. The core bank liability represents the full Remanufactured Core sales price paid for cores returned under the core exchange programs. The payment for these cores are made over a contractual repayment period pursuant to the Company’ s agreement with this customer. Payments to be made within the Company’ s normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. ~~F- Finished 14~~Finished goods liabilities represents the agreed upon price of finished goods purchased from customers, generally in connection with new business. The payment for these finished goods are made over a contractual repayment period pursuant to the Company’ s agreement with the customer. Payments to be made within the Company’ s normal operating cycle, which is generally one year, are considered short- term contract liabilities and the remainder are recorded as long- term contract liabilities. Customer deposits represent the receipt of prepayments from customers for the obligation to transfer goods or services in the future. The Company classifies these customer deposits as short- term contract liabilities as the Company expects to satisfy these obligations within its normal operating cycle, which is generally one year. ~~F- 13~~Advertising -- Advertising Costs The Company expenses all advertising costs as incurred. Advertising expenses for the years ended March 31, 2024, 2023, and 2022 and 2021 were \$ 614, 000, \$ 606, 000, and \$ 1, 007, 000, and \$ 507, 000, respectively. Net (Loss) Income Per Share Basic net (loss) income per share

is computed by dividing net (loss) income by the weighted average number of shares of common stock outstanding during the period. Diluted net (loss) income per share includes the effect, if any, from the potential exercise or conversion of securities, such as stock options, warrants, and Convertible Notes (as defined in Note 8), which would result in the issuance of incremental shares of common stock to the extent such impact is not anti-dilutive. The following presents a reconciliation of basic and diluted net (loss) income per share. Years Ended March 31, Net (loss) income \$ (49,244,000) \$ (4,207,000) \$ 7,361,000 \$ 21,476,000 Basic shares 19,601,204 19,340,246 19,119,727 19,023,145 Effect of dilutive stock options - 439,919 364,410 Diluted shares 19,601,204 19,340,246 19,559,646 19,387,555 Net (loss) income per share: Basic net (loss) income per share \$ (2.51) \$ (0.22) \$ 0.38 \$ 1.13 Diluted net (loss) income per share \$ (2.51) \$ (0.22) \$ 0.38 \$ 1.11 Potential common shares that would have the effect of increasing diluted net income per share or decreasing diluted net loss per share are considered to be anti-dilutive and as such, these shares are not included in calculating diluted net (loss) income per share. For the years ended March 31, 2024, 2023, and 2022 and 2021, there were 2,122,863, 1,854,795, and 725,998, and 1,279,251, respectively, of potential common shares not included in the calculation of diluted net (loss) income per share because their effect was anti-dilutive. In addition, for the year ended March 31, 2024 and 2023, there were 1,693,778 and 5,846, respectively, of potential common shares not included in the calculation of diluted net (loss) income per share under the "if-converted" method for the Convertible Notes because their effect was anti-dilutive. The potential common shares related to the Warrants (as defined below) issued in connection with the Convertible Notes (see Note 8) are anti-dilutive until they become exercisable and as of March 31, 2023-2024, the Warrants were not exercisable. Use of Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. On an on-going basis, the Company evaluates its estimates, including allowances for credit losses, valuation of inventory and Used Cores, valuation of long-lived assets, goodwill and intangible assets, useful lives depreciation and amortization of long-lived assets, litigation matters, valuation of deferred tax assets, share-based compensation, sales returns and other customer marketing allowances, the incremental borrowing rate used in determining the present value of lease liabilities, and valuation of the embedded derivatives in connection with the convertible notes. Although the Company does not believe that there is a reasonable likelihood that there will be a material change in the future estimate or in the assumptions used in calculating the estimate, unforeseen changes in the industry, or business could materially impact the estimate and may have a material adverse effect on its business, financial condition and results of operations. Financial Instruments The carrying amounts of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments. The carrying amount of short-term investments approximates their fair value as the shares of these mutual funds trade with sufficient frequency and volume to enable the Company to obtain pricing information on an ongoing basis. The carrying amounts of the revolving loan, term loan and other long-term liabilities approximate their fair value based on the variable nature of interest rates and current rates for instruments with similar characteristics. The estimated fair value of the Company's Convertible Notes (as defined in Note 8) was \$38,276,000 using Level 3 inputs at March 31, 2024. The net carrying amount of the convertible Convertible notes Notes approximated their fair value at March 31, 2023, as they were issued and sold on March 31, 2023. See Note 13 for further information concerning the fair value of the Company's Convertible Notes. Share-Based Payments The Company has share-based compensation plans and recognizes compensation expense over the requisite service period for its share-based plans based on the fair value of the awards on the date of the grant, award or issuance and accounts for forfeitures as they occur. Share-based plans include stock option awards, restricted stock units, restricted stock awards, and performance stock units issued under the Company's incentive plans. The cost is measured at the grant date, based on (i) the estimated fair value of the award using the Black-Scholes option pricing model for stock options, based on (ii) the closing share price of the Company's stock on the grant date for restricted stock units and restricted stock awards, based on (iii) the closing share price of the Company's stock on the grant date for performance stock units subject to performance conditions, and based on (iv) the estimated fair value of the award using the Monte Carlo valuation model for performance stock units subject to market conditions. See Note 18 for further information concerning the Company's share-based payments. The Black-Scholes option-pricing model and Monte Carlo valuation model require the input of subjective assumptions including the expected volatility of the underlying stock and the expected holding period of the option. These subjective assumptions are based on both historical and other information. Changes in the values assumed and used in the model can materially affect the estimate of fair value. Credit Risk The Company regularly reviews its accounts receivable and allowance for credit losses by considering factors such as historical experience, credit quality and age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay. The majority of the Company's sales are to leading automotive aftermarket parts suppliers. The Company participates in trade accounts receivable discount programs with its major customers. If the creditworthiness of any of its customers was downgraded, the Company could be adversely affected, in that it may be subjected to higher interest rates on the use of these discount programs or it could be forced to wait longer for payment. Should the Company's customers experience significant cash flow problems, its financial position and results of operations could be materially and adversely affected, and the maximum amount of loss that would be incurred would be the outstanding receivable balance, Used Cores expected to be returned by customers, and the value of the Remanufactured Cores held at customers' locations. The Company maintains an allowance for credit losses that, in its opinion, provide for an adequate reserve to cover losses that may be incurred. Deferred Compensation Plan The Company has a deferred compensation plan for certain members of management. The plan allows participants to defer salary and bonuses. The assets of the plan, which are held in a trust and are subject to the claims of the Company's general creditors under federal and state laws in the event of insolvency, are recorded as short-term investments in the consolidated balance sheets. Consequently, the trust qualifies as a Rabbi trust for income tax purposes. The plan's assets consist primarily of

mutual funds and are recorded at market value with any unrealized gain or loss recorded as general and administrative expense. The carrying value of plan assets were \$ **1,837,000 and \$ 2,011,000 and \$ 2,202,000**, and the deferred compensation liability, which is included in other current liabilities in the accompanying consolidated balance sheets, was \$ **1,837,000 and \$ 2,011,000 and \$ 2,202,000** at March 31, **2024 and 2023 and 2022**, respectively. During the years ended March 31, **2024, 2023, and 2022**, and ~~2021~~, the Company made contributions of \$ **6,000, \$ 75,000, and \$ 119,000 and \$ 96,000**, respectively. During the year ended March 31, **2024, the Company's matching contributions under its deferred compensation plan were temporarily halted through February 2024 when they were reinstated. F-16** During the years ended March 31, **2024, 2023, and 2022**, contributions of \$ **82,000, \$ 287,000, and \$ 388,000, respectively, were made to the deferred compensation plan. During the years ended March 31, 2024 and 2023**, the Company redeemed \$ **603,000 and \$ 297,000, respectively**, of its short-term investments for the payment of deferred compensation liabilities. During the year ended March 31, 2022, the Company did not redeem any of its short-term investments for the payment of deferred compensation liabilities. ~~F-15~~ **The following summarizes the gain (loss) on the Company's equity investments: Years Ended March 31, Net gain (loss) gain recognized on equity securities \$ 347,000 \$ (181,000) \$ 163,000 \$ 521,000 Less: net gain (loss) gain recognized on equity securities sold 74,000 (15,000) 10,000 Unrealized gain (loss) gain recognized on equity securities still held \$ 273,000 \$ (166,000) \$ 163,000 \$ 511,000 Comprehensive Income or Loss Comprehensive income or loss is defined as the change in equity during a period resulting from transactions and other events and circumstances from non-owner sources. The Company's total comprehensive income or loss consists of net unrealized income or loss from foreign currency translation adjustments. 3. Goodwill and Intangible Assets Goodwill The Company had goodwill of \$ 3,205,000 at March 31, **2024 and 2023 and 2022**, which was comprised of \$ 2,551,000 for the Hard Parts segment and \$ 654,000 for all others, respectively. Intangible Assets The following is a summary of acquired intangible assets subject to amortization: March 31, **2023-2024** March 31, **2022-2023** Weighted Average Amortization Period Gross Carrying Value Accumulated Amortization Gross Carrying Value Accumulated Amortization Intangible assets subject to amortization Trademarks 9 years \$ 705,000 \$ **641,000 \$ 705,000 \$ 577,000 \$ 705,000 \$ 513,000** Customer relationships 11 years **8,573,000 7,568,000 8,576,000 6,947,000 8,799,000 6,188,000** Developed technology 5 years ~~2,667,000 2,281,000 2,888,000 1,892,000~~ Total 9 years \$ **9,278,000 \$ 8,209,000 \$ 11,948,000 \$ 9,805,000 \$ 12,392,000** ~~F-17~~ **During the year ended March 31, 2024, the Company retired \$ 82,593,667,000 of fully amortized intangible assets. During the year ended March 31, 2023, the Company did not retire any fully amortized intangible assets. During the year ended March 31, 2022 the Company retired \$ 136,000 of fully amortized intangible assets. Amortization expense for acquired intangible assets is as follows: Years Ended March 31, Amortization expense \$ 1,075,000 \$ 1,460,000 \$ 1,548,000 \$ 1,571,000 The estimated future amortization expense for acquired intangible assets subject to amortization is as follows: Year Ending March 31, **486,000 341,000 242,000 Total \$ 1,073,069,000 4,486,000 342,000 242,000 Total \$ 2,143,000** ~~F-16~~. Accounts Receivable — Net The Company has trade accounts receivable that result from the sale of goods and services. Accounts receivable — net includes offset accounts related to customer payment discrepancies, returned goods authorizations (“RGAs”) issued for in-transit unit returns, and allowances for credit losses. Accounts receivable — net is comprised of the following: March 31, **2023-2024** March 31, **2022-2023** Accounts receivable — trade \$ **118,500,000 \$ 136,076,000 \$ 98,734,000** Allowance for credit losses (**189,000**) (339,000) (375,000) Customer payment discrepancies (1, **206,000**) (1,634,000) (1,375,000) Customer returns RGA issued (**20,809,000**) (14,235,000) (11,909,000) Less: total accounts receivable offset accounts (**22,204,000**) (16,208,000) (13,659,000) Total accounts receivable — net \$ **96,296,000 \$ 119,868,000 \$ 85,075,000** 5. Inventory Inventory is comprised of the following: March 31, **2023-2024** March 31, **2022-2023** Raw materials \$ **158,819,000 \$ 147,880,000 \$ 150,414,000** Work in process 7, **943,000 7,033,000 6,880,000** Finished goods **227,650,000 201,198,000 226,394,729 412,000 356,111,000 384,023,000** Less allowance for excess and obsolete inventory (**17,372,000**) (16,436,000) (13,520,000) Total \$ **377,040,000 \$ 339,675,000 \$ 370,503,000** Inventory unreturned \$ **20,288,000 \$ 16,579,000 \$ 15,001,000** ~~F-17~~ **176,186**. Contract Assets During the years ended March 31, **2024 and 2023 and 2022**, the Company reduced the carrying value of Remanufactured Cores held at customers' locations by \$ **5,353,000 and \$ 3,736,000 and \$ 4,671,000**, respectively. Contract assets are comprised of the following: March 31, **2023-2024** March 31, **2022-2023** Short-term contract assets Cores expected to be returned by customers \$ **15,409,000 \$ 13,463,000 \$ 15,778,000** Core premiums paid to customers 9, **567,000 9,812,000 10,621,000** Upfront payments to customers 1, **407,000 1,593,000 517,000** Finished goods premiums paid to customers **756,000 575,000 584,000** Total short-term contract assets \$ **27,139,000 \$ 25,443,000 \$ 27,500,000** Remanufactured cores held at customers' locations \$ **279,427,000 \$ 271,628,000 \$ 258,376,000** Core premiums paid to customers **30,227,000 38,310,000 43,294,000** Long-term core inventory deposits 5, **569,000 5,569,000** **Upfront payments to customers 2,718,000 344,000** Finished goods premiums paid to customers 2, **341,000 2,530,000 2,806,000** **Upfront payments to customers 344,000 210,000** Total long-term contract assets \$ **320,282,000 \$ 318,381,000 \$ 310,255,000** 7. Plant and Equipment Plant and equipment is comprised of the following: March 31, **2023-2024** March 31, **2022-2023** Machinery and equipment \$ **63,048,000 \$ 62,556,000 \$ 63,094,000** Office equipment and fixtures **33,463,000 32,769,000 31,434,000** Leasehold improvements **15,110,000 14,301,000 13,111,473 621,000 109,626,000 108,001,000** Less: accumulated depreciation (**73,283,000**) (63,574,000) (56,939,000) Total \$ **38,338,000 \$ 46,052,000 \$ 51,062,000** Plant and equipment located in the foreign countries where the Company has facilities, net of accumulated depreciation, totaled \$ **33,455,000 and \$ 40,609,000 and \$ 44,348,000**, of which \$ **30,992,000 and \$ 37,667,000 and \$ 40,912,000** is located in Mexico, at March 31, **2024 and 2023 and 2022**, respectively. 8. Debt The Company is party to a \$ 268,620,000 senior secured financing, (as amended from time to time, the “Credit Facility”) with a syndicate of lenders and PNC Bank, National Association, as administrative agent, consisting of (i) a \$ 238,620,000 revolving loan facility, subject to borrowing base restrictions, a \$ 24,000,000 sublimit for borrowings by Canadian borrowers, and a \$ 20,000,000 sublimit for letters of credit (the “Revolving Facility”) and (ii) a \$ 30,000,000 term loan facility (the “Term Loans”). ~~The~~ **Prior to the eighth******

amendment discussed below, the loans under the Credit Facility were scheduled to mature on May 28, 2026. The Credit Facility currently permits the payment of up to \$ 29, 043, 000 of dividends and share repurchases for fiscal year 2023, subject to pro forma compliance with financial covenants. In connection with the Credit Facility, the lenders have a security interest in substantially all of the Company's assets of. On August 3, 2023, the Company entered into a seventh amendment to the Credit Facility, which among other things, (i) permitted the Company to repay its outstanding balance of Term Loans require, (ii) permitted the exclusion of quarterly principal payments of Term Loans from the fixed charge coverage ratio \$ 937, 500. The Credit Facility bears interest at rates equal to either SOFR (including retrospectively as defined below) plus a margin of 2. 75 %, 3. 00 % or for 3. 25 % the prior periods) or for all quarters beginning June 30 a reference rate plus a margin of 1. 75 %, 2. 00 % 2023, (iii) reset the fixed charge coverage ratio financial covenant level or for the quarters 2. 25 %, in each case depending ending on September 30, 2023 and December 31, 2023, (iv) eliminated the senior leverage ratio financial covenant effective with the quarter ended June 30, 2023, (v) extended the minimum undrawn availability financial covenant through the delivery of the June 30, 2024 compliance certificate, and (vi) excluded the amount of all amendment fees and expenses incurred in connection with this amendment as well as prior unamortized fees associated with the Term Loans from bank EBITDA and the fixed charge coverage ratio financial covenant. F- 19 On August 3, 2023, the Company repaid the remaining outstanding balance of its Term Loans and recorded a loss on extinguishment of debt for the remaining unamortized debt issuance costs of \$ 168, 000 in the consolidated statement of operations. On December 12, 2023, the Company entered into an eighth amendment to the Credit Facility, which among the other applicable measurement things, (i) extended the maturity date to December 12, 2028 from May 28, 2026, (ii) amended the definition of " Applicable Margin " to provide for a pricing grid, with the Applicable Margin for Term SOFR loans ranging from 2. 75 % to 3. 25 % and the Applicable Margin for base rate loans ranging from 1. 75 % to 2. 25 %, in each case based on average daily undrawn availability for the most recently completed calendar quarter, (iii) amended the existing fixed charge coverage ratio financial covenant that is also a facility fee only tested if undrawn availability (which may include up to \$ 8, 000, 000 of suppressed availability) is less than 22. 375 5 % of to 0. 50 %, depending on the senior aggregate revolving commitments, and (iv) amended the definitions of Consolidated EBITDA and fixed charge leverage coverage ratio and certain component definitions used therein. The Company had \$ 128, 000, 000 and \$ 145, 200, 000 outstanding under the Revolving Facility at March 31, 2024 and 2023, respectively. In addition, \$ 6, 370, 000 as was outstanding for letters of credit at March 31, 2024. At March 31, 2024, after certain contractual adjustments, \$ 100, 915, 000 was available under the Revolving Facility applicable measurement date. The interest rate on the Company's Term Loans and Revolving Facility was 8. 02 43 % and 8. 13 %, respectively, at March 31, 2024 and 2023, and 2. 99 % and 3. 13 %, respectively, at March 31, 2022. F- 18 The In addition, the Credit Facility, among places limits on other the things Company's ability to incur liens, incur additional indebtedness, make loans and investments, engage in mergers and acquisitions, engage in asset sales, redeem, or repurchase capital stock, alter the business conducted by the Company and its subsidiaries, transact with affiliates, prepay, redeem, or purchase subordinated debt, and amend or otherwise alter debt agreements. The Credit Facility, as amended, requires the Company to maintain certain financial covenants including a maximum senior leverage ratio and a minimum fixed charge coverage ratio if undrawn availability. In addition, the Credit Facility places limits on the Company's ability to incur liens, incur additional indebtedness, make loans and investments, engage in mergers and acquisitions, engage in asset sales, redeem, or repurchase capital stock, alter the business conducted by the Company and its subsidiaries, transact with affiliates, prepay, redeem, or purchase subordinated debt, and amend and or otherwise alter debt agreements. On November 3, 2022, the Company entered into a specified minimum undrawn availability. During fourth amendment to the Credit Facility, which among other the things period ended March 31, (i) modified 2024, undrawn availability was greater than the 22. 5 % threshold, therefore, the fixed charge coverage ratio financial covenant for the fiscal quarters ending September 30, 2022 and December 31, 2022, (ii) modified the total leverage ratio financial covenant for the fiscal quarter ending September 30, 2022, (iii) modified the definition of " Consolidated EBITDA ", and (iv) replaces LIBOR as the benchmark rate with a replacement benchmark based on the Secured Overnight Financing Rate (" SOFR ") effective beginning November 3, 2022. The modifications to the financial covenants were effective as of September 30, 2022. As of December 31, 2022, the Company identified certain defaults with respect to the Credit Facility, which arose from non-compliance with certain financial covenants. On February 3, 2023, the Company entered into a fifth amendment to the Credit Facility, which among other things, (i) waived certain existing defaults and events of default arising from non-compliance with the fixed charge coverage ratio and senior leverage ratio financial covenants as of the end of the fiscal quarter ended December 31, 2022, (ii) modified the fixed charge coverage ratio and senior leverage ratio financial covenants for the quarters ending March 31, 2023 and June 30, 2023, (iii) modified the definitions of " Applicable Margin " and " Consolidated EBITDA ", and (iv) added a new minimum undrawn availability financial covenant. On March 31, 2023, the Company entered into a sixth amendment to the Credit Facility, which among other things, (i) permitted the issuance of the Convertible Notes (as defined below) and the performance of its respective obligations under the Note Purchase Agreement (as defined below) and the Convertible Notes, (ii) amended the definition of Consolidated EBITDA, and (iii) amended certain component definitions used in calculating the senior leverage ratio financial covenant to exclude the Convertible Notes. The Company was not required to be tested in compliance with all financial covenants as of March 31, 2023. The Company's Term Loans are comprised of the following: March 31, 2023 March 31, 2022 Principal amount of Term Loans \$ 13, 125, 000 \$ 16, 875, 000 Unamortized financing fees (182, 000) (181, 000) Net carrying amount of Term Loans 12, 943, 000 16, 694, 000 Less current portion of Term Loans (3, 664, 000) (3, 670, 000) Long-term portion of Term Loans \$ 9, 279, 000 \$ 13, 024, 000 Future repayments of the Company's Term Loans are as follows: Year Ending March 31, \$ 3, 750, 000 3, 750, 000 3, 750, 000 2027 1, 875, 000 Total payments \$ 13, 125, 000 F- 19 The Company had \$ 145, 200, 000 and \$ 155, 000, 000 outstanding under the Revolving Facility at March 31, 2023 and 2022, respectively. In

addition, \$ 6, 370, 000 was reserved for letters of credit at March 31, 2023. At March 31, 2023, after certain adjustments, \$ 87, 050, 000 was available under the Revolving Facility. Convertible Notes On March 31, 2023, the Company entered into a note purchase agreement, as amended, (the “ Note Purchase Agreement ”) with Bison Capital Partners VI, L. P. and Bison Capital Partners VI- A, L. P. (collectively, the “ Purchasers ”) and Bison Capital Partners VI, L. P., as the purchaser representative (the “ Purchaser Representative ”) for the issuance and sale of \$ 32, 000, 000 in aggregate principal amount of convertible notes due in 2029 (the “ Convertible Notes ”) to be, which was used for general corporate purposes. The Convertible Notes will bear interest at a rate of 10. 0 % per annum, compounded annually, and payable (i) in kind or (ii) in cash, annually in arrears on April 1 of each year, commencing on April 1, 2024. On June 8, 2023, the Company entered into the first amendment to the Note Purchase Agreement, which among other things, removed a provision that specified the Purchasers would be entitled to receive a dividend or distribution payable in certain circumstances. This amendment was effective as of March 31, 2023. **On August 1, 2023, the Company entered into the second amendment to the Note Purchase Agreement, which amended the definition of “ Permitted Restricted Payments ” to permit the prepayment of its Term Loans. F- The 20**

The Company’s Convertible Notes are comprised of the following: March 31, **2024 March 31,** 2023 Principal amount of Convertible Notes **\$ 32, 000, 000** \$ 32, 000, 000 Less: unamortized debt discount attributed to Compound Net Derivative Liability (**7, 576, 000**) (8, 430, 000) Less: unamortized debt discount attributed to debt issuance costs (**1, 058, 000**) (**1, 006, 000**) Carrying amount of the Convertible Notes **23, 366, 000** 22, 564, 000 Plus: Compound Net Derivative Liability **7, 410, 000** 8, 430, 000 Net carrying amount of Convertible Notes, related party **\$ 30, 776, 000** \$ 30, 994, 000 The aggregate proceeds from the offering were approximately \$ 31, 280, 000, net of initial purchasers’ fees and other related expenses. The initial conversion rate is 66. 6667 shares of the Company’s common stock per \$ 1, 000 principal amount of notes (equivalent to an initial conversion price of approximately \$ 15. 00 per share of common stock). At March 31, ~~2023~~ **2024**, the Company had ~~28, 650, 214~~ **590, 757** shares of its common stock available to be issued if the Convertible Notes were converted. In connection with the Note Purchase Agreement, the Company entered into common stock warrants (the “ Warrants ”) with the Purchasers, which mature on March 30, 2029. The Warrants do not become exercisable unless a Company Redemption (as defined below) occurs and the volume weighted average price of the Company’s common stock for 20 consecutive days prior to the redemption is less than \$ 15. 00. The fair value of the Warrants, using Level 3 inputs and the Monte Carlo simulation model, was zero at March 31, **2024 and** 2023. The Company estimates the fair value of the Warrants at each balance sheet date. Any subsequent changes from the initial recognition in the fair value of the Warrants will be recorded in current period earnings in the consolidated statements of operations. The Convertible Notes may be converted, subject to certain conditions, at a conversion price of approximately \$ 15. 00 (the “ Conversion Option ”). The Convertible Notes also include a provision for a return of interest (“ Return of Interest ”), which requires the Purchasers to return 15. 0 % of the interest paid to the Company in certain circumstances. The Return of Interest provision is accounted for as part of the Conversion Option and if the Conversion Option is exercised in the future, the Return of Interest provision will remain outstanding until the Purchaser sells all of the underlying stock received upon conversion. Upon conversion, any value associated with the Return of Interest provision will be reflected as a derivative asset upon conversion, with changes in fair value being recorded in earnings in the consolidated statements of operations until settlement in connection with the sale of the underlying stock by the Purchaser. Unless and until the Company delivers a redemption notice, the Purchasers of the Convertible Notes may convert their Convertible Notes at any time at their option. Upon conversion, the Convertible Notes will be settled in shares of the Company’s common stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events. The Convertible Notes have a stated maturity of March 30, 2029, subject to earlier conversion or redemption in accordance with their terms. **If F- 20** If there is a Fundamental Transaction, as defined in the Form of Convertible Promissory Note, the Company may redeem all or part of the Convertible Notes. Except in the case of the occurrence of a Fundamental Transaction, the Company may not redeem the Convertible Notes prior to March 31, 2026. After March 31, 2026, the Company may redeem all or part of the Convertible Notes for a cash purchase (the “ Company Redemption ”) price equal to the redemption price plus \$ ~~4~~ **5**, 000, 000, but only if (i) it is listed on a national exchange, (ii) there is no “ Event of Default ” occurring and continuing, and (iii) Adjusted EBITDA for the prior four quarters is greater than \$ 80, 000, 000. The “ Redemption Price ” shall mean a cash amount equal to the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest. However, if the volume weighted average price of the Company’s common stock for 20 consecutive days prior to the notice of the Company Redemption is less than \$ 15 ~~. 00~~, the Purchasers may exercise the warrants and the Company will pay the Redemption Price plus \$ 2, 000, 000. **F-** However, if the volume weighted average price of the Company’s common stock is less than \$ 8 for 20 days between March 31, 2023 and September 27, 2023, the Company will pay the redemption price plus \$ 5, 000, 000. **The 21**

The Conversion Option and the Company Redemption both met the criteria for bifurcation from the Convertible Notes as derivatives and **have** using the Monte Carlo simulation model were fair valued as a liability of \$ 10, 400, 000 and an asset of \$ 1, 970, 000 at March 31, 2023, respectively. The Company Redemption has been combined with the Conversion Option as a compound net derivative liability (the “ Compound Net Derivative Liability ”). The Compound Net Derivative Liability has been recorded within convertible note, related party in the consolidated balance sheet sheets . **The fair value of the Conversion Option and the Company Redemption option using Level 3 inputs and the Monte Carlo simulation model was a liability of \$ 9, 800, 000 and \$ 10, 400, 000, and an asset of \$ 2, 390, 000 and \$ 1, 970, 000 at March 31, 2024 and 2023, respectively.** The Company estimates the fair value of the Compound Net Derivative Liability at each balance sheet date. Any subsequent changes from the initial recognition in the fair value of the Compound Net Derivative Liability will be recorded in current period earnings in the consolidated statements of operations. **During the year ended March 31, 2024, the Company recorded a gain of \$ 1, 020, 000 as the change in fair value of the Compound Net Derivative Liability in the consolidated statement of operations and consolidated statement of cash flows.** The Convertible Notes also contain additional features, such as, default interest and options related to a Fundamental Transaction, requiring bifurcation which were not separately accounted for as the value of such features were not material at March 31, **2024 and**

2023. Any subsequent changes from the initial recognition in the fair value of those features will be recorded in current period earnings in the consolidated statements of operations. The Convertible Notes include customary provisions relating to the occurrence of Events of Default, which include the following: (i) certain payment defaults on the Convertible Notes ; (ii) certain events of bankruptcy, insolvency and reorganization involving the Company or any of its subsidiaries; (iii) the entering of one or more final ~~judgements~~ **judgments** or orders against the Company or any of its subsidiaries for an aggregate payment exceeding \$ 25, 000, 000; (iv) the acceleration of senior debt; (v) certain failures of the Company to comply with certain provisions of the Note Purchase Agreement or material breaches of the Note Purchase Agreement by the Company or any of its subsidiaries; (vi) any material provision of the Note Purchase Agreement, the Convertible Notes, the guarantee, the subordination agreement, the warrants or the registration rights agreement, for any reason, ceases to be valid and binding on the Company or any subsidiary, or any subsidiary shall so claim in writing to challenge the validity of or the Company' s liability under the Note Purchase Agreement, the Convertible Notes, or the registration rights agreement; or (vii) the Company fails to maintain the listing of its capital stock on a national securities exchange. Events of Default will be subject to a 30- day cure period except for those related to clause (ii) and (iv) of the preceding sentence. If an Event of Default occurs and is continuing, then, the Company shall deliver written notice to the Purchasers within 5 business days of first learning of such Event of Default. If an Event of Default involving bankruptcy, insolvency or reorganization events with respect to the Company (and not solely with respect to its significant subsidiary) occurs, then the principal amount of, and all accrued and unpaid interest on, all of the Convertible Notes then outstanding will immediately become due and payable without any further action. **Unamortized Debt debt** issuance costs of **\$ 1, 058, 000 and** \$ 1, 006, 000 are presented in the balance sheet as a direct deduction from the carrying amounts of the Convertible Notes at March 31, **2024 and** 2023, **respectively**. Debt issuance costs are amortized using the effective interest method through the maturity of the Convertible Note and recorded in interest expense in the consolidated statements of operations. **The effective interest rate was 18. 3 % as of March 31, 2024**. Debt issuance costs of \$ 360, 000 allocated to the Compound Net Derivative Liability were immediately expensed to interest expense in the consolidated statements of operations for the year ended March 31, 2023. ~~F- 21~~**Additionally**, pursuant to the Note Purchase Agreement, subject to certain conditions, the Purchaser Representative shall have the right to nominate one director to serve (the " Investor Director ") on the Company' s Board of Directors (the " Board "). If an Investor Director is not currently serving on the Board, and subject to certain other conditions set forth in the Note Purchase Agreement, the Purchaser Representative shall have the right to designate one person to have observation rights with respect to all meetings of the Board. In connection with the Company' s entry into the Note Purchase Agreement, Douglas Trussler was appointed to serve on its Board. ~~Total F- 22~~**Interest expense related to the Convertible Notes is as follows: Years Ended March 31, 2024** ~~contractual~~**Contractual** interest expense of **\$ 3, 200, 000** \$ 9, 000 **Accretion of debt discount 853** related to the Convertible Notes was recognized during the year ended ~~March 31, 2023-~~**000- Amortization of issuance costs 119, 000- Total interest expense \$ 4, 172, 000** \$ 9, 000 There are no future payments required under the Convertible Notes prior to their maturity, therefore, the principal amount of the notes plus interest payable in kind, assuming no early redemption or conversion has occurred, of \$ 56, 704, 000 would be paid on March 30, 2029. 9. Contract LiabilitiesContract liabilities are comprised of the following: March 31, ~~2023~~**2024** March 31, ~~2022~~**2023** Short- term contract liabilities Customer allowances earned \$ 19, **789, 000** \$ 19, 997, 000 \$ 22, 018, 000 Customer core returns accruals **10, 448, 000** 11, 112, 000 **12, 322, 000** Customer deposits **3, 232, 000** 3, 306, 000 Accrued core payment **3, 476, 000** **3, 056, 000** 1, 679, 000 Core bank liability **1, 739, 000** 1, 686, 000 **Customer deposits 1, 634** **735, 000** **3, 232, 000** Finished goods liabilities **404, 000** 1, 257, 000 **1, 537, 000** Total short- term contract liabilities \$ **37, 591, 000** \$ 40, 340, 000 \$ 42, 496, 000 Long- term contract liabilities Customer core returns accruals \$ **193, 545, 000** \$ 170, 420, 000 \$ 154, 940, 000 Core bank liability **11, 843, 000** 13, 582, 000 **15, 267, 000** Accrued core payment **6, 535, 000** 9, 171, 000 **928, 000** Finished goods liabilities **145, 000** 433, 000 **1, 588, 000** Customer allowances earned **41, 000** Total long- term contract liabilities \$ **212, 068, 000** \$ 193, 606, 000 **10** \$ **172, 764, 000** ~~F- 22~~**10** LeasesThe Company leases various facilities in North America and Asia under operating leases expiring through August 2033. The Company also has finance leases for certain office and manufacturing equipment, which generally range from three to five years. The Company has material non- functional currency leases, which resulted in a remeasurement gains of \$ **5, 187, 000, \$** 6, 515, 000, **and** \$ 1, 989, 000, **and** \$ 9, 893, 000 during the years ended March 31, **2024, 2023, and** 2022, **and** 2021, respectively. These remeasurement gains are included in foreign exchange impact of lease liabilities and forward contracts in the consolidated statements of operations. ~~F- Balance 23~~**Balance** sheet information for leases is comprised of the following: March 31, ~~2023~~**2024** March 31, ~~2022~~**2023** LeasesClassification Assets: OperatingOperating lease assets \$ **83, 973, 000** \$ 87, 619, 000 \$ 81, 997, 000 FinancePlant and equipment **4, 611, 000** 5, 549, 000 **7, 470, 000** Total leased assets \$ **88, 584, 000** \$ 93, 168, 000 \$ 89, 467, 000 Liabilities: Current OperatingOperating lease liabilities \$ 8, **319, 000** \$ 8, 767, 000 \$ 6, 788, 000 FinanceOther current liabilities **1, 585, 000** 1, 851, 000 **2, 330, 000** Long- term OperatingLong- term operating lease liabilities **72, 240, 000** 79, 318, 000 **80, 803, 000** FinanceOther liabilities **1, 893, 000** 2, 742, 000 **3, 425, 000** Total lease liabilities \$ **84, 037, 000** \$ 92, 678, 000 \$ 93, 346, 000 ~~F- 23~~**Lease** ~~Lease~~ cost recognized in the consolidated statement of operations is comprised of the following: Years Ended March 31, Lease cost Operating lease cost \$ **15, 047, 000** \$ 13, 176, 000 \$ 12, 472, 000 \$ **11, 527, 000** Short- term lease cost **1, 263, 000** 1, 686, 000 1, 462, 000 **1, 383, 000** Variable lease cost **667, 000** 761, 000 1, 011, 000 **825, 000** Finance lease cost: Amortization of finance lease assets **1, 508, 000** 1, 983, 000 2, 088, 000 **1, 762, 000** Interest on finance lease liabilities **219, 000** 262, 000 345, 000 **379, 000** Total lease cost \$ **18, 704, 000** \$ 17, 868, 000 \$ 17, 378, 000 \$ **15, 876, 000** Maturities of lease commitments at March 31, ~~2023~~**2024** were as follows: Maturity of lease liabilities by fiscal year Operating Leases Finance Leases Total \$ **12, 676, 000** \$ **1, 753, 000** \$ **14, 429, 000** 12, 374, 000 **1, 015, 000** 13, 567 **389, 000** 11 \$ 2, 064, 000 \$ 15, 631, 000 **12, 535, 000** 1, 569, 000 **14** **194, 104, 000** 12 **524, 099, 000** 837 **11, 718** 000 12, 936, 000 10, 816 **928, 000** 346 **364, 000** 11, 162 **292, 000** 10, 725, 000 **186, 000** 10, 911 **11, 126, 000** 169, 000 **11, 295, 000** Thereafter **53** **43, 929** **461, 000** 6 **43, 461** 000 **53, 935, 000** Total lease payments **113** **101, 671** **759, 000** 5 **3, 008** **825, 000** 11 **8, 679** **584, 000** Less : amount representing interest (**25** **21, 586**

200,000) (415,347,000) (26,211,001-547,000) Present value of lease liabilities \$ 88,801,085-559,000 \$ 43,593-478,000 \$ 92,841,678-037,000 F- Other 24 Other information about leases is as follows: March 31, 2023-2024 March 31, 2022-2023

Lease term and discount rate Weighted-average remaining lease term (years): Finance leases 2.9-8.2.9 Operating leases 8.3-9.0-10.4 Weighted-average discount rate: Finance leases 5.6-9.4% 5.1-9% Operating leases 5.8% 5.7-8% 11 F-2411.

Accounts Receivable Discount Programs The Company uses accounts receivable discount programs with offered by certain customers and their respective banks. Under these accounts receivable discount programs, the Company may sell those customers' receivables to those banks at a discount to be agreed upon at the time the receivables are sold. These accounts receivable discount arrangements programs allow the Company to accelerate receipt of payment on customers' receivables. The following is a summary of the Company's accounts receivable discount programs: Fiscal Years Ended March 31, Receivables discounted \$ 618,012,000 \$ 548,376,000 \$ 525,441,000 Weighted average days Weighted average discount rate 6.8% 5.3% 1.9% Amount of discount as interest expense \$ 39,175,000 \$ 26,432,000 \$ 9,197,000 12. Financial Risk Management and Derivatives Purchases and expenses denominated in currencies other than the U. S. dollar, which are primarily related to the Company's facilities overseas, expose the Company to market risk from material movements in foreign exchange rates between the U. S. dollar and the foreign currencies. The Company's primary risk exposure is from fluctuations in the value of the Mexican peso and to a lesser extent the Chinese yuan. To mitigate these risks, the Company enters into forward foreign currency exchange contracts to exchange U. S. dollars for these foreign currencies. The extent to which forward foreign currency exchange contracts are used is modified periodically in response to the Company's estimate of market conditions and the terms and length of anticipated requirements. The Company enters into forward foreign currency exchange contracts in order to reduce the impact of foreign currency fluctuations and not to engage in currency speculation. The use of derivative financial instruments allows the Company to reduce its exposure to the risk that the eventual cash outflow resulting from funding the expenses of the foreign operations will be materially affected by changes in exchange rates between the U. S. dollar and the foreign currencies. The Company does not hold or issue financial instruments for trading purposes. The forward foreign currency exchange contracts are designated for forecasted expenditure requirements to fund foreign operations. The Company had forward foreign currency exchange contracts with a U. S. dollar equivalent notional value of \$ 54,092,000 and \$ 48,486,000 and \$ 44,968,000 at March 31, 2024 and 2023 and 2022, respectively. These contracts generally have a term of one year or less, at rates agreed at the inception of the contracts. The counterparty to this derivative transaction is a major financial institution with investment grade credit rating; however, the Company is exposed to credit risk with this institution. The credit risk is limited to the potential unrealized gains (which offset currency fluctuations adverse to the Company) in any such contract should this counterparty fail to perform as contracted. Any changes in the fair values of forward foreign currency exchange contracts are included in foreign exchange impact of lease liabilities and forward contracts in the consolidated statements of operations. F- The 25 The following shows the effect of the Company's derivative instruments on its consolidated statements of operations: (Loss) Gain (Loss) Recognized as Foreign Exchange Impact of Lease Liabilities and Forward Contracts Derivatives Not Designated as Years Ended March 31, Hedging Instruments Forward foreign currency exchange contracts \$ (1,373,000) \$ 2,776,000 \$ (316,000) \$ 7,713,000 The fair value of the forward foreign currency exchange contracts of \$ 2,516,000 and \$ 3,889,000 and \$ 1,113,000 are included in prepaid and other current assets in the consolidated balance sheets at March 31, 2024 and 2023 and 2022, respectively. The changes in the fair values of forward foreign currency exchange contracts are included in foreign exchange impact of lease liabilities and forward contracts in the consolidated statements of cash flows for the years ended March 31, 2024, 2023, and 2022, and 2021. 13 F-2513. Fair Value Measurements The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses a three-tier valuation hierarchy based upon observable and unobservable inputs: • Level 1 — Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities. • Level 2 — Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. • Level 3 — Valuation is based upon unobservable inputs that are significant to the fair value measurement. The fair value hierarchy requires the use of observable market data when available. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability. F- The 26 The following sets forth by level within the fair value hierarchy, the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis according to the valuation techniques the Company used to determine their fair values at: March 31, 2023-2024 March 31, 2022-2023 Fair Value Measurements Fair Value Measurements Using Inputs Considered as Using Inputs Considered as Fair Value Level 1 Level 2 Level 3 Fair Value Level 1 Level 2 Level 3 Assets Short-term investments Mutual funds \$ 1,837,000 \$ 1,837,000 \$ - \$ - \$ 2,011,000 \$ 2,011,000 \$ - \$ - \$ 2,202,000 \$ 2,202,000 \$ - \$ - Prepaid expenses and other current assets Forward foreign currency exchange contracts 2,516,000-2,516,000-3,889,000-3,889,000-1,113,000-1,113,000- Liabilities Other current liabilities Deferred compensation 1,837,000 1,837,000--2,011,000 2,011,000--2,202,000 2,202,000-- Convertible notes, related party Compound Net Derivative Liability 7,410,000--7,410,000 8,430,000--8,430,000 --- Short-term Investments and Deferred Compensation The Company's short-term investments, which fund its deferred compensation liabilities, consist of investments in mutual funds. These investments are classified as Level 1 as the shares of these mutual funds trade with sufficient frequency and volume to enable the Company to obtain pricing information on an ongoing basis. Forward Foreign Currency Exchange Contracts The forward foreign currency exchange contracts are primarily measured based on the foreign currency spot and forward rates quoted by the banks or foreign currency dealers (See Note 12). Compound Net Derivative Liability In Liability The

connection with the issuance of the Convertible Notes on March 31, 2023, the Company estimates the fair value of the Compound Net Derivative Liability (see Note 8) using Level 3 inputs and the Monte Carlo simulation model at the balance sheet date. The Monte Carlo simulation model requires the input of subjective assumptions including the expected volatility of the underlying stock. These subjective assumptions are based on both historical and other information. Changes in the values assumed and used in the model can materially affect the estimate of fair value. This amount is recorded within convertible notes, related party in the consolidated balance sheet sheets at March 31, 2024 and 2023. The Company estimates Any changes in the fair value of the Compound Net Derivative Liability are recorded in using Level 3 inputs and the Monte Carlo simulation model at each balance sheet date. Any subsequent changes change from the initial recognition in the fair value of the Compound compound Net net Derivative derivative Liability liability will be recorded in current period earnings in the consolidated statements of operations and in the consolidated statements of cash flows. F-26 The following assumptions were used to determine the fair value of the Compound Net Derivative Liability: March 31, 2024 March 31, 2023 Risk free interest rate 4.36 % 3.64 % Cost of equity 23.20 % 21.80 % Weighted average cost of capital 14.90 % 14.60 % Expected volatility of MPA Common common Stock stock 50.00 % 50.00 % EBITDA volatility 35.40, 00 % 35.00 % F-27 The following summarizes the activity for Level 3 fair value measurements: Years Ended March 31, Beginning balance \$ 8,430,000 \$ - Newly issued - 8,430,000 Changes in revaluation the fair value of the Compound Net Derivative Liability included in earnings Exercises / settlements (1,020,000) - Ending balance \$ 7,410,000 \$ 8,430,000 During the years ended March 31, 2024 and 2023 and 2022, the Company had no significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term nature of these instruments. The carrying amounts of the revolving loan term loan and other long-term liabilities approximate their fair value based on the variable nature of interest rates and current rates for instruments with similar characteristics. At March 31, 2024 and 2023, the net carrying amount of the Convertible Notes was \$ 30,776,000 and \$ 30,994,000, respectively, (see Note 8). The estimated fair value of the Company's Convertible Notes was \$ 38,276,000 using Level 3 inputs at March 31, 2024. The net carrying amount of the Convertible Notes approximated their fair value at March 31, 2023, as they were issued on March 31, 2023.

14. Commitments and Contingencies Warranty Returns The Company allows its customers to return goods that their consumers have returned to them, whether or not the returned item is defective ("warranty returns"). The Company accrues an estimate of its exposure to warranty returns based on a historical analysis of the level of this type of return as a percentage of total unit sales. Amounts charged to expense for these warranty returns are considered in arriving at the Company's net sales. The following summarizes the changes in the warranty return accrual: Years Ended March 31, Balance at beginning of year \$ 19,830,000 \$ 20,125,000 \$ 21,093,000 \$ 18,300,000 Charged to expense 142,240,000 132,719,000 118,675,000 111,025,000 Amounts processed (142,744,000) (133,014,000) (119,643,000) (108,232,000) Balance at end of year \$ 19,326,000 \$ 19,830,000 \$ 20,125,000 \$ 21,093,000 At March 31, 2024 and 2023, the Company's total warranty return accrual was \$ 19,326,000 F- and \$ 19,830,000, respectively, of which \$ 5,667,000 and \$ 4,357,000, respectively, was included in the customer returns RGA issued within accounts receivable net and \$ 13,659,000 and \$ 15,473,000, respectively, was included in the customer finished goods returns accrual in the consolidated balance sheets. 27 Commitments -- Commitments to Provide Marketing Allowances under Long-Term Customer Contracts The Company has or is renegotiating long-term agreements with many of its major customers. Under these agreements, which in most cases have initial terms of at least four years, the Company is designated as the exclusive or primary supplier for specified categories of the Company's products. Because of the very competitive nature of the market and the limited number of customers for these products, the Company's customers have sought and obtained price concessions, significant marketing allowances, and more favorable delivery and payment terms in consideration for the Company's designation as a customer's exclusive or primary supplier. These incentives differ from contract to contract and can include (i) the issuance of a specified amount of credits against receivables in accordance with a schedule set forth in the relevant contract, (ii) support for a particular customer's research or marketing efforts provided on a scheduled basis, (iii) discounts granted in connection with each individual shipment of product, and (iv) other marketing, research, store expansion or product development support. These contracts typically require that the Company meet ongoing performance standards. While these longer-term agreements strengthen the Company's customer relationships, the increased demand for the Company's products often requires that the Company increase its inventories and personnel. Customer demands that the Company purchase their Remanufactured Core inventory also require the use of the Company's working capital. F- The 28 The marketing and other allowances the Company typically grants its customers in connection with its new or expanded customer relationships adversely impact the near-term revenues, profitability, and associated cash flows from these arrangements. Such allowances include sales incentives and concessions and typically consist of: (i) allowances which may only be applied against future purchases and are recorded as a reduction to revenues in accordance with a schedule set forth in the long-term contract, (ii) allowances related to a single exchange of product that are recorded as a reduction of revenues at the time the related revenues are recorded or when such incentives are offered, and (iii) amortization of core premiums paid to customers generally in connection with new business. The following summarizes the breakout of allowances discussed above, recorded as a reduction to revenues: Years Ended March 31, Allowances incurred under long-term customer contracts \$ 10,128,000 \$ 18,253,000 \$ 19,348,000 \$ 29,238,000 Allowances related to a single exchange of product 130,918,000 154,194,000 129,283,000 99,768,000 Amortization of core premiums paid to customers 10,181,000 11,113,000 11,242,000 6,590,000 Total customer allowances recorded as a reduction of revenues \$ 151,227,000 \$ 183,560,000 \$ 159,873,000 \$ 135,596,000 The following presents the Company's commitments to incur allowances, excluding allowances related to a single exchange of product, which will be recognized as a reduction to revenue when the related revenue is recognized: Year Ending March 31, \$ 14,637,701, 000 11,621,179, 000 10,605,300, 000 9,939,439, 000 9-5, 498,650, 000 Thereafter 7-2, 976,826, 000 Total marketing allowances \$ 63,54, 976,095,

000 ContingenciesThe Company is subject to various lawsuits and claims. In addition, government agencies and self-regulatory organizations have the ability to conduct periodic examinations of and administrative proceedings regarding the Company's business. Following an audit in fiscal 2019 ("Audit"), the U. S. Customs and Border Protection ("CBP") stated that it **its compliance with law** believed that the Company owed additional duties relating to products that it imported from Mexico from 2011 through mid-2018. The CBP recently requested that the Company pay additional duties of approximately \$ 3, 900 **code, and regulations** 000 from 2011 through mid-2018 related to **matters including, but** the findings of the Audit. The Company does not **limited** believe that this amount is correct and believes that it has numerous defenses and is disputing this amount vigorously. The Company cannot assure that the CBP will agree or that it will not need to accrue or pay additional amounts in the future, **environmental, information security, taxes, levies, tariffs and such**. F- 2815-2915. Significant Customer and Other InformationSignificant Customer ConcentrationsWhile the Company continually seeks to diversify its customer base, it currently derives, and has historically derived, a substantial portion of its sales from a small number of large customers. Any meaningful reduction in the level of sales to any of these customers, deterioration of the financial condition of any of these customers or the loss of any of these customers could have a materially adverse impact on our business, results of operations, and financial condition. The Company's largest customers accounted for the following total percentage of net sales: Years Ended March 31, Customer A % % Customer B-C % % % Customer E-B % % % Customer D % % % Revenues for Customers A through C were derived from the Hard Parts segment and Test Solutions and Diagnostic Equipment segment. Revenues for Customer D were derived from the Hard Parts segment. The Company's largest customers accounted for the following total percentage of accounts receivable — trade: March 31, **2023-2024** March 31, **2022-2023** Customer A % % Customer B % % Customer C % % Customer D % % Geographic and Product InformationThe Company's products are predominantly sold in the U. S. and accounted for the following total percentage of net sales: Years Ended March 31, Rotating electrical products % % % **Wheel hub-Brake-related** products % % % **Wheel hub-Brake-related** products % % % Other products % % % Significant Supplier ConcentrationsNo suppliers accounted for more than 10 % of the Company's inventory purchases for the years ended March 31, **2024, 2023, and 2022, and 2021**. F- 2916-3016. Income Taxes Domestic and foreign components of (loss) income (loss) before income taxes are as follows: Years Ended March 31, **2023-2024** United States \$ (**29, 661, 000**) \$ (14, 470, 000) \$ 6, 021, 000 \$ ~~13, 920, 000~~ Foreign **16, 593, 000** 11, 361, 000 7, 128, 000 ~~16, 943, 000~~ (Loss) income before income taxes (**13, 068, 000**) (3, 109, 000) 13, 149, 000 ~~30, 863, 000~~ The income tax expense is as follows: Years Ended March 31, Current tax expense Federal \$ **1, 696, 000** \$ 2, 483, 000 \$ 8, 572, 000 \$ ~~5, 734, 000~~ State **363, 000** 396, 000 1, 478, 000 ~~722, 000~~ Foreign **4, 553, 000** 3, 426, 000 3, 180, 000 ~~3, 364, 000~~ Total current tax expense 6, **612, 000** 6, 305, 000 13, 230, 000 ~~9, 820, 000~~ Deferred tax expense (benefit) expense-Federal **25, 320, 000** (5, 037, 000) (6, 411, 000) (~~1, 909, 000~~) State **4, 249, 000** (705, 000) (659, 000) ~~118, 000~~ Foreign (**5, 000**) 535, 000 (372, 000) ~~1, 358, 000~~ Total deferred tax expense (benefit) **29, 564, 000** (5, 207, 000) (7, 442, 000) (~~433, 000~~) Total income tax expense \$ **36, 176, 000** \$ 1, 098, 000 \$ 5, 788, 000 \$ ~~9, 387, 000~~ F- 30Deferred income taxes consist of the following: March 31, **2023-2024** March 31, **2022-2023** Assets Allowance for bad debts \$ **44, 000** \$ 78, 000 \$ ~~99, 000~~ Customer allowances earned 4, **706, 000** 4, 760, 000 ~~5, 321, 000~~ Allowance for stock adjustment returns **3, 620, 000** 2, 391, 000 ~~1, 651, 000~~ Inventory adjustments 7, **419, 000** 7, 817, 000 ~~3, 815, 000~~ Intangibles, net **852, 000** 809, 000 ~~785, 000~~ Stock options 2, **723, 000** 2, 770, 000 ~~2, 984, 000~~ Operating lease liabilities **21, 251, 000** 23, 408, 000 ~~23, 894, 000~~ Estimate for returns **29, 942, 000** 26, 670, 000 ~~25, 445, 000~~ Accrued compensation 2, **600, 000** 2, 718, 000 ~~3, 515, 000~~ Net operating losses **4, 670, 000** 5, 351, 000 ~~4, 617, 000~~ Tax credits 2, **054, 000** 2, 012, 000 ~~2~~ Capitalized research credits 1, **018** 158, 000 ~~1~~ Plant and equipment, net 1, **010, 000** Other **6, 588, 000** 5, 046, 000 ~~3, 833, 000~~ Total deferred tax assets \$ **88, 637, 000** \$ 83, 830, 000 \$ ~~77, 977, 000~~ Liabilities Plant and equipment, net (79, 000) (~~1, 051, 000~~) Contract assets (**10, 265, 000**) (12, 357, 000) (~~13, 873, 000~~) Operating lease assets (**23, 845, 000**) (25, 004, 000) (~~23, 421, 000~~) Other (**6, 663, 000**) (6, 864, 000) (~~5, 960, 000~~) Total deferred tax liabilities \$ (**40, 773, 000**) \$ (44, 304, 000) \$ (~~44, 305, 000~~) Less valuation allowance \$ (**45, 399, 000**) \$ (7, 619, 000) \$ (~~6, 816, 000~~) Total \$ **2, 465, 000** \$ 31, 907, 000 \$ ~~26, 856, 000~~ As of March 31, **2023-2024**, before tax effect, the Company had federal net operating loss carryforwards of \$ 1, **361** 474, 000 related to its January 2019 acquisition, state net operating loss carryforwards of \$ ~~649~~ 401, 000 and foreign net operating loss carryforwards of \$ ~~19~~ 16, ~~012~~ 403, 000. The federal net operating loss carryforwards expire beginning in fiscal year **2033-2034**, the state net operating loss carryforwards expire beginning in fiscal year 2033, and the foreign net operating loss carryforwards expire beginning in fiscal year 2038. As of March 31, **2023-2024**, the Company also had non- US tax credit carryforwards of \$ 2, ~~012~~ 054, 000, which will expire beginning in fiscal year 2034. A full valuation allowance was established on the federal and foreign net operating loss and tax credits carryforward as the Company believes it is more likely than not these tax attributes would not be realizable in the future. The net increase in the valuation allowance was \$ ~~803~~ 37, 780, 000 during the year ended March 31, **2023-2024**. One of the Company's Canadian subsidiaries currently has a valuation allowance of approximately \$ 4, 500, 000. During the year ended March 31, **2024**, this Canadian subsidiary experienced improved performance, which could result in a material reduction in the valuation allowance on its deferred tax assets in the next 12 months if this trend continues. Realization of deferred tax assets is dependent upon the Company's ability to generate sufficient future taxable income. Significant judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against the Company's net deferred tax assets. The Company makes these estimates and judgments about its future taxable income that are based on assumptions that are consistent with the Company's future plans. A valuation allowance is established when the Company believes it is not more likely than not all or some deferred tax assets will be realized. In evaluating the Company's ability to recover deferred tax assets within the jurisdiction in which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, past financial performance, and tax planning strategies. Deferred tax assets arising primarily as a result of non- US net operating loss carry- forwards and non- US research and development credits in connection with the Company's Canadian

operations have been offset completely by a valuation allowance due to the uncertainty of their utilization in future periods. Should ~~During~~ the actual amount differ from year ended March 31, 2024, the Company recorded a discrete non-cash ~~'s~~ estimates, the amount of the valuation allowance could be of \$ 38,009,000 on U. S. federal and various state deferred tax assets that is considered not more likely than not to be impacted realized under U. S. GAAP. F- For 32 For the years ended March 31, 2024, 2023, and 2022, and 2021, the primary components of the Company's income tax expense were (i) federal income taxes, (ii) state income taxes, (iii) foreign income taxed at rates that are different from the federal statutory rate, (iv) change in realizable deferred tax items, (v) impact of the non-deductible executive compensation under Internal Revenue Code Section 162 (m), and (vi) ~~(v)~~ change in valuation allowance. In addition, for the year ended March 31, 2024, the Company's income taxes associated with uncertain tax positions ~~F~~ expense included the impact of an excess tax benefit from share-based compensation. 31 The -- The difference between the income tax expense at the federal statutory rate and the Company's effective tax rate is as follows: Years Ended March 31, Statutory federal income tax rate 21.0% 21.0% 21.0% State income tax rate, net of federal benefit 10.8% 3.5% 4.1% 2- Excess tax benefit from share-based compensation (4.28)% - % - % Foreign income taxed at different rates (9.8)% (28.7)% 4.9% 1.9% Non-deductible executive compensation (2.6)% (9.0)% 7.2% 1.9% Change in valuation allowance (289.1)% (25.8)% 5.0% 2.2% Uncertain tax positions 0.9% (1.0)% 6.1% 0.3% Research and development credit 2.0% 2.7% (0.9)% (0.3)% Net operating loss carryback - % - % (0.4)% - % Other (3.9)% 2.0% (3.0)% 1(276.28)% (35.3)% 44.0% 30.4% The Company and its subsidiaries file income tax returns in for the U. S. federal, jurisdiction and various state, and foreign jurisdictions with varying statutes of limitations. At March 31, 2023-2024, the Company is not under examination by in any jurisdiction and the State of California for fiscal years ended March 31, 2018 through 2023-2020, 2021, and 2022 and remain remains subject to examination from the fiscal years ended March 31, 2020 and forward. The Company believes no significant changes in the unrecognized tax benefits will occur within the next 12 months. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows: Years Ended March 31, Balance at beginning of period \$ 1,964,000 \$ 1,975,000 \$ 1,104,000 \$ 1,011,000 Additions based on tax positions related to the current year 15,000 53,000 352,000 249,000 Additions for tax positions of prior year 15,000 - 581,000 67,000 Reductions for tax positions of prior year (210,000) (64,000) (62,000) (223,000) Balance at end of period \$ 1,784,000 \$ 1,964,000 \$ 1,975,000 \$ 1,104,000 At March 31, 2024, 2023, and 2022 and 2021, there are \$ 1,475,000, \$ 1,616,000, and \$ 1,632,000, and \$ 923,000, respectively, of unrecognized tax benefits that if recognized would affect the annual effective tax rate before the impact of changes in the valuation allowance. F- The 33 The Company recognizes interest and penalties related to unrecognized tax benefits as part of income tax expense. During the years ended March 31, 2024, 2023, and 2022, and 2021, the Company recognized interest and penalties of approximately \$ 21,000, \$ 59,000, and \$ 112,000, and \$ (16,000), respectively. The Company had approximately \$ 250,000 and \$ 229,000 and \$ 170,000 for the payment of interest and penalties accrued at March 31, 2024 and 2023 and 2022, respectively. The With the exception of its earnings from its Singapore subsidiary, the Company intends to indefinitely reinvest its undistributed earnings from foreign subsidiaries in foreign operations, with the exception of earnings from its Singapore subsidiary. No incremental U. S. Federal federal tax or withholding taxes have been provided for these earnings. 17. Defined Contribution Plans The Company has a 401 (k) retirement plan covering all employees who are 21 years of age with at least six months of service. The plan permits eligible employees to make contributions up to certain limitations, with the Company matching 50% of each participating employee's contribution up to the first 6% of employee compensation. Employees are immediately vested in their voluntary employee contributions and vest in the Company's matching contributions ratably over five years. During the year ended March 31, 2024, the Company's matching contributions under its 401 (k) retirement plan were temporarily halted through February 2024 when they were reinstated. The Company's matching contribution to the 401 (k) retirement plan was \$ 148,000, \$ 549,000, and \$ 578,000, and \$ 507,000 for the years ended March 31, 2024, 2023, and 2022, and 2021, respectively. 18 F- 32 18. Share-based Payments In -- Payments 2022 Incentive Award Plan (the "2022 Plan") In September 2022, the Company's shareholders approved the 2022 Incentive Award Plan (the "2022 Plan"), which replaced the 2010 Incentive Award Plan and the 2014 Non-Employee Director Incentive Award Plan. Under the 2022 Plan, a total of 924,200 shares of the Company's common stock were reserved for grants to its employees, non-employee directors, and consultants. At March 31, 2023-2024, there were 52 (i) 132, 768-133 options to purchase shares of common stock outstanding, (ii) 100,624 shares of restricted stock units outstanding, and (iii) 581,227 shares of performance stock units outstanding under the 2022 Plan. At March 31, 2023, there were 52,768 shares of restricted stock units outstanding under the 2022 Plan. There were 430,129 and 871,432 shares of common stock were available for grant under this the 2022 plan Plan at -- At March 31, 2024 and 2023 and 2022, 10,417 and 82,324 of restricted stock units, respectively, were outstanding under the 2014 Non-Employee Director Incentive Award Plan At March 31, 2024 there were no restricted stock units outstanding under the 2014 Non-Employee Director Incentive Award Plan. At March 31, 2023, there were 10,417 restricted stock units outstanding under this plan. No shares of common stock remain available for grant under this plan. At March 31, 2023 and 2022, respectively, there was (i) 266,169 and 216,739 shares of restricted stock units were outstanding, (ii) options to purchase 1,226,745 and 1,674,499 shares of common stock were outstanding, (iii) 100,000 and 100,000 restricted shares were outstanding, and (iv) 192,696 and 84,593 shares of performance stock units were outstanding under the 2010 Incentive Award Plan At March 31, 2024 and 2023, respectively, there were (i) 140,299 and 266,169 shares of restricted stock units outstanding, (ii) 975,884 and 1,226,745 options to purchase shares of common stock outstanding, and (iii) 192,696 and 192,696 shares of performance stock units outstanding under the 2010 Incentive Award Plan. In addition, at March 31, 2023, there were 100,000 restricted shares outstanding. No shares of common stock remain available for grant under this plan. 2004 Non-Employee Director Stock Option Plan In addition, at March 31, 2024, there were no options to purchase shares of common stock outstanding under the 2004 Non-Employee Director Stock Option Plan. At March 31, 2023 and 2022, options to purchase 6,000 and 21,000 shares of common stock, respectively, were outstanding

outstanding ordinary shares of the Company. Adjusted EBITDA and net sales are considered performance conditions. The Company will reassess the probability of achieving each performance condition separately each reporting period. TSR is considered a market condition because it measures the Company's return against the performance of the Russell 3000, excluding companies classified as financials and real estate, over a given period of time. Compensation cost related to the TSR award will not be adjusted even if the market condition is not met. The Company calculated the fair value of the PSUs for each component individually. ~~F- The 36~~The fair value of PSUs subject to performance conditions is equal to the closing stock price on the grant date. The fair value of PSUs subject to ~~the a~~ market condition is determined using the Monte Carlo ~~valuation simulation~~ model. The following table summarizes the assumptions used in determining the fair value of the ~~TSR-awards subject to market conditions~~: Year Ended March 31, ~~2024~~ Risk free interest rate ~~4.32-4.35 %~~ 3.35 % 0.47 % Expected life in years ~~0.2-1.8~~ Expected volatility of MPA common stock ~~54.2-55.1 %~~ 51.30 % 53.70 % Expected average volatility of peer companies ~~-%~~ 62.70 % 59.30 % Average correlation coefficient of peer companies ~~-%~~ 27.50 % ~~26.70~~ Expected ~~Expected~~ dividend yield ~~--~~ Grant date fair value ~~\$ 3.57-8.37~~ \$ 16.02 \$ 26.89 The following is a summary of non-vested PSUs: Number of Shares Weighted Average Grant Date Fair Value Outstanding at March 31, ~~2022-2023~~ ~~84,593~~ ~~\$ 23.19~~ ~~192,696~~ ~~\$ 17.48~~ Granted ~~126,585~~ ~~126,583~~ ~~\$ 14.4~~ ~~00-50~~ Vested- \$- Forfeited / Cancelled (~~17,492~~ ~~356~~) ~~\$ 19.5~~ ~~95-79~~ Outstanding at March 31, ~~2023-2024~~ ~~192,773~~ ~~696,923~~ ~~\$ 17.7~~ ~~48-73~~ At March 31, ~~2023-2024~~, there was \$ 1, ~~926,361~~, 000 of unrecognized compensation expense related to these awards, which will be recognized over the weighted average remaining vesting period of approximately 1. ~~9-0~~ years ~~year~~. ~~19~~ ~~F-35~~19. Segment Information Pursuant to the guidance provided under the Financial Accounting Standards Board Accounting Standards Codification for segment reporting, the Company has identified its chief operating decision maker ("CODM"), reviewed the documents used by the CODM, and understands how such documents are used by the CODM to make financial and operating decisions. The Company has identified its Chief Executive Officer as the CODM. The criteria the Company used to identify the reportable segments are primarily the nature of the products the Company sells, the Company's organizational and management reporting structure, and the operating results that are regularly reviewed by the Company's CODM to make decisions about the resources to be allocated to the business units and to assess performance. The Company's three operating segments are: • Hard Parts, ~~including which includes~~ (i) light duty rotating electric products such as alternators and starters, (ii) wheel hub products, (iii) brake-related products, including brake calipers, brake boosters, brake rotors, brake pads and brake master cylinders, and (iv) turbochargers, • Test Solutions and Diagnostic Equipment, ~~including which includes~~ (i) applications for combustion engine vehicles, including bench ~~top~~ testers for alternators and starters, (ii) ~~test solutions and diagnostic~~ equipment for the pre- and post- production of electric vehicles, ~~and~~ (iii) software emulation of power ~~systems~~ ~~system~~ applications for the electrification of all forms of transportation (including automobiles, trucks ~~and~~, the emerging electrification of systems within the aerospace industry, ~~and such as~~ electric vehicle charging stations), and • Heavy Duty, ~~including which includes~~ non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications. ~~F- Prior to the fourth quarter of fiscal 2023, the Company's operating segments met the aggregation criteria and were aggregated. Effective as of the fourth quarter of fiscal 2023, the Company revised its segment reporting as it determined that its three operating segments no longer met the criteria to be aggregated. The 37~~The Company's Hard Parts operating segment meets the criteria of a reportable segment ~~while~~. ~~The~~ Test Solutions and Diagnostic Equipment and Heavy Duty ~~segments~~ are not material, are not ~~required to be~~ separately ~~reportable~~ ~~reported~~, and are included within the "all other" category. ~~F-36~~Financial ~~Financial~~ information relating to the Company's segments is as follows: March 31, ~~2024~~ Hard Parts All Other Total Net sales to external customers \$ 669,904,000 \$ 47,780,000 \$ 717,684,000 Intersegment sales 895,000 407,000 1,302,000 Operating income (loss) 48,500,000 (2,431,000) 46,069,000 Depreciation and amortization 10,371,000 1,248,000 11,619,000 Segment assets 1,019,811,000 54,946,000 1,074,757,000 Capital expenditures 621,000 379,000 1,000,000 March 31, 2023 Hard Parts All Other Total Net sales to external customers \$ 638,460,000 \$ 44,614,000 \$ 683,074,000 Intersegment sales 600,000 192,000 792,000 Operating income (loss) 44,855,000 (8,303,000) 36,552,000 Depreciation and amortization 10,955,000 1,489,000 12,444,000 Segment assets 1,032,739,000 49,778,000 1,082,517,000 Capital expenditures 3,459,000 742,000 4,201,000 March 31, 2022 Hard Parts All Other Total Net sales to external customers \$ 609,992,000 \$ 40,316,000 \$ 650,308,000 Intersegment sales 831,000 2,502,000 3,333,000 Operating income (loss) 32,265,000 (3,544,000) 28,721,000 Depreciation and amortization 11,345,000 1,541,000 12,886,000 Segment assets 1,017,475,000 47,488,000 1,064,963,000 Capital expenditures 6,630,000 920,000 7,550,000 March 31, 2021 Hard Parts All Other Total Net sales to external customers \$ 512,251,000 \$ 28,531,000 \$ 540,782,000 Intersegment sales 560,000 1,898,000 2,458,000 Operating income (loss) 48,450,000 (1,830,000) 46,620,000 Depreciation and amortization 9,744,000 1,400,000 11,144,000 Capital expenditures 13,424,000 518,000 13,942,000 Net sales March 31, ~~2024~~ March 31, 2023 March 31, 2022 March 31, 2021 Total net sales for reportable segment \$ 670,799,000 \$ 639,060,000 \$ 610,823,000 \$ 512,811,000 Other net sales 48,187,000 44,806,000 42,818,000 30,429,000 Elimination of intersegment net sales (1,302,000) (792,000) (3,333,000) (2,458,000) Total consolidated net sales \$ 717,684,000 \$ 683,074,000 \$ 650,308,000 \$ 540,782,000 Profit or loss March 31, ~~2024~~ March 31, 2023 March 31, 2022 March 31, 2021 Total operating income for reportable segment \$ 48,500,000 \$ 44,855,000 \$ 32,265,000 \$ 48,450,000 Other operating loss (2,431,000) (8,303,000) (3,544,000) (1,830,000) Elimination of intersegment operating ~~income~~ (loss) ~~income~~ 51,000 (106,000) (17,000) 13,000 Interest expense, net (60,040,000) (39,555,000) (15,555,000) (15,555,000) ~~(15~~ Change in fair value of compound net derivative liability 1,770,020,000 ~~--~~ Loss on extinguishment of debt (168,000) ~~--~~ Total consolidated (loss) income before income tax expense \$ (13,068,000) \$ (3,109,000) \$ 13,149,000 \$ 30,863,000 Assets March 31, ~~2023-2024~~ March 31, 2022-2023 Total assets for reportable segment \$ 1,019,811,000 \$ 1,032,739,000 \$ 1,017,475,000 Other assets 54,946,000 49,778,000 47,488,000 Elimination of intersegment assets (62,755,000) (53,952,000) (49,265,000) Total consolidated assets \$ 1,012,002,000 \$ 1,028,565,000 ~~F-38~~20 Share Repurchase Program In August 2018, the Company's board of directors approved an

increase in its share repurchase program from \$ 20, 000, 000 to \$ 37, 000, 000 of its common stock. During the ~~year~~ ~~years~~ ended March 31, ~~2024 and~~ 2023 the Company did not repurchase any shares of its common stock. During the ~~years~~ ~~year~~ ended March 31, 2022 ~~and~~ 2021, the Company repurchased 106, 486 ~~and~~ 54, 960 shares of its common stock ~~, respectively, for \$ 1, 914, 000 and \$ 1, 139, 000, respectively.~~ As of March 31, ~~2023~~ ~~2024~~, \$ 18, 745, 000 was utilized and \$ 18, 255, 000 remains available to repurchase shares under the authorized share repurchase program, subject to the limit in the Company’s Credit Facility. The Company retired the 837, 007 shares repurchased under this program through March 31, ~~2023~~ ~~2024~~. The Company’s share repurchase program does not obligate it to acquire any specific number of shares and shares may be repurchased in privately negotiated and / or open market transactions. ~~21 F- 3721~~. Related Party Transactions

Lease In December 2022, the Company entered into an operating lease for its 35, 000 square foot manufacturing, warehouse, and office facility in Ontario, Canada, with a company co- owned by a member of management. The lease, which commenced January 1, 2023, has an initial term of one year with a base rent of approximately \$ 27, 000 per month and includes options to renew for up to four years. **In November 2023, the Company exercised one of these options to renew for an additional one- year period.** The rent expense recorded ~~by the Company~~ for the related party lease was \$ **328, 000 and \$ 82, 000** for the ~~year~~ ~~years~~ ended March 31, ~~2024 and~~ 2023, **respectively**. Convertible Note and Election of New Director On March 31, 2023, the Company entered into the Note Purchase Agreement with Bison Capital Partners VI, L. P. and Bison Capital Partners VI- A, L. P., and Bison Capital Partners VI, L. P. as the Purchaser Representative, for the issuance and sale of the Convertible Notes. In connection with the issuance of the Convertible Notes and at the recommendation of the Nominating and Corporate Governance Committee of the Board and in connection with the bylaws of the Company, the Board appointed Douglas Trussler, a co- founder of Bison Capital in 2001, to the Board, effective immediately, to serve until the Company’s 2024 Annual Meeting of Stockholders and until his successor is duly elected and qualified. Mr. Trussler’s compensation will be consistent with the Company’s previously disclosed standard compensation practices for non- employee directors, which are described in the Company’s Definitive Proxy Statement, filed with the SEC on July 29, 2022. There are no other transactions between Mr. Trussler and the Company that would be reportable under Item 404 (a) of Regulation S- K. ~~22. Employee Retention Credit~~ ~~The CARES Act provides an employee retention credit (“ERC”) that is a refundable tax credit against certain employer taxes. On December 27, 2020, Congress enacted the Taxpayer Certainty and Disaster Tax Relief Act of 2020, which amended and extended ERC availability under Section 2301 of the CARES Act. As a result, the Company was eligible to claim a refundable tax credit against the employer share of Social Security taxes equal to seventy percent (70 %) of the qualified wages that it paid to its employees between December 31, 2020 and June 30, 2021. Qualified wages are limited to \$ 10, 000 per employee per calendar quarter in 2021 for a maximum ERC per employee of \$ 7, 000 per calendar quarter in 2021. In the fourth quarter of the fiscal year ended March 31, 2022, the Company amended certain payroll tax filings and applied for a refund of \$ 5, 104, 000. As of March 31, 2023, the Company determined that all contingencies related to the ERC were resolved and recorded a \$ 5, 104, 000 receivable which is included in prepaid expenses and other current assets in the accompanying consolidated balance sheet. The \$ 5, 104, 000 of ERCs were recognized as a reduction in employer payroll taxes and allocated to the financial statement captions from which the employee’s taxes were originally incurred. As a result, the Company recorded a reduction in expenses of \$ 2, 034, 000 in cost of goods sold, \$ 1, 377, 000 in general and administrative, \$ 968, 000 in selling and marketing, and \$ 725, 000 in research and development, which is reflected in the accompanying consolidated statement of operations for the year ended March 31, 2023. In April 2023, the Company received full payment for the ERC receivable. The refund of employer taxes results in a decrease in deductions included in the Company’s US federal and certain state income tax returns for the years that it received the payroll tax credits. The Company is required to amend its US federal and state income tax returns for the years ended March 31, 2022 and 2021 and pay additional income tax for those years. The Company has estimated that this will result in approximately \$ 1, 250, 000 of taxes payable, which is included in other current liabilities in the consolidated balance sheet at March 31, 2023 and income tax expense in the consolidated statements of operations for the year ended March 31, 2023.~~ ~~F- 38~~ ~~Schedule 39~~ ~~Schedule II — Valuation and Qualifying Accounts~~ ~~Accounts Receivable — Allowance for credit losses~~ ~~Charge to Balance at (recovery of) Balance at Years Ended beginning of bad debts Amounts end of March 31, Description year expense~~ ~~written off year Allowance for credit losses \$ 375, 000 \$ 108, 000 \$ 144, 000 \$ 339, 000 \$ (133, 000) \$ 17, 000 \$ 189, 000~~ ~~Allowance for credit losses \$ 348, 000 \$ 95, 000 \$ 68, 000 \$ 375, 000 \$ 108, 000 \$ 144, 000 \$ 339, 000~~ ~~Allowance for credit losses \$ 4, 252, 000 \$ (1, 000) \$ 3, 903, 000 \$ 348, 000 \$ 95, 000 \$ 68, 000 \$ 375, 000~~ ~~Accounts Receivable — Allowance for customer- payment discrepancies~~ ~~Balance at Charge to Balance at Years Ended beginning of discrepancies Amounts end of~~ ~~March 31, Description year expense Processed year Allowance for customer- payment discrepancies \$ 1, 634 375, 000 \$ 2, 112, 000 \$ 1, 853 452, 000 \$ 1, 634 880, 000 \$ 1, 206, 000~~ ~~Allowance for customer- payment discrepancies \$ 752 1, 375, 000 \$ 2, 142 112, 000 \$ 1, 519 853, 000 \$ 1, 375 634, 000~~ ~~Allowance for customer- payment discrepancies \$ 752, 000 \$ 2, 142, 000 \$ 1, 040 519, 000 \$ 694 1, 375, 000 \$ 982, 000 \$ 752, 000~~ ~~Inventory — Allowance for excess and obsolete inventory~~ ~~Provision for Balance at excess and Balance at Years Ended beginning of obsolete Amounts end of March 31, Description year inventory~~ ~~written off year Allowance for excess and obsolete inventory \$ 13 16, 520 436, 000 \$ 18 16, 851 233, 000 \$ 15, 935 297, 000~~ ~~\$ 16 17, 436 372, 000~~ ~~Allowance for excess and obsolete inventory \$ 13, 246, 000 \$ 13, 504, 000 \$ 13, 230, 000 \$ 13, 520, 000 \$ 18, 851, 000 \$ 15, 935, 000 \$ 16, 436, 000~~ ~~Allowance for excess and obsolete inventory \$ 13, 246 208, 000 \$ 12, 803, 000 \$ 12, 765, 000 \$ 13, 246 504, 000~~ ~~\$ 13~~ ~~S- 1~~ ~~Exhibit 4. 12~~ ~~FIRST AMENDED AND RESTATED CONVERTIBLE PROMISSORY NOTE THIS FIRST AMENDED AND RESTATED CONVERTIBLE PROMISSORY NOTE (THIS “NOTE”)~~ ~~AND THE RIGHTS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBJECT TO THE SUBORDINATION AGREEMENT DATED MARCH 31, 2023 AMONG PNC BANK, NATIONAL ASSOCIATION, MOTORCAR PARTS OF AMERICA, INC., D & V ELECTRONICS LTD., DIXIE ELECTRIC LTD., DIXIE ELECTRIC INC., BISON CAPITAL PARTNERS VI, L. P. AND BISON CAPITAL PARTNERS VI- A, L. P. THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY~~

NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS. THIS NOTE IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT UNDER SECTIONS 1272, 1273 AND 1275 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"). YOU MAY CONTACT THE CHIEF FINANCIAL OFFICER, AT 2929 CALIFORNIA STREET TORRANCE, CA 90503, WHO WILL PROVIDE YOU WITH ANY REQUIRED INFORMATION REGARDING THE ORIGINAL ISSUE DISCOUNT, INCLUDING THE ISSUE PRICE, THE AMOUNT OF ORIGINAL ISSUE DISCOUNT, THE ORIGINAL ISSUE DATE AND THE YIELD TO MATURITY. CONVERTIBLE PROMISSORY NOTE Due March 30, 2030, 2029-000 \$ [] Reissued as 13,520,000

Deferred Tax Assets — Valuation allowance for deferred tax assets Balance at Charge to Balance at Years Ended beginning of income tax parts to end of March 31, Description year expense 2023 FOR VALUE RECEIVED, the undersigned, MOTORCAR PARTS OF AMERICA, INC., a New York corporation ("Maker" or the "Company"), hereby promises to pay to BISON CAPITAL PARTNERS [VI/VI-A], L.P., a Delaware limited partnership or its registered assigns (such Person or any registered assigns, "Holder"), the principal sum of [] Dollars (\$) (the "Original Principal Amount") plus all interest thereon and other **Other Accounts year Valuation allowance** amounts payable hereunder at the times and on the dates set forth **for deferred tax assets \$** herein. Except as otherwise stated herein, the principal amount of this Note, the interest thereon and all other amounts due hereunder shall be payable in lawful currency of the United States of America in immediately available funds and in the manner provided in Section 7. NTD: Holder's Pro Rata Percentage of the Purchase Price (as defined in the NPA): **619,000 \$ 37,780,000 \$- 45,399,000 Valuation allowance for deferred tax assets \$ 6,816,000 \$ 803,000 \$- 7,619,000 Valuation allowance for deferred tax assets \$ 6,163,000 \$ 653,000 \$- 6,816,000 \$**

1 - This First Amended and Restated Promissory Note (as amended, restated, amended and restated, extended, or otherwise modified in writing from time to time, this "Note") is one of the two Notes (such other Note, the "Other Note") referred to in that certain Note Purchase Agreement dated as of March 31, 2023 (the "Original Issue Date"), as amended on [] 2023 but with effect as of the Original Issue Date, by and among (a) Maker, on the one hand, and (b) Holder, Bison Capital Partners [VI/VI-A], L.P., a Delaware limited partnership, and [Holder/Bison Capital Partners VI, L.P.], as the purchaser representative thereunder, on the other hand (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Purchase Agreement"). This Note amends and restates that certain Convertible Promissory Note dated March 31, 2023 (the "Original Note") with effect as of the Original Issue Date. This Note is subject to the provisions of the Purchase Agreement including the provisions therein with respect to exercising rights and remedies under this Note. Holder is entitled to the benefits of this Note and the Purchase Agreement to the extent that it relates to this Note, and may enforce the agreements of the Company contained herein and therein and exercise the remedies provided for hereby and thereby or otherwise available in respect hereto and thereto, subject to the terms and conditions herein and therein. Capitalized terms used herein without definition are used herein with the meanings ascribed to such terms in the Purchase Agreement.

1. Interest. (a) Regular interest ("Interest") shall accrue on the principal amount of this Note at a per annum rate equal to ten percent (10.0%) (such interest rate, the "Scheduled Interest Rate"). Interest at the Scheduled Interest Rate shall be due and payable in arrears annually on the first Business Day of each April (each such scheduled date for interest payment, an "Interest Payment Date"), commencing on April 1, 2024, and shall be paid, at the election of Maker, on each Interest Payment Date either in kind or in cash; provided, however, that if Maker does not make an election prior to the Interest Payment Date, Maker shall be deemed to have elected for the applicable Interest to be paid in kind; provided further that Maker shall be deemed to have elected that the Interest through April 1, 2024 shall be paid in kind. Each reference in this Note to the payment of interest in kind shall mean that such interest shall be automatically added to the outstanding principal amount of this Note on the date such interest was due (whether such date is an Interest Payment Date or otherwise) and shall further accrue interest in the same manner as the outstanding principal under this Note. (b) Upon the Maturity Date, all accrued and unpaid Interest under this Note shall be due and payable pursuant to Section 2. For the avoidance of doubt, the Company may be further responsible for Default Interest and Costs (as all such terms are defined below) under and pursuant to the terms of this Note, all of which will be due and payable as set forth in this Note, and the Company's obligation to pay such amounts will survive the Company's discharge of principal and Interest due under this Note. (c) Interest under this Note shall accrue from and including the Original Issue Date until the repayment (or, as set forth in Section 3, Section 4 or Section 5 of this Note, conversion or redemption) in full of the principal of this Note, all other Outstanding Amounts (as defined below) and all other amounts, if any, payable under this Note. All interest payable under this Note shall be computed on the basis of a 360-day year of twelve 30-day months, and for partial months, on the basis of actual days elapsed over a 30-day month. - 2- (d) With five (5) Business Days prior written notice to Holder (the "Accrued Interest Notice"), Maker may elect to pay all or part of the Interest previously accrued and paid in kind (the "Accrued Interest") in cash (the "Accrued Interest Cash"); provided, however, that without Holder's prior written consent, Maker shall not have such right after the date that Maker receives an indication of interest for a Fundamental Transaction Maker believes is reasonably likely to actually result in a Fundamental Transaction (unless and until the contemplated Fundamental Transaction is abandoned). If such Accrued Interest is paid in cash, the outstanding principal shall be adjusted to account for this payment of the Accrued Interest. (e) If Maker provided the Accrued Interest Notice and paid Holder Accrued Interest Cash, and, within ninety (90) days of such payment, Maker issues a Redemption Offer pursuant to Section 5 (a) herein, Holder may return such paid Accrued Interest Cash to the Company (whereupon it shall be added to principal balance of this Note) prior to (but contingent upon) the consummation of the applicable redemption (and if the redemption does not occur by the date provided therefor, the Company shall return such amount to Holder upon its request).

2. Repayment of Principal. (a) All payments of principal under this Note plus any accrued but unpaid interest thereon (including Interest at the Scheduled Interest Rate and Default Interest) (collectively, the "Outstanding Amount" or "Outstanding

Amounts”), shall be due and payable in immediately available funds on March 30, 2029 (the “Maturity Date”), unless this Note has been earlier converted or redeemed as described below in Section 3, Section 4 or Section 5. For the avoidance of doubt, nothing in this clause shall affect the obligation of Maker to make, or the right of Holder to demand, payments of interest and Costs when due and payable in accordance with the other provisions of this Note. (b) Maker may not prepay or redeem all or any portion of this Note, except as otherwise provided herein or with the prior written consent of Holder. (c) Prior to the close of the first “accrual period” (within the meaning of Section 163 (i) (2) of the Code) ending after the fifth anniversary of the Original Issue Date and prior to the close of each subsequent accrual period (the date of each such payment, an “AHYDO Payment Date”), Maker shall make a cash payment on the Note in an amount equal to the AHYDO Amount, without payment of any premium or penalty. For purposes of this Section 2 (c), “AHYDO Amount” means, as of each AHYDO Payment Date, the amount sufficient to ensure that the Note will not be an “applicable high yield discount obligation” within the meaning of Section 163 (i) (1) of the Code and that such Note shall be treated as not having “significant original issue discount” within the meaning of Section 163 (i) (2) of the Code. Each payment of the AHYDO Amount shall be treated for tax and all other relevant purposes first as a payment of the current accrued and unpaid interest (including any interest paid in kind) as of each such AHYDO Payment Date to the extent thereof and thereafter as an additional payment on the Note. Notwithstanding anything herein to the contrary, it is the intention of this Section 2 (c) that the Note shall not be treated as an “applicable high yield discount obligation” within the meaning of Section 163 (i) (1) of the Code, and the provisions hereunder shall be construed pursuant to this intent. The computations and determinations made by Maker under this provision shall be binding upon Holder.

3-3. Conversion. (a) Generally. Holder shall have the right at any time and from time to time to convert all or any portion of the Outstanding Amounts into fully paid, non-assessable and freely tradeable shares of Common Stock at the Conversion Price in effect at the time of conversion (the “Conversion Right”); provided, that any such exercise of a Conversion Right shall be for an amount no less than and (if for less than the Outstanding Amounts) in a whole multiple of Five Million Dollars (\$5,000,000) (unless the Outstanding Amounts are less than Five Million Dollars (\$5,000,000), in which case the conversion amount shall be the Outstanding Amounts). The “Conversion Price” is initially equal to Fifteen Dollars (\$15) per share, subject to adjustment as provided pursuant to the terms of this Note (as so adjusted, the “Conversion Price”). (b) Termination of Conversion Right. The Conversion Right shall terminate upon redemption in full of this Note. (c) Fractional Shares. No fractional shares of Common Stock shall be issued upon any conversion of this Note. In lieu of any fractional shares to which Holder would otherwise be entitled, the number of shares of Common Stock to be issued upon conversion of this Note shall be rounded to the nearest whole share. (d) Mechanics of Conversion. (1) Notice of Conversion. Holder shall exercise the Conversion Right by transmitting by email (or otherwise delivering) a signed (which may be in electronic format and may be delivered by email) copy of a written conversion notice substantially in the form attached hereto as Exhibit A (the “Conversion Notice”) to the Company in accordance with Section 15 (the “Notice of Conversion”), which notice shall specify the portion of the Outstanding Amounts to be converted and the date the applicable conversion is to be effected (the “Conversion Effective Date”), and may specify that the effectiveness of the exercise of the Conversion Right is contingent upon the consummation of a transaction or occurrence meeting conditions specified by Holder (such as timing and consideration payable to holders of Common Stock), in which case the Conversion Effective Date shall be deemed to be the date of the consummation of such event and, if such specified conditions are not met, the Conversion Notice shall be deemed automatically withdrawn unless Holder otherwise indicates in a written notice delivered to the Company. Without limiting the foregoing, Holder shall have the right to withdraw the Conversion Notice by delivery of a notice of withdrawal to the Company at any time prior to the Conversion Effective Date. (2) Issuance of Shares. Within one (1) Business Day after the Conversion Effective Date, Maker shall cause to be issued in the name of and delivered to Holder a certificate or certificates for the number of shares of Common Stock to which Holder is entitled upon exercise of the Conversion Right. (3) Reservation of Shares. The Company shall, at all times when this Note shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the Conversion Right, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of the then Outstanding Amounts, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the Conversion Right of the then Outstanding Amounts, the Company shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the certificate of incorporation or other Governing Documents of the Company. Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of this Note, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price. (4) Taxes. The Company shall pay any and all stamp, documentary or similar issue Taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon exercise of the Conversion Right. The Company shall not, however, be required to pay any Tax which may be payable (i) by Holder as a result of the exercise of its Conversion Right or (ii) in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which this Note so converted was registered, and no such issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Company the amount of any such Tax or has established, to the satisfaction of the Company, that such Tax has been paid. (e) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, the Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, the Conversion Price

in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective. (f) Adjustment for Certain Dividends and Distributions. In the event the Company at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction: (1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution. Notwithstanding the foregoing: (i) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (ii) no such adjustment shall be made if Holder simultaneously receives a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if the Outstanding Amounts had been converted into Common Stock on the date of such event. (g) [Reserved] (h) Adjustment for Merger or Reorganization, etc. If there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Company in which the Common Stock is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 3 (e), 3 (f) and 3 (g)), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, the Note shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Company issuable upon conversion of the Note immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as reasonably determined in good faith by the Board) shall be made in the application of the provisions in this Subsection 3 (h) with respect to the rights and interests thereafter of Holder, to the end that the provisions set forth in this Subsection 3 (h) (including provisions with respect to changes in and other adjustments of the Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Note. (i) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 3, the Company at its expense shall, as promptly as reasonably practicable but in any event not later than thirty (30) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to Holder a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Note is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, as promptly as reasonably practicable after the written request at any time of Holder (but in any event not later than thirty (30) days thereafter), furnish or cause to be furnished to Holder a certificate setting forth (i) the Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of the Note. (j) Notice of Record Date. In the event: (1) the Company shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Note) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; (2) of any capital reorganization of the Company, any reclassification of the Common Stock of the Company, or any Fundamental Transaction; or (3) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company, then, and in each such case, the Company will send or cause to be sent to Holder a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Note) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Note and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice. (k) Post-Conversion Covenants. Unless Maker and Holder otherwise agree, acting reasonably and in good faith, if the sum of (i) the aggregate proceeds received by Holder from the sale of shares of Common Stock received pursuant to the exercise of the Conversion Right (net of all underwriting discounts, selling commissions and similar costs applicable to the sale of such shares) plus (ii) any cash interest Holder has received to such date (together, the "Total Holder Amount") exceeds two (2) times the Original Principal Amount, Holder shall pay to Maker fifteen percent (15%) of all Interest and Default Interest paid to Holder except to the extent that such payment would result in the Total Holder Amount (after deducting such payment) to be less than two (2) times the Original Principal Amount. Such payment shall be deemed additional consideration for the applicable shares of Common Stock, to be allocated among such shares in a manner jointly determined by Maker and Holder, acting reasonably and in good faith. This Section 3 (k) shall not be applicable if Maker has made a Redemption Offer (as defined below). 4. Event of Default. Upon the occurrence of an Event of Default, Maker shall as soon as reasonably practicable but in all events within five (5) Business Days deliver written

notice thereof (an "Event of Default Notice") to Holder. (a) Default Interest. Upon and during the occurrence and continuance of an Event of Default, at the option of Holder (by written notice to Maker, which notice shall be given effect as of the date of the occurrence of such Event of Default), this Note and all Outstanding Amounts hereunder shall bear interest, from the date of the occurrence of such Event of Default until such Event of Default is cured or waived in writing, at a per annum rate equal to twelve percent (12.0%) (the "Default Interest Rate," and all such additional amounts of interest described in this Section 4 (a), the "Default Interest"); provided, however, upon and during the occurrence and continuance of an Event of Default pursuant to Section 9.1 (b) of the Purchase Agreement, this Note and all Outstanding Amounts hereunder shall bear interest at the Default Interest Rate automatically from the date of the occurrence of such Event of Default until such Event of Default is waived in writing. Default Interest shall be due and payable, at the election of Maker, on the last day of each of the first two three month periods occurring following the Event of Default either in kind or in cash; provided, however, that if Maker does not make an election prior to the applicable date, Maker shall be deemed to have elected for the applicable Interest to be paid in kind; and provided further that Default Interest accruing following the second three month period, along with any interest paid in kind pursuant to the first part of this sentence, shall be due and payable in cash on demand. (b) Rights and Remedies on Event of Default. Upon the occurrence and during the continuation of an Event of Default, (i) Holder shall have all rights and remedies specified herein with respect to an Event of Default, (ii) Holder shall have the right to declare all Outstanding Amounts and other amounts owing by the Maker to the Holder under this Note immediately due and payable in cash if such Event of Default has not been cured (to the extent the Maker has a cure right for such Event of Default pursuant to Section 9.2 of the Purchase Agreement) as set forth in Section 9.2 of the Purchase Agreement; provided, however, if any Event of Default described in Section 9.1 (b) of the Purchase Agreement occurs, all Outstanding Amounts and other amounts owing by the Maker to the Purchaser under this Note shall automatically become due and payable in cash without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Maker; (iii) the rights and remedies specified in the Purchase Agreement shall be available for the benefit of Holder and (iv) Holder shall have all other rights and remedies available to it at law or in equity that apply to a breach of contract. Without limiting the foregoing, even if an Event of Default occurs, Holder reserves the right to exercise the Conversion Right with respect to all or any portion of the Outstanding Amounts in accordance with Section 3.5. Redemption. (a) Redemption by the Company. If the Redemption Conditions (as defined below) are met as of both the date of the Redemption Offer and the date of the redemption, the Company shall have the right, from and after March 31, 2026, being the date that is thirty-six (36) months after the Original Issue Date, to provide thirty (30) days written notice to Holder indicating its intention (the "Redemption Offer") to repay all or part of the outstanding Notes at the Company Redemption Price; provided, that any such exercise of the Redemption Offer shall be for an amount no less than and (if for less than the Outstanding Amounts) in a whole multiple of the product of Ten Million Dollars (\$10,000,000) (unless the Outstanding Amounts are less than Ten Million Dollars (\$10,000,000), in which case the redemption amount shall be the Outstanding Amounts). At any time until fifteen (15) days prior to the closing of the Redemption Offer, Holder may elect to convert all or part of the Outstanding Amounts into Common Stock pursuant to Section 3 above, provided that, if the volume weighted average price ("VWAP") of the Common Stock as reported on The NASDAQ Stock Market (or, if The NASDAQ Stock Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded) for the twenty (20) consecutive Trading Day (as defined in the Warrant) period ending on the Trading Day immediately prior to the date the notice of the Redemption Offer is delivered is less than \$15.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock effected after Original Issue Date), at any time until five (5) Business Days prior to the closing of the Redemption Offer, Holder may elect to convert all or part of the Outstanding Amounts into Common Stock pursuant to Section 3 above. (b) Redemption Upon Fundamental Transaction. The Company shall deliver written notice (the "Fundamental Transaction Notice", and with the Redemption Offer, the "Redemption Notices") to Holder upon the earlier of (i) thirty (30) days prior to the consummation of a Fundamental Transaction, or (ii) the public announcement of such Fundamental Transaction, which notice shall include the material terms of the Fundamental Transaction (and each time there are any changes in the material terms of the Fundamental Transaction, the Company shall promptly thereafter, and in all events no less than thirty (30) days prior to the consummation thereof, deliver a notice to Holder setting forth such changes). At any time prior to five (5) Business Days prior to the closing of the Fundamental Transaction, Holder will have the right, by written notice to the Company, to require the Company to redeem this Note in full in cash at the Applicable Sale Redemption Price effective (and contingent) upon consummation of the Fundamental Transaction. As used herein, a "Fundamental Transaction" means the occurrence of any of the following: (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes, or obtains rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than thirty-three percent (33%) of the outstanding Capital Stock of the Company; (b) the consummation of an Acquisition, an Asset Transfer, or a liquidation, dissolution or winding up of the Company; (c) any transaction or series of transactions similar to the foregoing clauses of this paragraph; or (d) the Board or stockholders of the Company authorize or approve any of the foregoing clauses of this paragraph. (c) Redemption Conditions. The "Redemption Conditions" shall mean that the following conditions are satisfied: (i) the Common Stock is listed on a national exchange, including on The NASDAQ Stock Market, (ii) there is no Event of Default occurring and continuing and (iii) Adjusted EBITDA as defined in and reported by the Company in its most recent earnings release for the most recent four quarters is greater than Eighty Million Dollars (\$80,000,000). (d) Holder Redemption Price. For purposes of this Section 5, the "Holder Redemption Price" shall mean the outstanding principal amount of the Note at the time of redemption (or portion thereof), plus any accrued and unpaid interest thereon at the Scheduled Interest Rate, plus any accrued and unpaid Default Interest. (e) Company Redemption Price. For purposes of this Section 5, the "Company Redemption Price" shall mean Holder Redemption Price plus Holder's Pro Rata Percentage (as defined in the

Purchase Agreement) of Four Million Dollars (\$ 4, 000, 000), provided, however, that if the VWAP of the Common Stock as reported on The NASDAQ Stock Market (or, if The NASDAQ Stock Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded) for twenty (20) Trading Days during the period commencing on the Original Issue Date and ending 180 days hereafter is less than \$ 8. 00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock effected after the Original Issue Date), the Company Redemption Price shall mean Holder Redemption Price plus Holder's Pro Rata Percentage of Five Million Dollars (\$ 5, 000, 000); provided, further, that if the exercise conditions as described in the Warrant are met, the Company Redemption Price shall mean Holder Redemption Price plus Holder's Pro Rata Percentage of Two Million Dollars (\$ 2, 000, 000). The Company Redemption Price and Holder Redemption Price shall be known as the "Redemption Prices," and each a "Redemption Price." (f) Applicable Sale Redemption Price. For purposes of this Section 5, the "Applicable Sale Redemption Price" shall mean (i) until the date that is thirty-six (36) months after the Original Issue Date, the Company Redemption Price, and (ii) on and after the date that is thirty-six (36) months after the Original Issue Date, the Holder Redemption Price. 9- (g) Redemption Mechanics. Maker shall deliver a calculation of the applicable Redemption Price to Holder within three (3) Business Days after Holder's receipt of the applicable Redemption Notice. Maker shall deliver the applicable Redemption Price to Holder concurrently with the consummation of such Fundamental Transaction or, upon receipt of a Redemption Offer, within the time specified within such Redemption Offer. In addition, in the event all of the then Outstanding Amounts are redeemed, then Maker shall, on the effective date of the redemption (the "Redemption Date"), pay to Holder all Outstanding Amounts and Holder shall promptly thereafter deliver to the Company the original Note, marked cancelled. 6. Maximum Lawful Rate of Interest. The rate of interest payable under this Note shall in no event exceed the maximum rate permissible under applicable Law. If the rate of interest payable on this Note is ever reduced as a result of this Section 6 and at any time thereafter the maximum rate permitted under applicable Law exceeds the rate of interest provided for in this Note, then the rate provided for in this Note shall be increased to the maximum rate provided for under applicable Law for such period as is required so that the total amount of interest received by Holder is that which would have been received by Holder but for the operation of the first sentence of this Section. 7. Manner of Payment. Payments of principal, interest and other amounts due under this Note shall be made no later than 11: 00 a. m. (Pacific Time) on the date when due and in lawful money of the United States of America (by wire transfer in funds immediately available at the place of payment) to such account as Holder may designate in writing to Maker at least three (3) Business Days prior to such payment date. Any payments received after 11: 00 a. m. (Pacific Time) shall be deemed to have been received on the following Business Day. Any payments due hereunder that are due on a day which is not a Business Day shall be payable on the following Business Day, and such extension of time shall be included in the computation of all amounts payable hereunder. 8. Transfer. (a) The term "Holder" as used herein shall initially mean Holder named in this Note and shall also include any transferee of this Note whose name has been recorded in the register for the registration and registration of transfers of this Note (the "Register"), which Register shall be maintained by Maker at its principal executive office. Each transferee of this Note acknowledges that this Note has not been registered under the Securities Act, and may be transferred only pursuant to an effective registration under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act. (b) The name and address of Holder, each transfer thereof and the name and address of each transferee shall be registered in the Register, and upon notice of such transfer, Maker shall be obligated to record such information in the Register. Prior to due presentment for registration of transfer, absent manifest error, the Person in whose name this Note is registered shall be deemed and treated as the owner and holder thereof for all purposes hereof. Any transfer of this Note shall be effective as against Maker upon appropriate entries with respect thereto being made in the Register. 10- (c) Holder may, at any time and from time to time without the consent of Maker, assign or transfer to one or more Persons all or any portion of this Note; provided that Holder may not, without the consent of Maker, assign or transfer all or any portion of this Note to one or more Persons which Maker shall reasonably determine is in the same or substantially similar business that is competitive with Maker. Upon surrender of this Note at Maker's principal executive office for registration of any such assignment or transfer, accompanied by a duly executed instrument of transfer, Maker shall, at its expense and within five (5) Business Days of such surrender, execute and deliver one or more new notes of like tenor in the requested principal denominations and in the name of the assignee or assignees and bearing the legend set forth on the face of this Note, and this Note shall promptly be canceled. If the entire outstanding principal balance of this Note is not being assigned, Maker shall issue to Holder hereof, within five (5) Business Days of the date of surrender hereof, a new note which evidences the portion of such outstanding principal balance not being assigned. If this Note is divided into one or more notes, is held at any time by more than one Holder, and any payments of principal of, premium on (if any), interest or other amounts on this Note are made that are not sufficient to pay the amounts then due hereunder, then such payments shall be made pro rata with respect to all such notes in accordance with the outstanding principal amounts thereof. (d) Notwithstanding anything to the contrary contained herein, the Note is a registered obligation, the right, title and interest of Holder and its assignees in and to the Note shall be transferable only upon notation of such transfer in the Register and no assignment thereof shall be effective until recorded therein. This Section 8 (d) shall be construed so that the Note is at all times maintained in "registered form" within the meaning of Sections 163 (f), 871 (h) (2) and 881 (e) (2) of the Internal Revenue Code. (e) Except as otherwise permitted by Section 8 (e) or Section 9 (a) or following an Event of Default, Holder and any permitted transferee thereof as set forth above shall not, without the prior written consent of Maker, make any short sale of, grant or sell any option for the purchase of, lend, pledge, in whole or in part, any of the economic consequences of ownership (whether any such transaction is described above or is to be settled by delivery of the Notes in cash, or otherwise), the Note or shares of Common Stock then owned by Holder or any transferee thereof, or enter into an agreement to do any of the foregoing. 9. Persons Deemed Owners; Participations. (a) Prior to due presentment for registration of any assignment, Maker may treat the Person in whose name this Note is registered as the owner and Holder of this Note for

all purposes, and Maker shall not be affected by notice to the contrary. Subject to the preceding sentence, Holder may grant to any other Person participations from time to time in all or any part of this Note on such terms and conditions as may be determined by Holder in its sole discretion, subject to applicable federal and state securities Laws. Notwithstanding anything to the contrary contained herein or otherwise, nothing in the Purchase Agreement, this Note or any other Transaction Document or otherwise shall confer upon the participant any rights in the Purchase Agreement or any other Transaction Document, and Holder shall retain all rights with respect to the administration, waiver, amendment, collection and enforcement of, compliance with and consent to the terms and provisions of the Purchase Agreement, this Note or any other Transaction Document. 11. In addition, Holder may, without the consent of the participant, give or withhold its consent or agreement to any amendments to or modifications of the Purchase Agreement, this Note or any other Transaction Document, waive any of the provisions hereof or thereof or exercise or refrain from exercising any other rights or remedies which Holder may have under the Purchase Agreement, this Note or any other Transaction Document or otherwise. 10. Replacement of Note. On receipt by Maker of an affidavit of an authorized representative of Holder stating the circumstances of the loss, theft, destruction or mutilation of this Note (and in the case of any such mutilation, on surrender and cancellation of this Note), Maker, at its expense, will promptly (and in no event later than five (5) Business Days after such notice) execute and deliver, in lieu thereof, a new note in the same form and of like tenor as this Note. 11. Costs of Collection. Maker agrees to pay all costs and expenses, including the fees and expenses of any attorneys, accountants and other experts retained by Holder, which are expended or incurred by Holder in connection with: (a) the enforcement of this Note or the collection of any sums due hereunder, whether or not suit is commenced; (b) any actions for declaratory relief in any way related to this Note; (c) the protection or preservation of any rights of Holder under this Note; (d) any actions taken by Holder in negotiating any amendment, waiver, consent or release of or under this Note, (e) in connection to this Note, Holder's participation in any refinancing, restructuring, bankruptcy or insolvency proceeding involving Maker, any other Group Company or any other Affiliate of Maker; (f) any refinancing or restructuring of this Note, including, without limitation, any restructuring in the nature of a "work out" or in any insolvency or bankruptcy proceeding and (g) without duplication the foregoing, Purchaser Expenses (collectively, "Costs"). All of these Costs shall be payable by Maker within ten (10) days after Holder provides written notice of such Costs to the Company. Unpaid Costs remaining after ten (10) days after Holder provides written notice of such Costs to the Company shall bear interest at the Default Interest Rate until paid, but not in excess of the maximum rate permitted by Law. 12. Extension of Time. Holder, at its option, may extend the time for payment of this Note, postpone the enforcement hereof, or grant any other indulgences without affecting or diminishing Holder's right to recourse against the Company, which right is expressly reserved. 13. Company's Waivers. Maker hereby waives presentment for payment, demand, protest, notice of protest and notice of dishonor hereof, and all other notices of any kind to which it may be entitled under applicable Law or otherwise. All payments under this Note shall be made without setoff, counterclaim or deduction of any kind. 14. Stay, Extension and Usury Laws. To the extent that it may lawfully do so, Maker (A) agrees that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law (wherever or whenever enacted or in force) that may affect the covenants or the performance of this Note; and (B) expressly waives all benefits or advantages of any such law and agrees that it will not, by resort to any such law, hinder, delay or impede the execution of any power granted to Holders by this Note, but will suffer and permit the execution of every such power as though no such law has been enacted. 12-15. Notices. All notices, consents and other communications required or permitted by this Note shall be in writing and shall be (a) delivered to the appropriate address by hand, by nationally recognized overnight service or by courier service (costs prepaid), (b) sent by facsimile or e-mail, or (c) sent by registered or certified mail, return receipt requested, in each case to the addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated in the Purchase Agreement (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other party). All notices, consents, waivers and other communications shall be deemed to have been duly given (as applicable): if delivered by hand, when delivered by hand; if delivered by overnight service, when delivered by nationally recognized overnight service; if delivered by courier, when delivered by courier; if sent via registered or certified mail, five (5) Business Days after being deposited in the mail, postage prepaid; or if delivered by email or facsimile, when transmitted if transmitted without indication of delivery failure and prior to 5:00 p. m. local time for the recipient (and if on or after 5:00 p. m. local time for the recipient, then delivery will be deemed duly given at 9:00 a. m. local time for the recipient on the subsequent Business Day). 16. Governing Law; Waiver. (a) In all respects, including matters of construction, validity and performance, this Note shall be governed by, and construed and enforced in accordance with, the internal Laws of the State of New York applicable to Contracts made and performed in that state (without regard to the choice of law or conflicts of law provisions thereof that would require the application of the Law of any other jurisdiction). (b) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS NOTE, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE PARTIES TO ENTER INTO THIS NOTE. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL. (c) This section shall survive the termination of this Note. 17. Arbitration. All claims, controversies or disputes arising under or in connection with this Note, between or among any of the parties (and their respective Representatives), whether sounding in contract or tort, including arbitrability and any claim that this Note was induced by fraud (collectively, the "Covered Claims"), will be resolved by binding arbitration in Los Angeles, California in accordance with the following terms and conditions: (a) Administrator. The arbitration of all Covered Claims will be administered by the American Arbitration Association ("AAA") in accordance with the AAA Commercial Arbitration Rules then in effect, except that the arbitration proceedings will be governed by California procedural law as if the Covered Claims had been brought in a state court of California; provided, however, that (i) the parties waive any right to jury, (ii) there shall be no interlocutory appellate relief (such as writs) available, (iii) discovery will be limited to matters which are directly relevant to

the issues in the arbitration and (iv) any award of the Arbitrator shall be final and binding and non-appealable. 13- (b) Arbitrator. The arbitration will take place in the Los Angeles, California office of AAA and be conducted by a single, neutral arbitrator ("Arbitrator"), to be selected as follows: (i) within seven (7) Business Days from service of an arbitration complaint, the parties will endeavor in good faith to agree upon an Arbitrator; and (ii) failing such agreement under subparagraph (i) above, the parties, or any party, will ask AAA to supply the parties with a list of no less than seven (7) arbitrators (all of whom shall disclose and clear any potential conflicts) having no less than five (5) years' experience in arbitrating complex business arrangements. Upon receipt of that list of potential arbitrators, each of the parties will communicate within seven (7) days to AAA the names of four arbitrators from the list that the party would agree to use or its right to participate in the selection of the arbitrator will be forfeited. As soon as AAA receives the selections from affected parties, AAA will review the selected arbitrators and appoint one of those arbitrators whose name appears on all of the lists submitted by the parties. AAA will have the discretion to select the arbitrator that it believes is best suited for the arbitration in terms of experience and availability, and AAA's selection will be final. (c) Interim, Provisional or Emergency Relief. The Arbitrator may, in the course of the proceedings, order any interim, provisional or emergency relief, remedy or measure (including attachment, preliminary injunction, or the deposit of specified security) that the Arbitrator considers to be necessary, just and equitable. The failure of a party to comply with such an interim order may, after due notice and opportunity to cure such noncompliance, be treated by the Arbitrator as a default, and some or all of the claims or defenses of the defaulting party may be stricken and partial or final award entered against such party, or the Arbitrator may impose such lesser sanctions as the Arbitrator may deem appropriate. This Section 17 will not preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction, and each of the parties irrevocably submits to the jurisdiction of the Superior Court and the Federal Court, located in the county of Los Angeles, California, in conjunction with an application for a provisional remedy. (d) Excluded Claims. The term "Covered Claims" as used in this Note does not include compulsory or permissive cross-claims between or among the parties that arise in a legal action brought by or against a non-signatory hereto ("Non-Signatory Action") or any dispute submitted to the Accounting Firm in accordance with Section 4. However, a party that has the right to assert a permissive cross-claim against another party in a Non-Signatory Action may choose to treat that claim as a Covered Claim and assert it in accordance with the terms of this Note. The term "Covered Claims" as used in this Note also does not limit the right of any party to (i) foreclose against real or personal property collateral, (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before, during or after the pendency of any arbitration proceeding. The exclusions from "Covered Claims" set forth in this Section 17 (d) do not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in this Section 17 (d). (e) Record and Proceedings. A full stenographic or electronic record of all proceedings in the arbitration will be maintained, and the Arbitrator will issue rulings, a statement of decision and a judgment as if the Arbitrator were a sitting judge of the state court of California, with all of the powers (including with respect to remedies) vested in such a judge. The fees and costs of creating and maintaining a stenographic or electronic record will be initially borne by the parties to the arbitration in equal amounts. 14- (f) Res Judicata, Collateral Estoppel and Law of the Case. A decision of the Arbitrator will have the same force and effect with respect to collateral estoppel, res judicata and law of the case that such decision would have been entitled to if decided in a court of law, but in no event will such a decision be used by or against a party to this Note in a Non-Signatory Action. (g) Jurisdiction / Venue / Enforcement of Award. The parties consent and submit to the exclusive personal jurisdiction and venue of the state and federal courts located in Los Angeles, California to confirm any arbitration award granted pursuant to this Note, including, but not limited to, any award granting equitable relief, and to otherwise enforce this Note and carry out the intentions of the parties to resolve all Covered Claims through arbitration. This Section 17 does not prevent the parties from enforcing the award of the arbitrator in the court of any other jurisdiction, to the extent permitted by applicable Law (for example, if property that is the subject of the award is located in another jurisdiction). (h) Confidentiality. All arbitration proceedings will be closed to the public and confidential, and all records relating thereto will be permanently sealed, except as necessary, and only to the extent reasonably necessary, to obtain court confirmation of the judgment of the Arbitrator, and except as necessary, and only to the extent reasonably necessary, to give effect to res judicata and collateral estoppel (e.g., in a dispute between the parties that is not a Covered Claim), in which case all filings with any court will be sealed to the extent permitted by the court. A party (including such party's counsel or other Representatives) may disclose to the media only the fact and generic nature of a Covered Claim that is being, or has been, arbitrated pursuant to this Note. Nothing in this Section 17 is intended to, or shall, preclude a party from communicating with, or making disclosures to, its lawyers, tax advisors, auditors, lenders, general partners, limited partners, prospective investors, investors, landlords, regulators and insurers, as necessary and appropriate or from making such other disclosures as may be required by applicable Law. (i) Fees and Costs. The parties to the arbitration will share equally in the fees of the Arbitrator and the administrative costs of the arbitration; provided, that the prevailing party in the arbitration will be entitled to recover its fees and costs (including reasonable attorneys' fees) from the other party or parties. 18. Specific Performance. Maker acknowledges that the rights of the other parties under this Note are unique and the failure of Maker to perform its obligations hereunder would irreparably harm the other parties. Accordingly, each such other party shall, in addition to such other remedies as may be available at law or in equity, have the right to enforce their rights hereunder by actions for specific performance to the extent permitted by applicable Law. 19. Further Assurances. Each of the parties shall execute such documents and perform such further acts (including obtaining any consents, exemptions, authorizations, or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Note. 15- 20. Severability. If any one or more of the provisions contained in this Note, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in

every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions of this Note. The parties hereto further agree to replace such invalid, illegal or unenforceable provision of this Note with a valid, legal and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid, illegal or unenforceable provision.

21. **Successors and Assigns.** All of the covenants and provisions of this Note shall bind and inure to the benefit of the parties' respective successors and permitted assigns hereunder. Except as otherwise provided in this Note in the case of Holder, neither party may assign any of its rights, or delegate any of its obligations, under this Note without the prior written consent of the other party, and any such purported assignment by such party without the written consent of the other parties shall be null and void and of no force or effect. There are no intended third party beneficiaries of this Note.

22. **Entire Agreement; Amendment; Waiver.** (a) This Note and the other Transaction Documents (together with the exhibits and schedules hereto and thereto) are intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein. The parties have voluntarily agreed to define their rights, liabilities and obligations respecting the subject matter hereof exclusively in contract pursuant to the express terms and provisions of this Note, the Purchase Agreement and the other Transaction Documents (together with the exhibits and schedules attached hereto and thereto), and the parties expressly disclaim that they are owed any duties or are entitled to any remedies not expressly set forth in this Note, the Purchase Agreement or any other Transaction Document. Each party further acknowledges that, in entering into this Note, it has not relied on, and shall have no right or remedy in respect of, and hereby expressly disclaims, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in this Note, the Purchase Agreement or any other Transaction Document. (b) Except as otherwise set forth in this Note, any amendment, supplement or modification of or to any provision of this Note, and waiver of any provision of this Note, and any consent to any departure by any party from the terms of any provision of this Note, shall be effective (i) only if it is made or given in writing and signed by Holder, on the one hand, and Maker, on the other hand, and (ii) only in the specific instance and for the specific purpose for which it is made or given. No amendment, supplement or modification of or to any provision of this Note, or any waiver of any such provision or consent to any departure by any party from the terms of any such provision may be made orally. Except where notice is specifically required by this Note, no notice to or demand on Maker in any case shall entitle Maker to any other or further notice or demand in similar or other circumstances. (c) No failure or delay on the part of Holder in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for in this Note are cumulative and are not exclusive of any remedies that may be available to Holder at law, in equity or otherwise.

16-23. **Cancellation of Original Note.** Holder agrees and acknowledges that by entering into this Note, the Original Note shall be automatically cancelled and shall not be valid or exchangeable for cash, securities or other property of the Maker.

24. **Effectiveness.** Holder and Maker agree and acknowledge that this Note shall govern and be considered effective as of the Original Issue Date.

25. **Time of the Essence.** With regard to all dates and time periods set forth or referred to in this Note, time is of the essence.

26. **Interpretation.** The descriptive headings of this Note are for convenience of reference only, do not constitute a part of this Note and are not to be considered in construing or interpreting this Note. All section, clause and party references are to this Note unless otherwise stated. No party, nor its counsel, shall be deemed the drafter of this Note for purposes of construing the provisions of this Note, and all provisions of this Note shall be construed in accordance with their fair meaning, and not strictly for or against any party. References to "Dollars" and "\$" shall be to United States Dollars, unless otherwise specified. The words "including" and "includes" and words of similar import when used in this Note shall not be limiting and shall mean "including without limitation" or "includes without limitation", as the case may be. Unless the context otherwise requires, the "parties" means the parties to this Note. Unless expressly provided otherwise, any approval or consent required to be given by a party in this Note shall be given or withheld by such party in its sole discretion.

27. **Federal Anti-Money Laundering Law.** To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions (which may include Holder and its Affiliates) to obtain, verify and record information that identifies each person who opens an account or other formal customer relationship. Accordingly, in connection with this Note, Holder and its Affiliates may require the other parties to provide certified copies of its articles of incorporation, certificate of formation, operating agreement or other similar identifying documents. Further, each party confirms that its legal name and address, as set forth in this Note, are true, complete and correct and covenants and agrees to provide such other information as may be necessary to allow Holder and its Affiliates to comply with such Laws.

28. **Electronic Signature.** This Note, the Conversion Notice and any other notice or document that may be delivered pursuant hereto may be executed by email, facsimile, portable document format (pdf) or any electronic signature complying with the U. S. federal ESIGN Act of 2000 (including DocuSign).

29. **Taxes.** If any payments to Holder under this Note are made from outside the United States, Maker will not deduct any foreign taxes, deductions, withholdings, assessments, fees or other charges from any payments it makes to Holder, except as required by applicable law. If any such foreign taxes, deductions, withholdings, assessments, fees or other charges are required to be deducted or withheld from any payments made by Maker from outside the United States (including payments under this Section 29 from outside the United States), Maker shall pay such taxes, deductions, withholdings, assessments, fees or other charges and will also pay to Holder any additional amount as necessary so that after such deduction or withholding on account of foreign taxes, deductions, withholdings, assessments, fees or other charges required to be deducted from any payments made by Maker from outside the United States has been made (including such deductions or withholding applicable to additional sums payable under this Section 29) Holder receives an amount equal to the sum it would have received had no such deduction or withholding been made. Maker shall be entitled to make any other deduction or withholding from any

payment which it makes hereunder for or on account of any present or future taxes, duties or charges to the extent so required by any applicable law, in which event Maker shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld and deducted and, except as provided in the immediately preceding sentence, shall have no obligation to gross up any payment hereunder or pay any additional amount as a result of such withholding.

17-30. Tax Forms. Holder shall deliver to Maker on or prior to the date it becomes a Holder hereunder, and from time to time thereafter upon the reasonable request of Maker or as required under applicable law, a duly completed and executed IRS Form W-9 certifying that Holder is exempt from U. S. federal backup withholding tax. [SIGNATURE PAGE FOLLOWS]

18. IN WITNESS WHEREOF, this Convertible Promissory Note is executed by Maker as of the date first above written. MOTORCAR PARTS OF AMERICA, INC. By: Name: Selwyn Joffe Title: President and Chief Executive Officer

EXHIBIT A CONVERSION NOTICE MOTORCAR PARTS OF AMERICA, INC. 10.00% Convertible Promissory Note due 2029 This Conversion Notice is being delivered by the undersigned pursuant to Section 3 of that certain First Amended and Restated Convertible Promissory Note, dated as of [•], 2023, issued by Motorear Parts of America, Inc., a New York corporation (the "Company"), to Bison Capital Partners [VI / VI - A], L. P., a Delaware limited partnership, in the original principal amount of \$ [] (the "Note"). Capitalized terms used herein without definition are used herein with the meanings ascribed to such terms in the Note. On the terms and subject to the conditions of Section 3 of the Note, by executing and delivering this Conversion Notice, the undersigned holder of the Note identified below directs the Company to convert (check one): the entire Outstanding Amounts \$ 2 of the Outstanding Amounts Effective as of. Date: (Legal Name of Holder) By: Name: Title: Must be an Authorized Denomination. Exhibit A Exhibit 4. 13 THIS FIRST AMENDED AND RESTATED WARRANT AND THE UNDERLYING SECURITIES ISSUABLE UPON EXERCISE OF THIS FIRST AMENDED AND RESTATED WARRANT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT (1) PURSUANT TO A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES THAT IS EFFECTIVE UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT RELATING TO THE DISPOSITION OF SECURITIES AND (2) IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

FIRST AMENDED AND RESTATED WARRANT TO PURCHASE COMMON STOCK OF MOTORCAR PARTS OF AMERICA, INC. Warrant No. [3 / 4] Reissued as of March 31, 2023 Motorear Parts of America, Inc., a New York corporation (the "Company"), hereby certifies that, for value received and pursuant to the Note Purchase Agreement, dated as of March 31, 2023 (the "Original Issue Date") and as amended on [•], 2023 with effect as of the Original Issue Date, by and among the Company, Bison Capital Partners VI, L. P., a Delaware limited partnership ("Bison V"), Bison Capital Partners VI - A, L. P., a Delaware limited partnership ("Bison V - A"), and Bison V, as the Purchaser Representative (as the as from time to time amended, restated, supplemented or otherwise modified, the "Purchase Agreement"), and the First Amended and Restated Convertible Promissory Note issued thereunder, dated as of [•], 2023, by the Company in favor of [Bison V / Bison V - A] (the "Notcholder" and such First Amended and Restated Promissory Note, the "Promissory Note"), [Bison V / Bison V - A] (together with its successors and assigns and any transferee of this Warrant, the "Holder"), is entitled, subject to the terms and conditions set forth in this warrant (this "Warrant"), to purchase from the Company, at any time and from time to time on or after the receipt by the Notcholder of the Company Redemption Price (as defined in the Promissory Note) pursuant to Section 5 (a) of the Promissory Note, so long as with respect to such redemption the Warrant Condition is met with respect thereto (each, a "Specified Redemption Date"), but not after 5:00 P. M., New York City time on the Maturity Date (as defined in the Promissory Note) (the "Expiration Date"), the Warrant Shares at a purchase price per share equal to \$ 15.00 per share (as the same may be adjusted pursuant hereto, the "Warrant Price"). This Warrant amends and restates that certain Warrant dated March 31, 2023 (the "Original Warrant") and is effective as of the Original Issue Date. As used herein, the "Warrant Shares" shall be a number duly authorized, validly issued, fully paid, nonassessable and freely tradeable shares of Common Stock (as defined below), which shall be adjusted or readjusted from time to time as provided in this Warrant, determined by the quotient of (i) any Redemption Price received by the Notcholder on any Specified Redemption Date, divided by (ii) the Warrant Price. For the avoidance of doubt, the number of Warrant Shares will increase after any Specified Redemption Date.

1 As used herein, the "Warrant Condition" shall mean the volume weighted average price ("VWAP") of the Common Stock as reported on The NASDAQ Stock Market (or, if The NASDAQ Stock Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded) for the twenty (20) consecutive Trading Day period ending on the Trading Day immediately prior to either the date the notice of the applicable Redemption Offer is delivered or the date of any applicable redemption occurs, in each case is less than \$ 15.00 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Common Stock effected after the Original Issue Date). A "Trading Day" means any day on which the Common Stock is traded on The NASDAQ Stock Market, or, if The NASDAQ Stock Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded; provided, that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p. m., New York Time). All capitalized terms used herein and not otherwise defined herein, either within the text in which it first appears or in Section 4.19, shall have the meanings set forth in the Purchase Agreement or the Promissory Note, as applicable.

SECTION 1. Exercise of Warrant. 1.1 Manner of Exercise; Net Exercise. (a) Exercise. The Holder may exercise this Warrant, in whole or in part (except as to a fractional share), at any time and from time to time during normal business hours on any Business Day on or after any applicable Specified Redemption

Date and on or prior to the Expiration Date, by (i) delivering to the Company a written notice, in the form attached hereto as Exhibit A (the "Exercise Notice"), duly executed by the Holder, specifying the number of Warrant Shares as to which the Warrant is being exercised and (ii) by tendering payment for the shares of Common Stock designated by the Exercise Notice in lawful money of the United States by wire transfer of immediately available funds, of an amount equal to the product of (A) the Warrant Price and (B) the number of Warrant Shares as to which this Warrant is being exercised. (b) Net Exercise. The Holder may, in lieu of exercising or converting this Warrant pursuant to the terms of Section 1.1 (a), elect to net exercise this Warrant, in whole or in part (except as to a fractional share), at any time and from time to time during normal business hours on any Business Day on or after any applicable Specified Redemption Date and on or prior to the Expiration Date by delivering to the Company a written notice, in the form attached hereto as Exhibit B (the "Net Exercise Notice"), duly executed by the Holder, specifying the number of Warrant Shares for which the Warrant is being net exercised, and the Holder shall thereupon be entitled to receive the number of Warrant Shares equal to the product of (i) the number of Warrant Shares issuable upon exercise of this Warrant (or, if only a portion of this Warrant is being exercised, issuable upon the exercise of such portion) for cash, determined as provided in Section 2, and (ii) a fraction, the numerator of which is the Fair Market Value per share of Common Stock at the time of such exercise minus the Warrant Price in effect at the time of such exercise, and the denominator of which is the Fair Market Value per share of Common Stock at the time of such exercise, such number of shares so issuable upon such net exercise to be rounded up or down to the nearest whole number of shares of Common Stock. (c) The "net exercise" of this Warrant pursuant to Section 1.1 (b) is intended to qualify as a recapitalization within the meaning of Section 368 (a) (1) (E) of the Internal Revenue Code of 1986, as amended. (d) For the avoidance of doubt, any Exercise Notice or Net Exercise Notice may specify that the effectiveness of any exercise thereunder is contingent upon the consummation of a transaction or occurrence meeting conditions specified by the Holder, in which case the exercise of all or a portion of this Warrant set forth in the applicable Exercise Notice or Net Exercise Notice shall be deemed to be the date of the consummation of such event and if such specified conditions are not met, the Exercise Notice or Net Exercise Notice shall be deemed automatically withdrawn unless the Holder otherwise indicates in a written notice delivered to the Company. 1.2 When Exercise Effective. Each exercise of this Warrant shall be deemed to have been effected at such time the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such exercise as provided in Section 1.3 shall be deemed to have become the holder or holders of record thereof. 1.3 Delivery of Stock Certificates Upon Exercise. As soon as practicable after exercise of this Warrant in accordance with this Section 1, but in no event later than three (3) Business Days after such exercise, the Company shall at its expense cause to be issued in the name of and delivered to the Holder or, subject to Section 4.7, as the Holder may direct, a certificate or certificates for the number of Warrant Shares, determined as provided in Section 2, to which the Holder shall be entitled upon such exercise. If Company fails to transmit to the Holder a certificate or certificates representing the applicable Warrant Shares by the date required in accordance with this Section 1.3, then the Holder will have the right to rescind such exercise. In addition to any other rights available to the Holder, if the Common Stock is then traded on a national securities exchange and the Company fails to transmit to the Holder one (1) or more certificates representing the applicable Warrant Shares pursuant to an exercise on or before the date required in accordance with Section 1.3, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder in good faith anticipated receiving upon such exercise (a "Buy-In"), then Company shall (a) pay in cash to the Holder the amount by which the Holder's total purchase price (including brokerage commissions, if any) for the Common Stock so purchased exceeds the applicable Warrant Price, and (b) at the option of the Holder, either reinstate the portion of this Warrant and equivalent number of Warrant Shares for which such exercise was not honored or deliver to the Holder the number of Common Stock that would have been issued had Company timely complied with its exercise and delivery obligations hereunder. The Holder shall provide Company written notice indicating the amounts payable to the Holder in respect of the Buy-In, together with applicable confirmations and other evidence reasonably requested by the Company. Nothing herein shall limit the Holder's right to pursue any other remedies available to it hereunder or under any other Transaction Document, at law or in equity with respect to Company's failure to timely deliver certificates representing the applicable Warrant Shares upon exercise of this Warrant as required pursuant to the terms hereof. 1.4 Surrender of Warrant. Upon the earlier of (i) the Expiration Date and (ii) the date this Warrant has been exercised in full and there are no further amounts outstanding under the Promissory Note that is subject to redemption pursuant to Section 5 (a) of the Promissory Note, the Holder shall surrender this Warrant to the Company, properly endorsed by the Holder (or if this Warrant has been destroyed, stolen or has otherwise been misplaced, by delivering to the Company an affidavit of loss duly executed by the Holder). SECTION 2. Adjustments to Warrant Price and Warrant Shares. 2.1 Subdivision or Combination of Common Stock. If the Company shall at any time after the Original Issue Date subdivide its outstanding shares of Common Stock into a greater number of shares (by any stock split, stock dividend or otherwise), then the Warrant Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares for which the Warrant is then exercisable will be proportionately increased, and, conversely, if the Company shall at any time after the Original Issue Date combine its outstanding shares of Common Stock into a smaller number of shares (by any reverse stock split or otherwise), then the Warrant Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares for which the Warrant is then exercisable will be proportionately reduced. 2.2 Reorganization or Reclassification. If any capital reorganization or reclassification of the capital stock of the Company other than a transaction described in Section 2.4 below shall be effected in such a way that the holders of Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then, as a condition of such reorganization or reclassification, lawful and adequate provisions shall be made whereby the Holder shall thereupon have the right to receive, upon the basis and upon the terms and conditions specified herein and in lieu of the Warrant Shares immediately theretofore receivable upon the exercise of this Warrant in full, as the case may be, such shares of stock, securities or assets as may be

issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such Common Stock immediately theretofore receivable upon such exercise of this Warrant in full had such reorganization or reclassification not taken place, and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Warrant Price) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise of such conversion rights.

2. 3 [Reserved].

2. 4 Adjustment for Fundamental Transaction. In the event that the Company shall effect any Fundamental Transaction (as defined in the Promissory Note), this Warrant shall be exchanged for the kind and amount of shares of stock or other securities or property (including cash, if applicable) to which a holder of the number of shares of Common Stock of the Company deliverable upon a net exercise of this Warrant in full would have been entitled upon such Fundamental Transaction (and any distribution of assets to stockholders following such Fundamental Transaction).

4 2. 5 Record Date. If the Company takes a record of the holders of its Common Stock for the purpose of entitling them (a) to receive a dividend or other distribution payable in Common Stock, Options or Convertible Securities, or (b) to subscribe for or purchase Common Stock, Options or Convertible Securities, then such record date shall be deemed to be the date of the issuance or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase, as the case may be.

SECTION 3. Covenants of the Company. The Company covenants and agrees that:

3. 1 all shares of Common Stock that may be issued upon the exercise of the rights represented by this Warrant shall have been duly authorized, and shall, upon issuance, be validly issued, fully paid, nonassessable and free and clear of all Liens other than restrictions on transfer imposed by applicable securities Laws;

3. 2 during the period within which this Warrant may be exercised, it will at all times have authorized and reserved a sufficient number of shares of Common Stock to provide for the exercise of rights represented by this Warrant;

3. 3 if any shares of Common Stock reserved or to be reserved to provide for the exercise of this Warrant require registration with or approval of any governmental or self-regulatory authority under any federal or state law or stock exchange rule before such shares may be validly issued, then it shall in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be;

3. 4 it shall comply with the reporting requirements of Sections 13 and 15 (d) of Securities and Exchange Act of 1934, as amended, and will comply with all other public information reporting requirements the Securities and Exchange Commission (including Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act")) from time to time in effect and relating to the availability of an exemption from the Securities Act for the sale of any restricted securities;

3. 5 it shall not, by amendment to its certificate of incorporation (whether by way of merger, operation of law, or otherwise) or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities, agreement or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company and shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holders against impairment as if the Holder was a stockholder of the Company entitled to the benefit of fiduciary duties afforded to stockholders under Delaware law. Any successor to the Company shall agree in writing, as a condition to such succession, to carry out and observe the obligations of the Company hereunder with respect to the Warrants.

SECTION 4. Miscellaneous.

4. 1 Notice of Adjustments. In each case of any adjustment or readjustment in the Warrant Price and the Warrant Shares issuable upon exercise of this Warrant, the Company shall promptly thereafter compute such adjustment or readjustment in accordance with the terms of this Warrant and provide written report thereof certified by an officer of the Company to the Holder stating the number of Warrant Shares and the Warrant Price, after giving effect to such adjustment or readjustment, and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

5 4. 2 Notice of Certain Events. In case at any time: (a) the Company shall pay any dividend upon, or make any distribution in respect of, its stock; (b) effect any reclassification or recapitalization of Common Stock; or (c) consummate any Fundamental Transaction, then in each case the Company shall give notice to the Holder of the date on which (i) the books of the Company shall close or a record shall be taken for such dividend or distribution, or (ii) such reclassification, recapitalization or Fundamental Transaction shall take place, as the case may be. Such notice shall be given not less than ten (10) days prior to the record date or the date on which the transfer books of the Company are to be closed in respect thereto in the case of an action specified in clause (i) and at least twenty (20) days prior to the action in question in the case of an action specified in clause (ii) or (iii).

4. 3 Notices. All notices, consents and other communications required or permitted by this Note shall be in writing and shall be (a) delivered to the appropriate address by hand, by nationally recognized overnight service or by courier service (costs prepaid), (b) sent by facsimile or e-mail, or (c) sent by registered or certified mail, return receipt requested, in each case to the addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated in the Purchase Agreement (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other party). All notices, consents, waivers and other communications shall be deemed to have been duly given (as applicable): if delivered by hand, when delivered by hand; if delivered by overnight service, when delivered by nationally recognized overnight service; if delivered by courier, when delivered by courier; if sent via registered or certified mail, five (5) Business Days after being deposited in the mail, postage prepaid; or if delivered by email or facsimile, when transmitted if transmitted without indication of delivery failure and prior to 5:00 p. m. local time for the recipient (and if on or after 5:00 p. m. local time for the recipient, then delivery will be deemed duly given at 9:00 a. m. local time for the recipient on the subsequent Business Day).

4. 4 Transfer. The Holder may, at any time and from time to time without the consent of the Company, assign or transfer to one or more Persons all or any portion of this Warrant; provided, that the Holder may not, without the consent of the Company, assign or transfer all or any portion of this Warrant to one or more Persons which the Company shall reasonably determine is in the same or substantially similar business that is competitive with the Company. If the entire portion of this Warrant is not being assigned, the Company shall issue to the

Holder, within five (5) Business Days of the date of surrender hereof, new warrant (or warrants) substantially in the form of, and on the terms in, this Warrant, for the number of Warrant Shares remaining following such transfer.

4. 5 No Change in Warrant Terms on Adjustment. Irrespective of any adjustment in the Warrant Price or the number of Warrant Shares, this Warrant, to the extent reissued after the Original Issue Date, may continue to express the same price and number of shares of Common Stock as are stated herein and the Warrant Price and such number of Common Stock shares specified herein shall be deemed to have been so adjusted.

4. 6 Issuance and Transfer Taxes. The issuance of certificates for shares of Common Stock upon any exercise of this Warrant shall be made without charge to the Holder for any issuance tax in respect thereto; provided, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of Holder or upon any transfer of this Warrant.

4. 7 Exchange of Warrant. This Warrant is exchangeable at no cost to the Holder upon the surrender hereof by the Holder at such office or agency of the Company, for a new warrant of like tenor representing in the aggregate the right to subscribe for and purchase the number of shares that may be subscribed for and purchased hereunder from time to time after giving effect to all the provisions hereof, each of such new warrants to represent the right to subscribe for and purchase such number of shares as shall be designated by the Holder at the time of such surrender.

4. 8 Lost, Stolen, Mutilated or Destroyed Warrant. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall at no cost to the Holder, on such terms as to indemnity or otherwise as it may in its reasonable discretion impose (which shall, in the case of a mutilated Warrant, include the surrender thereof), issue a new warrant of like denomination and tenor as the Warrant so lost, stolen, mutilated or destroyed. Any such new warrant shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant shall be at any time enforceable by anyone.

4. 9 Successors and Assigns. All of the covenants and provisions of this Warrant shall bind and inure to the benefit of the parties' respective successors and permitted assigns hereunder. Except as otherwise provided in this Warrant in the case of the Holder, neither party may not assign any of its rights, or delegate any of its obligations, under this Warrant without the prior written consent of the other party, and any such purported assignment by such party without the written consent of the other parties shall be null and void and of no force or effect. There are no intended third party beneficiaries of this Warrant.

4. 10 Governing Law. In all respects, including matters of construction, validity and performance, this Warrant shall be governed by, and construed and enforced in accordance with, the internal Laws of the State of New York applicable to Contracts made and performed in that state (without regard to the choice of law or conflicts of law provisions thereof that would require the application of the Law of any other jurisdiction).

4. 11 Arbitration. All claims, controversies or disputes arising under or in connection with this Warrant, between or among any of the parties (and their respective Representatives), whether sounding in contract or tort, including arbitrability and any claim that this Warrant was induced by fraud (collectively, the "Covered Claims"), will be resolved by binding arbitration in Los Angeles, California in accordance with the following terms and conditions: (a) Administrator. The arbitration of all Covered Claims will be administered by the American Arbitration Association ("AAA") in accordance with the AAA Commercial Arbitration Rules then in effect, except that the arbitration proceedings will be governed by California procedural law as if the Covered Claims had been brought in a state court of California; provided, however, that (i) the parties waive any right to jury, (ii) there shall be no interlocutory appellate relief (such as writs) available, (iii) discovery will be limited to matters which are directly relevant to the issues in the arbitration and (iv) any award of the Arbitrator shall be final and binding and non-appealable.

7 (b) Arbitrator. The arbitration will take place in the Los Angeles, California office of AAA and be conducted by a single, neutral arbitrator ("Arbitrator"), to be selected as follows: (i) within seven (7) Business Days from service of an arbitration complaint, the parties will endeavor in good faith to agree upon an Arbitrator; and (ii) failing such agreement under subparagraph (i) above, the parties, or any party, will ask AAA to supply the parties with a list of no less than seven (7) arbitrators (all of whom shall disclose and clear any potential conflicts) having no less than five (5) years' experience in arbitrating complex business arrangements. Upon receipt of that list of potential arbitrators, each of the parties will communicate within seven (7) days to AAA the names of four arbitrators from the list that the party would agree to use or its right to participate in the selection of the arbitrator will be forfeited. As soon as AAA receives the selections from affected parties, AAA will review the selected arbitrators and appoint one of those arbitrators whose name appears on all of the lists submitted by the parties. AAA will have the discretion to select the arbitrator that it believes is best suited for the arbitration in terms of experience and availability, and AAA's selection will be final.

(c) Interim, Provisional or Emergency Relief. The Arbitrator may, in the course of the proceedings, order any interim, provisional or emergency relief, remedy or measure (including attachment, preliminary injunction, or the deposit of specified security) that the Arbitrator considers to be necessary, just and equitable. The failure of a party to comply with such an interim order may, after due notice and opportunity to cure such noncompliance, be treated by the Arbitrator as a default, and some or all of the claims or defenses of the defaulting party may be stricken and partial or final award entered against such party, or the Arbitrator may impose such lesser sanctions as the Arbitrator may deem appropriate. This Section 4. 11 will not preclude the parties from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction, and each of the parties irrevocably submits to the jurisdiction of the Superior Court and the Federal Court, located in the county of Los Angeles, California, in conjunction with an application for a provisional remedy.

(d) Excluded Claims. The term "Covered Claims" as used in this Warrant does not include compulsory or permissive cross-claims between or among the parties that arise in a legal action brought by or against a non-signatory hereto ("Non-Signatory Action"). However, a party that has the right to assert a permissive cross-claim against another party in a Non-Signatory Action may choose to treat that claim as a Covered Claim and assert it in accordance with the terms of this Warrant. The term "Covered Claims" as used in this Note also does not limit the right of any party to (i) foreclose against real or personal property collateral, (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before, during or after the pendency of any arbitration proceeding. The exclusions from "Covered Claims" set forth in this Section 4. 11 (d) do not constitute a waiver of the right or obligation of any party to

submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in this Section 4. 11 (d).-- 8- (e) Record and Proceedings. A full stenographic or electronic record of all proceedings in the arbitration will be maintained, and the Arbitrator will issue rulings, a statement of decision and a judgment as if the Arbitrator were a sitting judge of the state court of California, with all of the powers (including with respect to remedies) vested in such a judge. The fees and costs of creating and maintaining a stenographic or electronic record will be initially borne by the parties to the arbitration in equal amounts. (f) Res Judicata, Collateral Estoppel and Law of the Case. A decision of the Arbitrator will have the same force and effect with respect to collateral estoppel, res judicata and law of the case that such decision would have been entitled to if decided in a court of law, but in no event will such a decision be used by or against a party to this Note in a Non-Signatory Action. (g) Jurisdiction / Venue / Enforcement of Award. The parties consent and submit to the exclusive personal jurisdiction and venue of the state and federal courts located in Los Angeles, California to confirm any arbitration award granted pursuant to this Note, including, but not limited to, any award granting equitable relief, and to otherwise enforce this Note and carry out the intentions of the parties to resolve all Covered Claims through arbitration. This Section 4. 11 does not prevent the parties from enforcing the award of the arbitrator in the court of any other jurisdiction, to the extent permitted by applicable Law (for example, if property that is the subject of the award is located in another jurisdiction). (h) Confidentiality. All arbitration proceedings will be closed to the public and confidential, and all records relating thereto will be permanently sealed, except as necessary, and only to the extent reasonably necessary, to obtain court confirmation of the judgment of the Arbitrator, and except as necessary, and only to the extent reasonably necessary, to give effect to res judicata and collateral estoppel (e. g., in a dispute between the parties that is not a Covered Claim), in which case all filings with any court will be sealed to the extent permitted by the court. A party (including such party's counsel or other Representatives) may disclose to the media only the fact and generic nature of a Covered Claim that is being, or has been, arbitrated pursuant to this Warrant. Nothing in this Section 4. 11 is intended to, or shall, preclude a party from communicating with, or making disclosures to, its lawyers, tax advisors, auditors, lenders, general partners, limited partners, prospective investors, investors, landlords, regulators and insurers, as necessary and appropriate or from making such other disclosures as may be required by applicable Law. (i) Fees and Costs. The parties to the arbitration will share equally in the fees of the Arbitrator and the administrative costs of the arbitration; provided, that the prevailing party in the arbitration will be entitled to recover its fees and costs (including reasonable attorneys' fees) from the other party or parties. 4. 12 Specific Performance. The Company acknowledges that the rights of the other parties under this Warrant are unique and the failure of the Company to perform its obligations hereunder would irreparably harm the other parties. Accordingly, each such other party shall, in addition to such other remedies as may be available at law or in equity, have the right to enforce their rights hereunder by actions for specific performance to the extent permitted by applicable Law.-- 9- 4. 13 Titles and Subtitles. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Warrant. 4. 14 Severability. If any one or more of the provisions contained in this Warrant, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions of this Warrant. The parties hereto further agree to replace such invalid, illegal or unenforceable provision of this Warrant with a valid, legal and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid, illegal or unenforceable provision. 4. 15 Entire Agreement. (a) This Warrant and the other Transaction Documents (together with the exhibits and schedules hereto and thereto) are intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties in respect of the subject matter contained herein and therein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein or therein. The parties have voluntarily agreed to define their rights, liabilities and obligations respecting the subject matter hereof exclusively in contract pursuant to the express terms and provisions of this Warrant, the Purchase Agreement and the other Transaction Documents (together with the exhibits and schedules attached hereto and thereto), and the parties expressly disclaim that they are owed any duties or are entitled to any remedies not expressly set forth in this Warrant, the Purchase Agreement or any other Transaction Document. Each party further acknowledges that, in entering into this Warrant, it has not relied on, and shall have no right or remedy in respect of, and hereby expressly disclaims, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in this Warrant, the Purchase Agreement or any other Transaction Document. (b) Except as otherwise set forth in this Warrant, any amendment, supplement or modification of or to any provision of this Warrant, and waiver of any provision of this Warrant, and any consent to any departure by any party from the terms of any provision of this Warrant, shall be effective (i) only if it is made or given in writing and signed by the Holder, on the one hand, and the Company, on the other hand, and (ii) only in the specific instance and for the specific purpose for which it is made or given. No amendment, supplement or modification of or to any provision of this Warrant, or any waiver of any such provision or consent to any departure by any party from the terms of any such provision may be made orally. Except where notice is specifically required by this Warrant, no notice to or demand on the Company in any case shall entitle the Company to any other or further notice or demand in similar or other circumstances.-- 10- (c) No failure or delay on the part of Holder in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided for in this Warrant are cumulative and are not exclusive of any remedies that may be available to Holder at law, in equity or otherwise. 4. 16 Cancellation of Original Warrant. Holder agrees and acknowledges that by entering into this Warrant, the Original Warrant shall be automatically cancelled and shall not be valid or exchangeable for cash, securities or other property of the Company. 4. 17 Effectiveness. Holder and Company agree and acknowledge that this Warrant shall govern and be considered effective as of the Original Issue Date. 4. 18 No Rights or Liabilities as Stockholder. Except as expressly set forth herein, nothing contained in this

Warrant shall be construed as conferring upon Holder any rights as a stockholder of the Company or as imposing any obligation on Holder to purchase any securities or as imposing any liabilities on Holder as a stockholder of the Company, whether such obligation or liabilities are asserted by the Company or creditors of the Company. 4. 19 Certain Definitions. The following terms as used in this Warrant shall have the following meanings: (a) "Board" means the Board of Directors of the Company. (b) "Business Day" means any day other than a Saturday, a Sunday or a day on which the Federal Reserve Bank of New York is authorized or required by law or executive order to close or be closed. (c) "Convertible Securities" means any stock or security convertible into or exercisable or exchangeable for Common Stock. (d) "Fair Market Value" means (i) the average closing price of Common Stock for the five (5) Trading Days ending on the Trading Day prior to the date on which Net Exercise Notice is sent to the Company pursuant to Section 1. 1 (b), or (ii) if the Common Stock is not then publicly traded, the fair market value of a share of Common Stock as determined pursuant to Section 4. 23. (e) "Options" means any warrants or other rights to subscribe for or to purchase, or any options to purchase, shares of Common Stock. (f) "Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity. 4. 20 Time of the Essence. With regard to all dates and time periods set forth or referred to in this Warrant, time is of the essence. 11-4. 21 Interpretation. The descriptive headings of this Warrant are for convenience of reference only, do not constitute a part of this Warrant and are not to be considered in construing or interpreting this Warrant. All section, clause and party references are to this Warrant unless otherwise stated. No party, nor its counsel, shall be deemed the drafter of this Warrant for purposes of construing the provisions of this Warrant, and all provisions of this Warrant shall be construed in accordance with their fair meaning, and not strictly for or against any party. References to "Dollars" and "\$" shall be to United States Dollars, unless otherwise specified. The words "including" and "includes" and words of similar import when used in this Warrant shall not be limiting and shall mean "including without limitation" or "includes without limitation", as the case may be. Unless the context otherwise requires, the "parties" means the parties to this Warrant. Unless expressly provided otherwise, any approval or consent required to be given by a party in this Warrant shall be given or withheld by such party in its sole discretion. 4. 22 Electronic Signature. This Warrant and any other notice or document that may be delivered pursuant hereto may be executed by email, facsimile, portable document format (pdf) or any electronic signature complying with the U. S. federal E-SIGN Act of 2000 (including DocuSign). 4. 23 Fair Market Value. The determination of Fair Market Value with respect to clause (ii) of the definition thereof shall mean the Board's reasonable good faith determination of the fair market value of a share of Common Stock as of the applicable reference date; provided, that if the Holder disagrees with the Board's determination, the Holder may, within ten (10) Business Days of the Board's notice to the Holder of such determination, request that the Company engage, and the Company shall engage, a qualified independent valuation firm reasonably acceptable to the Company and the Holder (the "Valuation Firm") to make an independent determination of the Fair Market Value of a share of Common Stock (the "Valuation"). The determination of Fair Market Value by the Valuation Firm shall be final and binding on the parties hereto. The cost of conducting the Valuation shall be borne by the Company unless the Fair Market Value, as determined by the Valuation, differs from the Fair Market Value as determined by the Board by less than five percent (5%), in which case the costs of conducting the Valuation shall be borne by the Holder. (Signature Page Follows) 12 IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its duly authorized as of the date first written above. MOTORCAR PARTS OF AMERICA, INC. By: Name: Selwyn Joffe Title: President and Chief Executive Officer AGREED AND ACKNOWLEDGED: BISON CAPITAL PARTNERS [VI / VI - A], L. P. By: Bison Capital Partners VI GP, LP Its: General Partner By: Bison Capital Partners GP, LLC Its: General Partner By: Name: Title: Signature Page to Warrant EXHIBIT A FORM OF EXERCISE NOTICE [To be executed only upon exercise of Warrant pursuant to Section 1. 1 (a)] To Motorear Parts of America, Inc., 2929 California Street, Torrance, CA 90503 The undersigned registered Holder of the within Warrant hereby irrevocably exercises such Warrant for, and purchases thereunder, _____ 1 shares of the Common Stock and herewith makes payment of \$ _____ therefor, and requests that the certificates for such shares or certificateless shares be issued in the name of, and delivered to _____, whose address is _____. Dated: (Signature must conform in all respects to name of Holder as specified on the face of Warrant) (Street Address) (City) (State) (Zip Code) 1 Insert here the number of shares called for on the face of this Warrant (or, in the case of a partial exercise, the portion thereof as to which this Warrant is being exercised). Exhibit A- 1 EXHIBIT B FORM OF NET EXERCISE NOTICE [To be executed only upon net exercise of the Warrant pursuant to Section 1. 1 (b)] To Motorear Parts of America, Inc., 2929 California Street, Torrance, CA 90503 The undersigned registered Holder of the within Warrant hereby irrevocably net exercises such Warrant with respect to _____ 2 shares of the Common Stock pursuant to the net exercise provisions of Section 1. 1 (b), and requests that the certificates for such shares be issued in the name of, and delivered to _____, whose address is _____. Dated: (Signature must conform in all respects to name of Holder as specified on the face of Warrant) (Street Address) (City) (State) (Zip Code) 2 Insert here the number of shares called for on the face of this Warrant (or, in the case of a partial exercise, the portion thereof as to which this Warrant is being exercised). Exhibit B- 1 Exhibit 10- 26 FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT This FIRST AMENDMENT TO NOTE PURCHASE AGREEMENT dated as of June 8, 2023 (this "Amendment"), and amends that certain Note Purchase Agreement dated March 31, 2023 (as may be further amended from time to time, the "Note Purchase Agreement") by and among Motorear Parts of America, Inc., a New York corporation ("Company"), and, severally and not jointly, Bison Capital Partners VI, L. P., a Delaware limited partnership ("Purchaser One"), Bison Capital Partners VI - A, L. P., a Delaware limited partnership ("Purchaser Two"; each of Purchaser One and Purchaser Two is sometimes referred to individually as a "Purchaser" and together as the "Purchasers"), and Bison Capital Partners VI, L. P., a Delaware limited partnership, as the representative of the Purchasers (the "Purchaser Representative"). Capitalized terms used herein without definition shall have the meanings ascribed to them in the Note Purchase Agreement. W I T N E S S E T H: WHEREAS, pursuant to the Note Purchase Agreement, the Purchasers have purchased the Notes from the Company and the Company issued the Warrants to the Purchasers; WHEREAS, pursuant to Section 10. 4 the Note Purchase Agreement, the

Note Purchase Agreement may be amended by an instrument in writing, signed by the Company and the Purchaser Representative; and WHEREAS, the Company, Purchasers and Purchaser Representative have agreed to amend the Note Purchase Agreement as described herein; NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows: 1. Amendments. (a) The definition of "Note" contained in the Note Purchase Agreement is hereby amended and restated to refer to the form of the First Amended and Restated Convertible Promissory Note attached to this Amendment as Exhibit A. (b) The definition of "Warrant" contained in the Note Purchase Agreement is hereby amended and restated to refer to the form of the First Amended and Restated Warrant to Purchase Common Stock attached to this Amendment as Exhibit B. 2. Delivery of Restated Notes. Concurrently herewith, the Company shall execute and deliver to each Purchaser a First Amended and Restated Note in the form of Exhibit A hereto and in the original principal amount equal to the product of the Purchase Price times such Purchaser's Pro Rata Percentage, free and clear of all Liens other than restrictions on transfer imposed by applicable securities Laws. Upon delivery of such Note to such Purchaser, the Note currently held by such Purchaser shall be deemed cancelled. All of the foregoing transactions shall be deemed effective as of the Closing. 3. Delivery of Restated Warrants. Concurrently herewith, the Company shall execute and deliver to each Purchaser a First Amended and Restated Warrant in the form of Exhibit B hereto, free and clear of all Liens other than restrictions on transfer imposed by applicable securities Laws. Upon delivery of such Warrant to such Purchaser, such Purchaser shall execute and deliver to the Company a counterpart thereto and the Warrant currently held by such Purchaser shall be deemed cancelled. All of the foregoing transactions shall be deemed effective as of the Closing. 4. Delivery of Consent under Subordination Agreement. It shall be a condition to the effectiveness of this Amendment that PNC Bank, National Association shall have consented, pursuant to the Subordination Agreement, to this Amendment and shall have delivered a copy of such consent to the Purchaser Representative. 5. Dividends Restriction. Section 6. 5 (Restricted Payments) of the Note Purchase Agreement is hereby amended by adding the following to the end thereof: "Notwithstanding and without limiting the foregoing provisions of this Section 6. 5, if the prior written consent of the Senior Lenders is required to declare or pay any dividend or make any other payment or distribution on account of the Company's Capital Stock, then in no such event shall the Company, without the prior written consent of both the Senior Lenders and the Purchaser Representative, declare or pay such dividend or make such other payment or distribution on account of the Company's Capital Stock." 6. Limitation of Amendment. This Amendment is effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Transaction Document (as defined in the Note Purchase Agreement), or (b) otherwise prejudice any right or remedy which any Purchaser may now have or may have in the future under or in connection with any Transaction Document. 7. Ratification of the Agreement. The Note Purchase Agreement and the other Transaction Documents are in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Amendment and the Notes and Warrants delivered pursuant hereto each is a Transaction Document and shall form a part of the Note Purchase Agreement for all purposes, and every holder of a Note shall be bound hereby. In furtherance of the foregoing, the Company hereby agrees that the representations and warranties contained in Article 3 of the Note Purchase Agreement regarding the Transaction Documents shall be deemed to include, effective as of the Closing, this Amendment and the Notes and Warrants delivered pursuant hereto. 8. Effectiveness. The Company, Purchaser Representative and Purchasers agree and acknowledge that this Amendment shall govern and be considered effective as of March 31, 2023. 9. Governing Law. This Amendment and the rights and obligations of the parties hereunder shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of New York (including Section 5-1401 of the General Obligations Law of the State of New York), without regard to conflicts of laws principles that would require application of another law. 10. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U. S. federal ESIGN Act of 2000, e. g., www. docuSign. com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above. "Company" MOTORCAR PARTS OF AMERICA, INC. By: /s/ Selwyn Joffe Name: Selwyn Joffe Title: President and Chief Executive Officer [Signature Page to NPA Amendment] "Purchasers" BISON CAPITAL PARTNERS VI, L. P. By: Bison Capital Partners V GP, LP Its: General Partner By: Bison Capital Partners GP, LLC Its: General Partner By: /s/ Doug Trussler Name: Doug Trussler Title: GP-EVP BISON CAPITAL PARTNERS VI-A, L. P. By: Bison Capital Partners VI GP, LP Its: General Partner By: Bison Capital Partners GP, LLC Its: General Partner By: /s/ Doug Trussler Name: Doug Trussler Title: GP-EVP "Purchaser Representative" BISON CAPITAL PARTNERS VI, L. P., By: Bison Capital Partners VI GP, LP Its: General Partner By: Bison Capital Partners GP, LLC Its: General Partner By: /s/ Doug Trussler Name: Doug Trussler Title: GP-EVP [Signature Page to NPA Amendment] Exhibit A Form of Note Exhibit B Form of Warrant Exhibit 21. 1List of SubsidiariesMVR Products Pte. Limited, a company organized under the laws of SingaporeUnijoh Sdn. Bhd., a company organized under the laws of MalaysiaMotorcar Parts de Mexico, S. A. de C. V., a company organized under the laws of MexicoMotorcar Parts of Canada, Inc., a company organized under the laws of CanadaCentral Auto Parts (Shanghai) Co., Ltd, a company organized under the laws of ChinaD & V Electronics Ltd, a company organized under the laws of CanadaD & V Electronic Technology (Shanghai) Co., Ltd, a company organized under the laws of ChinaEPICQ MX, S. A. de C. V., a company organized under the laws of MexicoDixie Electric Ltd., a company organized under the laws of CanadaDixie Electric Inc., a company organized under the laws of the United StatesINDEL Distribution Company Private Limited, a company organized under the laws of IndiaDixie Auto Electric India Private Limited, a company organized under the laws of IndiaExhibit 23. 1CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMWe consent to the incorporation by reference in the following Registration Statements: (1) Registration Statement (Form S- 8 No. 333- 144883) pertaining to the 2004 Non- Employee Director Stock Option Plan, (2)

Registration Statement (Form S- 8 No. 333- 185691) pertaining to the 2010 Incentive Award Plan, (3) Registration Statement (Form S- 3 No. 333- 195585) of Motorcar Parts of America, Inc., (4) Registration Statement (Form S- 8 No. 333- 205910) pertaining to the 2014 Non- Employee Director Incentive Award Plan and Second Amended and Restated 2010 Incentive Award Plan, (5) Registration Statement (Form S- 8 No. 333- 223685) pertaining to the Third Amended and Restated 2010 Incentive Award Plan, (6) Registration Statement (Form S- 8 No. 333- 248577) pertaining to the Fourth Amended and Restated 2010 Incentive Award Plan, and (7) Registration Statement (Form S- 8 No. 333- 268273) pertaining to the 2022 Incentive Award Plan; of our reports dated June 13-11, 2023-2024, with respect to the consolidated financial statements and schedule of Motorcar Parts of America, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Motorcar Parts of America, Inc. and subsidiaries, included in this Annual Report (Form 10- K) of Motorcar Parts of America, Inc. and subsidiaries for the year ended March 31, 2023-2024. / s / Ernst & Young LLP Los Angeles, CA June 13-11, 2023-2024 Exhibit 31. 1CERTIFICATIONS, Selwyn Joffe, certify that: 1. I have reviewed this report on Form 10- K of Motorcar Parts of America, Inc.; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant' s other certifying officer (s) 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; andd. 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; and5. The registrant' s other certifying officer (s) 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 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; andb. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting. Date: June 13-11, 2023-2024 / s / Selwyn Joffe Selwyn Joffe Chief Executive Officer Exhibit 31. 2CERTIFICATIONS, David Lee, certify that: 1. I have reviewed this report on Form 10- K of Motorcar Parts of America, Inc.; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant' s other certifying officer (s) 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 upon such evaluation; andd. 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; and5. The registrant' s other certifying officer (s) 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 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; andb. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting. Date: June 13-11, 2023-2024 / s / David Lee David Lee Chief Financial Officer Exhibit 31. 3CERTIFICATIONS, Kamlesh Shah, certify that: 1. I have reviewed this report on Form 10- K of Motorcar Parts of America, Inc.; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact

or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant's other certifying officer (s) 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 upon 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 (s) 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 registrant's board of directors (or persons performing the equivalent functions): a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting. Date: June 13-11, 2023-2024 / s / Kamlesh Shah Kamlesh Shah Chief Accounting Officer EXHIBIT Officer EXHIBIT 32.

1 CERTIFICATE OF CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND CHIEF ACCOUNTING OFFICER PURSUANT TO SECTION 906 OF THE SARBANES- OXLEY ACT OF 2002 In connection with the Annual Report of Motorcar Parts of America, Inc. (the " Company ") on Form 10- K for the year ended March 31, 2023-2024 as filed with the Securities and Exchange Commission on the date hereof (the " Annual Report "), I, Selwyn Joffe, Chief Executive Officer of the Company, certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, to my knowledge, that: 1. The Annual Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and 2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company. / s / Selwyn Joffe Selwyn Joffe Chief Executive Officer June 13-11, 2023 In 2024 In connection with the Annual Report of Motorcar Parts of America, Inc. (the " Company ") on Form 10- K for the year ended March 31, 2023-2024 as filed with the Securities and Exchange Commission on the date hereof (the " Annual Report "), I, David Lee, Chief Financial Officer of the Company, certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, to my knowledge, that: 1. The Annual Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and 2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company. / s / David Lee David Lee Chief Financial Officer June 13-11, 2023 In 2024 In connection with the Annual Report of Motorcar Parts of America, Inc. (the " Company ") on Form 10- K for the year ended March 31, 2023-2024 as filed with the Securities and Exchange Commission on the date hereof (the " Annual Report "), I, Kamlesh Shah, Chief Accounting Officer of the Company, certify, pursuant to 18 U. S. C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, to my knowledge, that: 1. The Annual Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and 2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company. / s / Kamlesh Shah Kamlesh Shah Chief Accounting Officer June 13-11, 2023 The 2024 The foregoing certifications are being furnished to the Securities and Exchange Commission as part of the accompanying report on Form 10- K. A signed original of each of these statements has been provided to Motorcar Parts of America, Inc. and will be retained by Motorcar Parts of America, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.