REFINITIV

DELTA REPORT

10-K

MPAA - MOTORCAR PARTS OF AMERICA

10-K - MARCH 31, 2025 COMPARED TO 10-K - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	3938
CHANGES	369
DELETIONS	1011
ADDITIONS	2558

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

Form 10-K

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

For the fiscal year ended March 31, 2024March 31, 2025

OR

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

For the transition period from______________to ______________

Commission File No. 001-33861

MOTORCAR PARTS OF AMERICA, INC.INC.

(Exact name of registrant as specified in its charter)

New York	**11-2153962**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2929 California Street, Torrance, California	**90503**
(Address of principal executive offices)	Zip Code

Registrant's telephone number, including area code: **(310) 212-7910**

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	MPAA	The Nasdaq Global Select Market

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

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

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

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

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

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

Large accelerated filer ☐

Accelerated filer ☑

Non-accelerated filer ☐

Accelerated filer ☑

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

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

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

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

As of September 30, 2023 September 30, 2024, which was the last business day of the registrant's most recently completed fiscal second quarter, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $151,868,000 $138,430,000 based on the closing sale price as reported on the NASDAQ Global Select Market.

There were 19,662,380 19,435,706 shares of common stock outstanding as of June 4, 2024 June 2, 2025.

DOCUMENTS INCORPORATED BY REFERENCE:

In accordance with General Instruction G (3) of Form 10-K, the information required by Part III hereof will either be incorporated into this Form 10-K by reference to the registrant's Definitive Proxy Statement for the registrant's next Annual Meeting of Stockholders filed within 120 days of March 31, 2024 March 31, 2025 or will be included in an amendment to this Form 10-K filed within 120 days of March 31, 2024 March 31, 2025.

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GLOSSARY

The following terms are frequently used in the text of this report and have the meanings indicated below.

"Used Core" — An automobile part which has previously been used in the operation of a vehicle. Generally, the Used Core is an original equipment ("OE") automobile part installed by the vehicle manufacturer and subsequently removed for replacement. Used Cores contain salvageable parts, which are an important raw material in the remanufacturing process. We obtain most Used Cores by providing credits to our customers for Used Cores returned to us under our core exchange programs. Our customers receive these Used Cores from consumers who deliver a Used Core to obtain credit from our customers upon the purchase of a newly remanufactured automobile part. When sufficient Used Cores are not available from our customers, we purchase Used Cores from core brokers, who are in the business of buying and selling Used Cores. The Used Cores purchased from core brokers or returned to us by our customers under the core exchange programs, and which have been physically received by us, are part of our raw material and work-in-process inventory. Used Cores returned by consumers to our customers but not yet returned to us are classified as contract assets until we physically receive these Used Cores.

"Remanufactured Core" — The Used Core underlying an automobile part that has gone through the remanufacturing process and through that process has become part of a newly remanufactured automobile part. The remanufacturing process takes a Used Core, breaks it down into its component parts, replaces those components that cannot be reused and reassembles the salvageable components of the Used Core and additional new components into a remanufactured automobile part. Remanufactured Cores held for sale at our customer locations are included in long-term contract assets. The Remanufactured Core portion of stock adjustment returns are classified as contract assets until we physically receive them.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Unless the context otherwise requires, all references in this Annual Report on Form 10-K to "the Company," "we," "us," "MPA," and "our" refer to Motorcar Parts of America, Inc. and its subsidiaries.

This Form 10-K may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our future performance that involve risks and uncertainties. All statements other than statements of historical fact are forward-looking statements, including, but not limited to, statements about our strategic initiatives, operational plans and objectives, expectations for economic conditions and recovery and future business and financial performance, as well as statements regarding underlying assumptions related thereto. They include, among others, factors related to the timing and implementation of strategic initiatives, the highly competitive nature of our industry, demand for our products and services, complexities in our inventory and supply chain, challenges with transforming and growing our business. Except as required by law, we undertake no obligation to revise or update publicly any forward-looking statements for any reason. Therefore, you should not place undue reliance on those statements. Please refer to "Item 1A. *Risk Factors*" included in this report and other filings made by us with the Securities and Exchange Commission ("SEC") for a description of these and other risks and uncertainties that could cause actual results to differ materially from those projected or implied by the forward-looking statements.

PART I

Item 1. Business

Item 1. Business

General

We are a leading supplier of automotive aftermarket non-discretionary replacement parts and test solutions and diagnostic equipment -- building upon industry leading technology to be ***"The Global Leader for Parts and Solutions that Move Our World Today and Tomorrow"***. We operate in the $130 billion non-discretionary automotive aftermarket for replacement hard parts in North America. Our hard parts products include light-duty rotating electrical products, wheel hub products, brake-related products, and turbochargers. In addition, we sell test solutions and diagnostic equipment, which were added with our acquisitions of D&V Electronics Ltd. in July 2017 and Mechanical Power Conversion, LLC in December 2018 and heavy-duty rotating electrical products, which were added with our January 2019 acquisition of Dixie Electric, Ltd.

The automotive aftermarket is divided into two markets. The first is the do-it-yourself ("DIY") market, which is generally serviced by the large retail chain outlets and on-line online resellers. Consumers who purchase parts from the DIY market generally install parts into their vehicles themselves. In most cases, this is a less expensive alternative than having the repair performed by a professional installer. The second is the professional installer market, commonly known as the do-it-for-me ("DIFM") market. Traditional warehouse distributors, dealer networks, and commercial divisions of retail chains service this market. Generally, the consumer in this market is a professional parts installer. Our products are distributed to both the DIY and DIFM markets. The distinction between these two markets has become less defined over the years, as retail outlets leverage their distribution strength and store locations to attract customers.

Demand for replacement parts generally increases with the age of vehicles and miles driven, which provides favorable opportunities for sales of our products. The current population of light-duty vehicles in the U.S. is approximately 288 million 292 million, and the average age of these vehicles is approximately 13 years and is expected to continue to grow, in particular during recession years. Although miles driven can fluctuate for various reasons, including fuel prices, they have been generally increasing for several years.

In addition, we operate in the $11 billion-plus rapidly emerging global market for automotive test solutions and diagnostic equipment and see the opportunity for accelerating growth rates for today and the future as electrification becomes increasingly important around the world. We also operate in the $700 million $40 billion market for medium and heavy-duty automotive aftermarket replacement parts for truck, industrial, marine, and agricultural applications.

Growth Strategies and Key Initiatives

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.

To accomplish our strategic vision, we are focused on the following key initiatives:

Hard Parts

- • *Grow our current product lines both with existing and potential new customers.* We continue to develop and offer current and new sales programs to ensure that we are supporting our customers' business needs. We remain dedicated to managing growth and continuing to focus on enhancements to our infrastructure and making investments in resources to support our customers. We have globally positioned manufacturing and distribution centers to support our continuous growth.

- • *Introduction of new product lines.* While we have not introduced any new product lines recently, we have expanded our product coverage for existing product lines, and we continue to engage with our customers to identify potential new product opportunities to grow our business.
Introduction of new product lines. We continue to strive to expand our business by exploring new product lines, including working with our customers to identify potential new product opportunities.

- *Creating value for our customers.* Acore part of our strategy is ensuring that we add meaningful value for our customers. We consistently support and pilot our customers' supply management initiatives in addition to providing demand analytics, inventory management services, online training guides, and market share and retail store layout information to our customers.

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- *Technological innovation.* We continue to expand our research and development teams as we further develop in-house technologies and advanced testing methods. This elevated level of technology aims to deliver our customers high quality products and support services.

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Test Solutions and Diagnostic Equipment

- *We provide industry-leading test solutions and diagnostic equipment to both original equipment manufacturers and the aftermarket.* We are continuously upgrading our equipment to accommodate testing for the latest alternator and starter technology for both existing and new customers. These software and hardware upgrades are also available for existing products that the customer is using. In addition, we provide industry leading maintenance and service support to provide a better end-user experience and value to our customers.

- *Market and grow our new product lines on a global basis.* We offer products and services that cater to automotive test solutions and diagnostic equipment for inverter and electric motors for both development and production. In addition, we provide power supply hardware and emulation software diagnostic products. Our strategy is to market these products on a global basis to original equipment manufacturers as well as suppliers to the original equipment manufacturers for development and production of electric vehicles and electric vehicle charging systems. We believe this is a rapidly emerging business and see the opportunity for accelerating growth rates. In addition, we are well-positioned to supply the aerospace industry to support its shift to electric power-driven control systems in airplanes.

Heavy Duty

- *Market and grow our innovative design solutions and commitment to quality.* We continue to develop and improve product performance, ease of installation, and coverage simplification to deliver installation-ready products to provide extended service life and reduced downtime for our customers. We continue to develop and improve product performance, ease of installation, and coverage simplification to deliver installation-ready products to provide extended service life and reduced downtime for our customers.

Products

We carry approximately 42,000 44,000 stock keeping units ("SKUs") to support automotive aftermarket non-discretionary replacement parts and test solutions and diagnostic equipment. parts. Our products are sold under our customers' widely recognized private label brand names and our own brand names including Quality-Built®, Pure Energy™ Energy®, D&V Electronics®, Dixie Electric®, and DelStar®.

Our products include: (i) 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, and brake master cylinders, (iv) turbochargers, (v) test solutions and diagnostic equipment products, and (vi) heavy-duty products.

Segment Reporting

Our three operating segments are as follows:

- **Hard Parts**, 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**, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and electric vehicle charging stations), and
- **Heavy Duty**, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.

Hard Parts, 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,

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- **Heavy Duty**, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.

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, and are not required to be separately reported, and are included within the “all other” category. reported. See Note 19 20 of the notes to consolidated financial statements for more information.

Sales, Marketing and Distribution

We sell our hard parts products to the largest automotive chains, including Advance Auto Parts, AutoZone, Genuine Parts (NAPA), and O’Reilly Auto Parts with an aggregate of approximately 25,000 26,000 retail outlets. In addition, these products are sold to warranty replacement programs (“OES”) customers, professional installers, and a diverse group of automotive warehouse distributors. Our heavy-duty products, which have some overlap with the light-duty automotive aftermarket, are also sold via specialty distribution channels through OES, fleet, and auto electric outlets. We also sell test solutions and diagnostic equipment to the automotive chains listed above and via direct and indirect sales channels, technical conferences, and trade shows to some of the world's leading automotive companies, and to the aerospace/aviation sector. We offer testing services at our technical center located in Detroit, Michigan. During fiscal 2024, 2025, we sold approximately 98% of our products in North America, with approximately 2% of our products sold in Asian and European countries.

We publish printed and electronic catalogs with part numbers and applications for our products along with a detailed technical glossary and informational database. In addition, we publish printed and electronic product and service brochures and data sheets for our test solutions and diagnostic equipment and service offerings. We believe that we maintain one of the most extensive catalog and product identification systems available to the market.

We primarily ship our products from our facilities and various third-party warehouse distribution centers in North America, including our 410,000 square foot distribution center in Tijuana, Mexico. In addition, during fiscal 2025, we added a new warehousing and distribution facility in Malaysia to support our future direct shipment programs.

Customers: Customer Concentration. While we continually seek to diversify our customer base, we currently derive, and have historically derived, a substantial portion of our sales from a small number of large customers. Sales to our three largest customers in the aggregate represented 83% 86%, 84% 83%, and 85% 84%, and sales to our largest customer, represented 35% 39%, 37% 35%, and 38% 37% of our net sales during fiscal 2025, 2024 2023 and 2022, 2023, respectively. 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.

Customer Arrangements: Impact on Working Capital. We have various length agreements with our 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 purchase of Remanufactured Core inventory on customer shelves, (ii) the issuance of a specified amount of credits against receivables in accordance with a schedule set forth in the relevant contract, (iii) support for a particular customer’s research or marketing efforts provided on a scheduled basis, (iv) discounts granted in connection with each individual shipment of product, and (v) 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 and maintain their Remanufactured Core inventory also requires 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 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.

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Competition

Our business is highly competitive. We compete with several large and medium-sized companies, including (i) BBB Industries, Terrepower, First Brands and DRIV for hard parts, (ii) Burke Porter and Loccionni Langdi Measurement Control for test solutions and diagnostic equipment, and (iii) a large number of smaller regional and specialty companies. We also compete with other overseas manufacturers, particularly those located in China Asia who are increasing their operations and could become a significant competitive force in the future.

We believe that the reputations for quality, reliability, and customer service that a supplier provides are significant factors in our customers' purchase decisions. We continuously strive to increase our competitive and technical advantages as the industry and technologies rapidly evolve. Our advanced power emulators are protected by U.S. patents that provide us a strong competitive barrier for a large segment of the market and allow us to be lower cost and more efficient.

We believe our ability to educate also helps to distinguish us from many of our competitors. We have created an online library of video courses, aimed at supporting our customers as they seek to train the next generation of technicians. We also offer live and web-based training courses via our education center within our Torrance, California headquarters. We believe our ability to provide quality replacement automotive parts, rapid and reliable delivery capabilities as well as promotional support also distinguishes us from many of our competitors. In addition, favorable pricing, our core exchange programs, and extended payment terms are also very important competitive factors in customers' purchase decisions.

We seek to protect our proprietary processes and other information by relying on trade secret laws and non-disclosure and confidentiality agreements, with certain as well as limiting the number of our employees and other persons who have access to that information.

Operations

Production Process for Non-discretionary Replacement Parts. The majority of our products are remanufactured at our facilities in Mexico, Canada, and to a lesser extent in Malaysia. We continue to maintain production of certain remanufactured units that require specialized service at our Torrance, California facility. We also manufacture and assemble new products at our facilities in Canada, Malaysia and India. Our remanufacturing process begins with the receipt of Used Cores from our customers or core brokers. The Used Cores are evaluated for inventory control purposes and then sorted by part number. Each Used Core is completely disassembled into its fundamental components. The components are cleaned in an environmentally sound process that employs customized equipment and cleaning materials in accordance with the required specifications of the particular component. All components known to be subject to major wear and those components determined not to be reusable or repairable are replaced by new components. Non-salvageable components of the Used Core are sold as scrap.

After the cleaning process is complete, the salvageable components of the Used Core are inspected and tested as prescribed by our IATF 16949 and ISO 9001:2015 approved quality programs, which have been implemented throughout the production processes. IATF 16949 and ISO 9001:2015 are internationally recognized, world class, quality programs. Upon passage of all tests, which are monitored by designated quality control personnel, all the component parts are assembled in a work cell into a finished product. Inspection and testing are conducted at multiple stages of the remanufacturing process, and each finished product is inspected and tested on equipment designed to simulate performance under operating conditions. To maximize remanufacturing efficiency, we store component parts ready for assembly in our production facilities.

Our remanufacturing processes combine product families with similar configurations into dedicated factory work cells. This remanufacturing process, known as "lean manufacturing," eliminated eliminates a large number of inventory moves and the need to track inventory movement through the remanufacturing process. This manufacturing enables us to significantly reduce the time it takes to produce a finished product. We continue to explore opportunities for improving efficiencies in our remanufacturing process.

Production Process for Test Solutions and Diagnostic Equipment. Our test solutions and diagnostic equipment are engineered and manufactured in North America at facilities in Toronto, Canada and Binghamton, New York, U.S. Our facility in Canada is certified under ISO 9001:2015 quality management system, which mandates that we foster continuous improvement to our manufacturing processes. Materials for custom systems are purchased in a “just-in-time” environment while materials for standard systems are purchased in economic quantities. All materials and components are inspected and tested when required. Certain components require certificates of compliance or test results from our vendors prior to shipping to us. Our manufacturing process combines skilled labor from certified and licensed technicians with raw materials, manufactured components, purchased components, and purchased capital components to complete our test solutions and diagnostic equipment. All test solutions and diagnostic equipment are inspected and tested per our quality control program, which has been approved by the ISO 9001:2015 quality management system.

Our facility in New York, U.S., manufactures test solutions and diagnostic equipment using purchased electronic and custom components that are primarily assembled at this facility. While some circuit card assemblies are handled by outside subcontractors, most of the assemblies are manufactured in-house along with the fabrication of electronic subassemblies. Quality control and testing is completed on these subassemblies prior to their final installation into the overall equipment rack that includes mechanical, electrical and thermal management operations. Final inspection and acceptance testing are performed to predefined procedures prior to the equipment being packaged in a crate for shipment.

Used Cores. The majority of our Used Cores are obtained from 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. 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 recycle materials, including metal from the Used Cores and corrugated packaging, in keeping with our focus as a remanufacturer to lessen our footprint on the environment.

Purchased Finished Goods. In addition to our remanufactured goods, we also purchase finished goods from various approved suppliers, including several located in Asia. We perform supplier qualification, product inspection and testing according to our IATF 16949 or ISO 9001:2015 certified quality systems to assure product quality levels. We also perform periodic site audits of our suppliers’ manufacturing facilities.

Environmental, Social and Governance (ESG) and Human Capital

Our Culture. Our Company was founded in 1968 on the values of integrity, common decency and respect for others. Our core values are Excellence, Passion/Productivity, Innovation/Integrity, Community, and Quality (“EPICQ”) and characterize our daily corporate focus. These values are embodied in our Code of Business Conduct and Ethics, which has been adopted by our Board of Directors to serve as a statement of principles to guide our decision-making and reinforce our commitment to these values in all aspects of our business. We believe that our commitment to our Company, our employees and the communities within which we operate has led to high employee satisfaction and low employee turnover, and our commitment to our customers, suppliers and business partners has resulted in high customer satisfaction, as evidenced by the customer awards that we routinely win, and decades-long customer relationships.

Environmental. Environmental and sustainable processes have been our hallmark since the Company’s establishment. We take our commitment to environmental stewardship seriously. The use of Remanufactured Cores results in a substantial reduction of raw materials and energy consumption. With the potential to significantly reduce material and energy consumption, industry sources believe that remanufacturing is the most efficient and sustainable process for producing aftermarket replacement parts – making our business practices green by nature. See more information on this at *investors.motorcarparts.com/esg*. Highlights of our eco-friendly remanufacturing processes include:

- sorting the Used Cores returned by customers utilizing an innovative and efficient core-sorting process;
-
- reconditioning and re-utilizing durable components after passing rigorous testing processes;
- savings of raw materials due to a reduction in the required materials used in the remanufacturing production process, compared with new product processes; and
- recycling of water, cardboard, and metal.

Human Capital. We regard our team members as integral to our strategic growth and success. We recognize that safety, inclusion, and offering exciting opportunities are fundamental to facilitating high retention and satisfaction of high performance team members. Equally important, we provide competitive compensation and excellent benefit programs, and support numerous programs that build connections between our team members and their communities. We believe our team members share our corporate ethics and values, as demonstrated in their daily interactions with customers, co-workers, vendors, and the public at large.

As of March 31, 2024 March 31, 2025, we employed approximately 5,900 5,700 people, with 400 300 people in the United States, 5,000 people in Mexico, 200 people in Canada, and 300 200 people in Malaysia and China. Approximately 5,400 5,300 people are production employees. We have non-union and unionized facilities. Approximately 4,900 production employees are covered by a local union. union in Mexico. We believe we have a strong relationship with the union that represents our employees.

Our facilities are located in labor markets with readily available access to skilled and unskilled workers. Our relationship and communication with our unionized and non-represented workforce is good.

Inclusion and Diversity. Our board is ethnically diverse and comprised of 8 eight independent directors, including three two women. We believe an inclusive workforce is critical to our success, with an ongoing focus on the hiring, retention, and advancement of women and other underrepresented ethnic groups. We employ 37% women and 63% men globally. In the United States, 73% 66% of our workforce are considered ethnic minorities.

Health, Safety and Wellness. The success of our business is connected to the safety and well-being of our team members and their families. We provide our employees and their families with flexible and convenient health and wellness programs – including protection and security to lessen concerns about missing work and the potential financial impact. Our programs are intended to support the physical and mental well-being with the tools and resources for employees to improve or maintain their health, and we encourage engagement in healthy behaviors for team members and their families.

Compensation and benefits. We provide competitive compensation and benefit programs that meet the needs of our employees, and are tailored to their local markets. In addition to wages and salaries, these programs may include annual cash bonuses, stock awards, a 401(k) Plan, healthcare, and insurance, and insurance. We have also implemented methodologies to manage performance, provide feedback and develop talent.

Social Responsibility. We are firmly committed to social responsibility. While safety, respect, and inclusion have always been fundamental to our company, these qualities are more important than ever. Our socially responsible initiatives include subsidized food programs for certain employees, donations to community organizations, sponsorship of sport teams and weekend family events.

Information Security and Risk Oversight

We have an information security risk program committed to regular risk management practices surrounding the protection of confidential data. This program includes various technical controls, including security monitoring, data leakage protection, network segmentation and access controls around the computer resources that house confidential or sensitive data. We have also implemented employee awareness training programs around phishing, malware, and other cyber risks. We continually evaluate the security environment surrounding the handling and control of our critical data and have instituted additional measures to help protect us from system intrusion or data breaches.

Our Board of Directors appointed the Audit Committee with direct oversight of our: (i) information security policies, including periodic assessment of risk of information security breach, training program, significant threat changes and vulnerabilities and monitoring metrics and (ii) effectiveness of information security policy implementation. Our Audit Committee is comprised entirely of independent directors, one of whom has significant work experience related to information security issues or oversight. Management will report reports information security instances to the Audit Committee as they occur, if material, and will provide provides a summary multiple times per year to the Audit Committee.

Governmental Regulation

Our operations are subject to various regulations governing, among other things, emissions to air, discharge to waters, and the generation, handling, storage, transportation, treatment and disposal of waste and other materials. We believe that our businesses, operations and facilities have been and are being operated in compliance in all material respects with applicable environmental and health and safety laws and regulations, many of which provide for substantial fines and criminal sanctions for violations. Potentially significant expenditures, however, could be required in order to comply with evolving environmental and health and safety laws, regulations or requirements that may be adopted or imposed in the future.

Access to Public Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available free of charge to the public over the Internet at the SEC's website at *www.sec.gov*. In addition, our SEC filings and Code of Business Conduct and Ethics are available free of charge on our website *www.motorcarparts.com.* The information contained on the websites referenced in this Form 10-K is not incorporated by reference into this filing. Further, our references to website URLs are intended to be inactive textual references only.

Item 1A. Item 1A. Risk Factors

While we believe the risk factors described below are all the material risks currently facing our business, additional risks we are not presently aware of or that we currently believe are immaterial may also impair our business operations. Our financial condition or results of operations could be materially and adversely impacted by these risks, and the trading price of our common stock could be adversely impacted by any of these risks. In assessing these risks, you should also refer to the other information included in or incorporated by reference into this Form 10-K, including our consolidated financial statements and related notes thereto appearing elsewhere or incorporated by reference in this Form 10-K.

Risks Related to Economic, Political and Health Conditions

Developments in global and local economic, political, and social conditions, such as international trade disputes, disruptions from rapid changes in trade policy and new or increased tariffs, a foreign or domestic debt crisis, currency volatility, natural disasters, war, such as the war in Ukraine and the conflict in Israel, Gaza and the surrounding areas, epidemics and pandemics, the fear of spread of contagious diseases and civil unrest, may have a material impact on our results of operations and financial condition, and the continuation of or worsening of such conditions could have a similar or worse impact.

Several A variety of economic, political, and social conditions have led to adverse impacts on the U.S. and global economies and created uncertainty regarding the potential effects of such conditions on our employees, supply chains, operations, and customer demand including international trade disputes, disruptions from rapid changes in trade policy and new or increased tariffs, a foreign or domestic debt crisis, currency volatility, natural disasters, war, such as the war in Ukraine and the conflict in Israel, Gaza and surrounding areas, epidemics and pandemics, the fear of spread of contagious diseases and civil unrest. Certain of these conditions may impact our operations and the operations of our customers, suppliers, and vendors in a number of ways, including but not limited to, the following:

- significantly increased costs and uncertainty in future costs due to higher tariff rates charged on components and finished goods by the United States and by other countries, and uncertainty regarding future tariff rates due to rapidly evolving trade policy in the U.S. and the potential for retaliatory tariffs charged by other countries;
- supply chain delays or stoppages due to shipping delays (cargo ship, train and truck shortages as well as staffing shortages) resulting in increased freight costs, closed supplier facilities or distribution centers, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods from some countries or areas;
- change in demand for or availability of our products as a result of our customers modifying their restocking, fulfillment, or shipping practices;
- increased raw material, and other input costs;
- increased working capital needs and/or an increase in trade accounts receivable write-offs as a result of increased financial pressures on our suppliers or customers; and
- fluctuations in foreign currency exchange rates or interest rates.

Unfavorable economic conditions may adversely affect our business.

Adverse changes in economic conditions, including inflation, slower economic growth and the potential for a recession, increased fuel prices, rapid changes in trade policy, new or increased tariffs, and including retaliatory tariffs, global trade disruptions, unemployment levels, decreased 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, rapidly evolving federal, state and local government policies, the results of elections, and other changes in the political landscape could have similar effects. effects, and responding to such changes in policy may divert the attention of senior management from our operations. 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. declines, including if we are forced to make our products more expensive for customers as a result of increasing costs, including regulatory expenses such as tariffs, and our customers don’t agree to these increased costs. 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 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 thesecustomers, or adverse developments with respect to the financial condition ofthese customers, could harm our operating results.

Our net sales are concentrated among a small number of our customers. Sales to our three largest customers in the aggregate represented 83% 86%, and sales to our largest customer represented 35% 39% of our net sales during fiscal 2024. 2025. We are under ongoing pressure from our major customers to offer lower prices, extend payment terms, 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 amounts owed to us. We participate in trade accounts receivable discount programs with our major customers. If the creditworthiness of any of our major customers was downgraded, we could be adversely affected as 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. In certain cases, we have experienced higher interest rates due to changes in customer credit profiles, which has impacted the overall cost of these financing arrangements.Should our customers experience significant cash flow problems, our financial position and results of operations could be materially and adversely affected, and our losses could include 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 marketshare 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, Terrepower, First Brands and DRIV for hard parts, (ii) Burke Porter and Loccionni Langdi Measurement Control for test solutions and diagnostic equipment, and (iii) a large number of smaller regional and specialty companies. We also 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, Asia, 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. In addition, some of our competitors may have a different manufacturing and distributing structure and footprint. 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;
- Absorb more regulatory, tax, and tariff costs than the Company; and
- allocate more money and resources on marketing and promotion.

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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

Many leaders and consumers in the automotive industry is are increasingly focused on the development of hybrid and electric vehicles and of advanced driver assistance technologies, with the goal of 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 a materially adverse impact on our business, results of operations. operations, and financial condition. 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 In recent years, 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 businessand 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 Cores, but increases or uncertainty in tariff rates and global trade disruptions may cause a significant disruption in the supply of Used Cores, whether as a result of which may cause our operating activities to be materially and adversely impacted. Additionally, increased Used Core acquisitions by existing or new competitors or otherwise, our operating activities other changes could be materially further disrupt the supply of Used Cores and adversely impacted. increase the significance of such impacts. 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 often are forced to purchase new units to obtain particularly difficult to get cores, and any meaningful disruption in this supply from uncertainty in tariff rates and global trade disruptions or other factors would materially and adversely impact our operating results. The imposition of tariffs, or even the potential imposition of tariffs are likely to cause a significant disruption in our manufacturing process, depending on the level and breadth of such tariff.

Increases in the market prices of key component raw materials could increase the cost of our products and negativelyimpact our profitability.

In addition to the continuous pressure on pricing which we have experienced from our 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 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 impact the cost of raw materials. Raw material price increases have had an impact on our product costs and profitability and continued increases will similarly adversely affect us.

Our financial results are affected by automotive parts failure rates thatare outside of our control.

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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 reliability and durability of vehicles, and parts, the installation of the part, the number of miles driven by consumers, and the average age of vehicles on the road. These trends 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 the countries in which our product is manufactured;
- potential recalls or cancellations of orders for products that 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.

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- 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.

We also face the following risks related to doing business in foreign markets and importing products from abroad:

- 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 agreements with our foreign suppliers.

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- our ability to enforce 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 Disruptions in the shipping or cost of such merchandise recently have and may continue to or may more significantly decrease our sales and profits. In addition, if imported merchandise becomes continues to become more expensive or unavailable, less available due to increased tariff rates, trade disputes or other unfavorable impacts, 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:

- increased sensitivity to changes in tariff rates;

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- 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 regularly in contact with customs officials from various countries and 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.

Changes in effective tax rates could adversely affect our results.

We are subject to income taxes in a variety of domestic and foreign jurisdictions. Our future income tax liability could be materially adversely affected by earnings that are lower than anticipated in jurisdictions where we have lower statutory rates, earnings that are higher than anticipated in jurisdictions where we have higher statutory rates, changes in the valuation of our deferred tax assets and liabilities, changes in the amount of our unrecognized tax benefits, or changes in tax laws, regulations, accounting principles, or interpretations thereof.

Tax laws and regulations continue to evolve. For example, ongoing tax reform discussions in the U.S. and other jurisdictions could further impact our tax liabilities. Proposals to modify corporate tax rates, implement new taxation mechanisms on foreign earnings, or change existing tax deductions and credits could materially affect our financial results. Given the political and economic uncertainty surrounding tax policy, we cannot predict the likelihood, form, or timing of such changes, but any unfavorable developments could have an adverse impact on our effective tax rate, income tax expense, and overall financial performance.

In addition, recent legislative changes in international tax initiatives, including the Organization for Economic Co-operation and Development ("OECD")'s global minimum tax framework under Pillar Two, aim to establish a minimum corporate tax rate of 15% for large multinational enterprises. As countries implement these measures, our tax obligations could increase, and compliance requirements may become more complex. While we do not currently meet the minimum revenue threshold for Pillar Two and are not subject to its provisions, any future compliance could increase our tax obligations, impose additional compliance costs, and adversely affect our results of operations and financial condition.

Furthermore, changes in global tax laws may lead to increased tax costs or compliance burdens. The OECD's Base Erosion and Profit Shifting ("BEPS") initiatives and similar measures adopted by various jurisdictions may further contribute to tax uncertainty. As new regulations and interpretations emerge, our ability to mitigate risks associated with these changes may be limited, and our results of operations and financial condition could be adversely affected.

Natural disasters or other disruptions in our business in California, and Baja California, Mexico, and Asia 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, and Asia, 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 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 increasedpolitical and economic risks and place a greater burden on management toachieve quality standards.

Our 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;
- uncertainty in laws and regulations relating to export and import restrictions;
- exposure to government actions;
- increased required employment related costs;
- labor union activities, 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 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 2024, 2025, approximately 27% 29% 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 losses of $4,179,000, $1,373,000, and 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 2025, 2024, 2023, and 2022, 2023, respectively. In addition, we recorded a loss of $11,713,000, and gains of $5,187,000 $6,515,000, and $1,989,000 $6,515,000, in connection with the remeasurement of foreign currency-denominated lease liabilities during fiscal 2025, 2024, 2023, and 2022, 2023, respectively.

Changes in trade policy and other factors beyond our control could materially adversely affect our business.

We are affected by trade policy, including global tariffs, 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. The U.S. government has recently indicated that it intends to negotiate changes to the USMCA in 2026 with the Mexican and Canadian governments. The effects of such negotiations and any changes to the USMCA may negatively impact our operations in Mexico and Canada and may significantly and materially increase our costs by increasing the cost of shipping products from our distribution center or remanufacturing facilities in Mexico and our subsidiaries in Canada. While the current presidential administration has rejoined U.S. continues to be a member of 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 a materially adverse impact on our business. business, results of operations, and financial condition.

Possible new tariffs that might be

Tariffs imposed by the United States government could have a material adverse effect on our results of operations.

The U.S. government has recently placed increased tariffs on certain goods imported from China and other countries and may impose new tariffs on goods imported from China and other countries, including products that we import. In retaliation, response, China has responded by imposing and other countries have, and may again in the future, impose increased tariffs on a wide range of products imported from the U.S. and by adjusting adjust the value of its currency. Further, the U.S. government has recently imposed new tariffs on additional countries, including Mexico and Canada from which we remanufacture and distribute products, and we have operations. While such tariffs on Mexico and Canada were paused in connection with an agreement to renegotiate the USMCA, similar tariffs could significantly increase the cost of the products that we import and may materially impact our cost of goods and business.
If renegotiations of related to existing or threatened 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 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, 2024 March 31, 2025, we had $128,000,000 $90,787,000 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 7.46% at March 31, 2025 compared to 8.43% at March 31, 2024 compared with 8.12% at March 31, 2023. In addition, our credit facility has covenants restrictions that could 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.

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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, 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 and businesses,and these acquisitions have and may continue to introduce significant risks and uncertainties, includingrisks related to integrating the acquired businesses and achieving benefitsfrom 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 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 Increased 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 investors and other stakeholders have often focused on corporate activities related to environmental, social, and governance ("ESG") matters in public discourse and the investment community. discourse. 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 and other stakeholders 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 other stakeholder 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 and could cause certain investors to be unwilling to invest in our stock, which could adversely impact our ability to raise capital and could have other material adverse 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, 2023 December 31, 2024, we surveyed 255 204 smelters or refiners for these minerals that are, or could be, in our supply chain. Of these, 87% 94% 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.

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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.

We use artificial intelligence technologies in our business, and the use of these technologies involve technological and legal risk.

We currently use artificial intelligence (“AI”) and automated decision-making technologies (collectively, “AI Technologies”) in certain internal business practices. Technological advances in AI are rapidly evolving, and along with this rapid evolution comes risks and challenges that could negatively impact our business. AI Technologies may create incomplete, inaccurate, or misleading outputs or other discriminatory or unexpected results or behaviors, such as hallucinatory behavior that can generate irrelevant, nonsensical, or factually incorrect results. While we take measures designed to ensure the accuracy of such AI-generated content, those measures may not always be successful. Accordingly, reliance on these models could lead us to make impaired decisions that could result in adverse consequences to us, including legal liability, reputational and competitive harm, and loss of customers. Additionally, sensitive or otherwise confidential information could be leaked, disclosed, or revealed in connection with the use of AI Technologies by our employees, vendors, contractors, and where an AI model processes personal information and makes connections with that data, it may disclose sensitive, proprietary, or confidential information generated by the model.

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 attacks through use of malware, computer viruses, attachments to e-mails and other means for disruption or unauthorized access access. The risk of a cybersecurity attack, 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. 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 and are often not recognized until such attacks are launched or have been in place for 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. Item 1B. Unresolved Staff Comments

None.

Item 1C. 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" operations".

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 and our third-party suppliers and nor service providers as 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 cyber-attacks 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, result in intellectual property theft, fraud, extortion, harm to our employees or customers, violations of privacy laws or damage our reputation or otherwise substantially impact our business, it could have a material adverse effect impact on our business, liquidity, financial condition, and/or results of operations. operations, and financial condition. For additional discussion on our cybersecurity risks, refer to Item 1A. “Risk Factors” of this Form 10-K.

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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. Item 2. Properties

The following sets forth the location, type of facility, square footage and ownership interest in each of our material facilities. facilities:

Location	Type of Facility	Approx. Square Approx. Square Feet	Leased or Leased or Owned	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	
Tijuana, Mexico	Warehouse	68,000	Leased	June 2026	
Singapore & Malaysia	Remanufacturing, Warehouse, and Office	144,000 136,000	Leased	Various through September 2032	
Singapore	Warehouse and Office	18,000	Leased	December 2027	
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	2027

We believe the above mentioned facilities are sufficient to satisfy our current and foreseeable operations.

Item 3. 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, and our compliance with law, code, and regulations related to all matters including but not limited to environmental, information security, taxes, levies, tariffs and such.

Item 4. Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. 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 4, 2024 June 2, 2025, there were 19,662,380 19,435,706 shares of common stock outstanding held by 10 8 holders of record.

Purchases of Equity Securities by the Issuer

Share repurchase activity during the fourth quarter of fiscal 2024 2025 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)	Total Number of Shares Purchased	Average Price Paid Per Share
January 1 - January 31, 2024:						
January 1 - January 31, 2025:						
Open market and privately negotiated purchases	-	$ -	-	$ 18,255,000	-	$ -
February 1 - February 29, 2024:						
February 1 - February 28, 2025:						
Open market and privately negotiated purchases	-	$ -	-	18,255,000	58,068	$ 9.42
March 1 - March 31, 2024:						
March 1 - March 31, 2025:						
Open market and privately negotiated purchases	-	$ -	-	18,255,000	215,936	$ 10.14
Total	0		0	$ 18,255,000	274,004	

(1)

(1) As of March 31, 2024, $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, 2024 As of March 31, 2025, $23,577,000 of the $37,000,000 authorized under our share repurchase program was utilized and $13,423,000 remains available to repurchase shares under this program, subject to the limit in our credit facility and convertible notes. We retired the 1,379,141 shares repurchased under this program through March 31, 2025. 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.

During the quarter ended March 31, 2025, we adopted a written trading plan under Rule 10b5-1 of the SEC rule to facilitate share repurchases under our current authorized program. The adoption of a 10b5-1 plan allows us the ability to repurchase shares when we would be ordinarily restricted from purchases due to blackout periods or being in possession of material non-public information.

Equity Compensation Plan Information

The following summarizes our equity compensation plans as of March 31, 2024 March 31, 2025:

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)	Number of be is exercise options,

Equity compensation plans approved by security holders	2,122,868 (1)	$ 9.32 (2)	430,129	(3)
Equity compensation plans not approved by security holders	N/A	N/A	N/A	
Total	2,122,868	$ 9.32	430,129	

(1) Consists of (i) 52,842 restricted stock units ("RSUs"), 119,708 performance stock units ("PSUs"), and 922,628 stock options issued under the Fourth Amended and Restated 2010 Incentive Award Plan (the "2010 Plan") and (ii) 452,531 RSUs, 644,679 PSUs, and 130,933 stock options issued under our First Amended and Restated 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.

(1) Consists of (i) 140,299 restricted stock units (“RSUs”), 192,696 performance stock units (PSU’s), and 975,884 stock options issued under the Fourth Amended and Restated 2010 Incentive Award Plan (the “2010 Plan”) and (ii) 100,624 RSUs, 581,227 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.

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Stock Performance Graph

The following graph compares the cumulative return to holders of our common stock for the five years ending March 31, 2024 March 31, 2025 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 March 31, 2020 in our common stock and in each of the comparison groups, and assumes reinvestment of dividends.

graphic

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Item 6. Item 6. Selected Financial Data

None.

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Item 7. 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 on-going investments in global 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. In addition, during fiscal 2025, we added a new warehousing and distribution facility in Malaysia to support our future direct shipment programs.

During fiscal 2025, we ceased manufacturing at our Torrance, California facility, reduced our headcount, and incurred certain transition expenses in connection with our on-going strategy to utilize our global footprint to enhance operating efficiencies and expect to realize future benefit from these cost-saving measures.

Highlights and Accomplishments in Fiscal 2024 2025

During fiscal 2024, 2025, we continued to execute our focus on strategic plan – focusing on meaningful growth, and improving profitability, by and leveraging our offshore infrastructure, industry position as a leading non-discretionary aftermarket parts supplier and customer relationships. The following significant accomplishments support our optimism moving forward: optimism:

- Sales increased by 5.1 5.5 percent to a record $717.7 million $757.4 million, despite industry softness in the fiscal fourth quarter; year;
- Increased market
  Gross profit increased 16.1 percent to a record $153.8 million;
- Gross margin increased 1.8 percentage points to 20.3 percent;
- We generated cash from operating activities of approximately $45.5 million;
- Our net bank debt was reduced by $32.7 million to $81.4 million;
- We completed the relocation of certain operations to lower-cost locations as part of our ongoing commitment to continuous improvement;
- Market share for our brake-related product lines increased for both our branded Quality-Built® and our private label retail brake products;
- Expanded brand equity by increasing sales under the MPA portfolio of brands, including Quality-Built®, in the professional installer market;
- We expanded our product coverage for starters and alternators, brake calipers, brake pads, brake rotors, brake boosters, brake master cylinders, and wheel hubs with more than 629 new part numbers -- covering more than approximately 130 million vehicles in operation in North America;
- Sales growth in related to our recently launched emerging Mexican market presence continued to accelerate, driven by market share gains through additional business being awarded by from current customers;
- Secured additional commitments for
  The roll out of our JBT-1 bench-top testers that are being rolled-out continued to gain momentum, with the majority of retail stores in North America; America deploying our diagnostic units, or, we believe, planning to install them;
- Gross profit increased 16.3 percent to $132.6 million;

Gross margin increased 1.8 percentage points to 18.5 percent;

Opened We added a new warehousing and distribution facility in Malaysia to support manufacturing of wheel hub products for future direct shipments to our customers; shipment programs;

Operating income increased 26.5 percent to $46.1 million;

- Generated cash from operating activities of approximately $39.2 million;

We repurchased an aggregate 542,134 shares for $4.8 million for the full year under a current authorization program.

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 financing program to support our Our strategy for neutralization of working capital; capital is gaining momentum supported by inventory management and supply chain initiatives, including the benefits of our vendor supply chain financing program; and

- Made significant progress on enhancing our *Environmental, Social and Governance* practices on a global basis.

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We made continued progress on further enhancing our *Environmental, Social and Governance* practices on a global basis.

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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 foreign currency, evolving tariff policy, inflation, interest rates, disruptions in the supply chain, 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.

Foreign Currency

We are exposed to foreign currency exchange risks inherent in our 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, Indian rupee, 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.

We have operations located outside the United States with various functional currencies. Because our consolidated financial statements are denominated in U.S. dollars, the assets, liabilities, net sales, and expenses that are denominated in currencies other than the U.S. dollar must be converted into U.S. dollars using exchange rates for the current period. As a result, fluctuations in foreign currency exchange rates may impact our financial results.

Tariffs

We source the majority of our raw materials and parts from suppliers in a variety of non-U.S. countries. The current U.S. government recently implemented tariffs and announced the possibility of increasing current tariffs or implementing additional ones. We expect these actions and retaliatory tariff adjustments by other countries to impact our business and contribute to inflationary cost increases. As a result, we are taking actions designed to mitigate the potential impacts of these tariffs, including, but not limited to, passing along price increases to our customers and negotiating cost concessions from our suppliers where possible. Absent any changes in trade regulations, we anticipate inflationary cost increases due to these tariffs and any resulting impact on macroeconomic conditions and our business to continue. There can be no assurance that the recently announced tariffs or future imposition of any tariffs, changes thereto, or actions taken by countries in response to the tariffs will not have a material adverse effect on our business, results of operations, financial condition, or liquidity in any period or that any actions we take to mitigate the impact of the tariffs will be effective.

Inflation

The cost to manufacture and distribute our products is impacted by the cost of raw materials, finished goods, labor, and transportation. During fiscal 2024, 2025, we experienced continued to experience increased costs of raw materials, finished goods, higher labor costs in Mexico, and other administrative costs. 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 in the U.S. remain high in an effort as a result of the federal government's efforts to curb on-going inflation. We are experiencing higher Although interest rates decreased slightly during fiscal 2025, overall, interest costs for our accounts receivable discount programs and borrowings under our credit facility, which have interest costs that vary with interest rate movements. movements, remain high. The majority of our interest costs result from our accounts receivable discount programs, which had a weighted average discount rate of 6.2% for fiscal 2025 compared with 6.8% for fiscal 2024 2024. The weighted average interest on borrowings under our credit facility was 7.46% at March 31, 2025 compared with 5.3% for fiscal 2023. These continued higher interest rates and any to 8.43% at March 31, 2024. Any future increases in interest rates will continue to adversely impact our financial results.

Segment Reporting

Our three operating segments are as follows:

- •
  - **Hard Parts**, 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**, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and electric vehicle charging stations), and
  - **Heavy Duty**, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.

  Hard Parts, 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**, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and electric vehicle charging stations), and
- **Heavy Duty**, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.

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, and are not required to be separately reported, and are included within the "all other" category. reported. See Note 19 20 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. 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, 2024 March 31, 2025. However, 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.

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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 chief operating decision maker ("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, . The adoption of this guidance as of March 31, 2025 increased our disclosures (see Note 20 of the notes to consolidated financial statements) but did not have any material effect on our consolidated financial statements.

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 permitted. prohibited. 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.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses ("DISE") (Subtopic 220-40)*. This standard requires us to disclose, in the footnotes at each interim and annual reporting period, information about expenses by the nature of the expense in addition to certain disclosures about selling expenses. Entities are required to include the following relevant expense captions: (i) purchase of inventory, (ii) employee compensation, (iii) depreciation, (iv) intangible asset amortization, and (v) depreciation, depletion and amortization recognized as part of oil and gas producing activities. In January 2025, the FASB issued ASU No. 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) Clarifying the Effective Date*, which is intended to clarify the effective date of ASU No. 2024-03. As clarified in ASU 2025-01, the new guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our financial statement disclosures.

Debt with Conversion and Other Options

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*, which seeks to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. This guidance is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact this guidance will have on our consolidated financial statements and 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 expense 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 mo

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- 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 $18,964,000 and $17,372,000 at March 31, 2025 and $16,436,000 at March 31, 2024 and 2023, 2024, respectively. This increase in the reserve was primarily due to excess inventory of certain finished goods on hand at March 31, 2024 March 31, 2025 compared with March 31, 2023 March 31, 2024.

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 Assets

Contract 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 (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.

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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 $34,411,000 and $38,312,000 at March 31, 2025 and $37,984,000 at March 31, 2024 and 2023, 2024, respectively. The change in the customer finished goods returns accrual primarily resulted from the timing of returned goods authorizations ("RGAs") issued at March 31, 2024 March 31, 2025 compared with March 31, 2023 March 31, 2024.

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.

our income tax expense were (i) federal income taxes, (ii) state income taxes, (iii) change in realizable deferred tax items, (iv) foreign income taxed at rates that are different from the federal statutory rate, and (v) impact of the non-deductible executive compensation under Internal Revenue Code Section 162(m).

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 At March 31, 2025 and research and development credits in connection with our Canadian operations have been offset completely by 2024, we had 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.

Results of Operations

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,		
	2025	2024	2023
Cash flows provided by (used in) operations	$ 45,477,000	$ 39,172,000	$ (21,754,000)
Finished goods turnover (1)	3.8	3.7	3.6

	Fiscal Years Ended March 31,		
	2024	2023	2022
Cash flows provided by (used in) operations	$ 39,172,000	$ (21,754,000)	$ (44,862,000)
Finished goods turnover (1)	3.7	3.6	3.8

(1)

(1) Finished goods turnover is calculated by dividing the cost of goods sold for the year by the average 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.
Finished goods turnover is calculated by dividing the cost of goods sold for the year by the average 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.

Fiscal 2024 2025 Compared with Fiscal 2023 2024

Net Sales and Gross Profit

The following summarizes consolidated net sales and gross profit:

	Fiscal Years Ended March 31,	
	2025	2024
Net sales to external customers	$ 757,354,000	$ 717,684,000
Cost of goods sold	603,526,000	585,133,000
Gross profit	153,828,000	132,551,000
Gross profit percentage	20.3%	18.5%

	Fiscal Years Ended March 31,	
	2024	2023
Net sales to external customers	$ 717,684,000	$ 683,074,000
Cost of goods sold	585,133,000	569,112,000
Gross profit	132,551,000	113,962,000
Gross profit percentage	18.5 %	16.7 %

Net Sales. Our consolidated net sales for fiscal 2024 2025 were $717,684,000, $757,354,000, which represents an increase of $34,610,000, $39,670,000, or 5.1% 5.5%, from fiscal 2023 2024 of $683,074,000 $717,684,000 due to strong demand for both our rotating electric and brake-related product lines.

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The following summarizes consolidated net sales by product mix:

	Years Ended March 31,	
	2025	2024
Rotating electrical products	67%	66%
Brake-related products	21%	20%
Wheel hub products	8%	10%
Other products	4%	4%

	100%	100%

	Fiscal Years Ended March 31,	
	2024	2023
Rotating electrical products	66 %	67 %
Brake-related products	20 %	18 %
Wheel hub products	10 %	11 %
Other products	4 %	4 %
	100 %	100 %

Gross Profit. Our consolidated gross profit for fiscal 2024 2025 increased $18,589,000, $21,277,000, or 16.3% 16.1%, to $132,551,000 $153,828,000 from $113,962,000 $132,551,000 for fiscal 2023. 2024. Our consolidated gross margin, as a percentage of consolidated net sales, improved by 1.8% for fiscal 2024 2025 to 18.5% 20.3% from 16.7% 18.5% for fiscal 2023. This improvement is due to better utilization of 2024. The increase in our facilities and gross margin for fiscal 2025 reflects the benefit of our on-going strategy to utilize our global footprint to enhance operating efficiencies and our cost-saving initiatives. These increases were partially offset by (i) $4,607,000 for certain tariff costs paid for products sold before price increases that went into effect during current were effective, (ii) $3,960,000 of certain one-time expenses for onboarding new business and prior periods. (iii) $1,298,000 of transition expenses in connection with our on-going strategy to utilize our global footprint to enhance operating efficiencies. We expect to continue to realize benefits from these initiatives.

In addition, our gross margin for fiscal 2024 2025 compared with fiscal 2023 2024 was impacted by (i) additional expenses of $7,472,000 and $8,195,000, respectively, primarily due to certain costs for disruptions in the supply chain, (ii) amortization of core and finished goods premiums paid to customers related to new business of $10,963,000 $10,738,000 and $11,791,000, $10,963,000, respectively and (iii) (ii) 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 $2,805,000 and $5,353,000, and $3,736,000, 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").

Operating Expenses

The following summarizes consolidated operating expenses:

	Fiscal Years Ended March 31,		Fiscal Years Ended March 31,	
	2024	2023	2025	2024
General and administrative	$ 57,769,000	$ 54,756,000	$ 64,047,000	$ 57,769,000
Sales and marketing	22,481,000	21,729,000	22,561,000	22,481,000
Research and development	9,995,000	10,322,000		
Research and development.			11,405,000	9,995,000
Foreign exchange impact of lease liabilities and forward contracts	(3,814,000)	(9,291,000)	15,892,000	(3,814,000)
Percent of net sales				
General and administrative	8.0%	8.0%	8.5%	8.0%
Sales and marketing	3.1%	3.2%	3.0%	3.1%
Research and development	1.4%	1.5%	1.5%	1.4%
Foreign exchange impact of lease liabilities and forward contracts	(0.5)%	(1.4)%	2.1%	(0.5)%

General and Administrative. Our general and administrative expenses for fiscal 2024 2025 were $57,769,000, $64,047,000, which represents an increase of $3,013,000, $6,278,000, or 5.5% 10.9%, from fiscal 2023 2024 of $54,756,000. $57,769,000. This increase was primarily due to (i) $2,960,000 a loss of $2,987,000 during fiscal 2025 compared with a gain of $515,000 during fiscal 2024 resulting from unfavorable fluctuations in foreign currency exchange rates on transactions denominated in foreign currencies during the year.In addition, our general and administrative expenses were impacted by $2,544,000 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 severance during fiscal 2025 due to cost-cutting measures, and (iii) $1,033,000 of increased professional services. These increases were partially offset by (i) $952,000 of decreased severance and (ii) the benefit of headcount reductions in connection with our continued cost-cutting measures at our offshore locations. strategy to enhance operating efficiencies.

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Sales and Marketing. Our sales and marketing expenses were consistent at $22,561,000 for fiscal 2024 were 2025 compared with $22,481,000 which represents an increase of $752,000, or 3.5%, from for fiscal 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. 2024.

Research and Development. Our research and development expenses for fiscal 2024 2025 were $9,995,000, $11,405,000, which represents a decrease an increase of $327,000, $1,410,000, or 3.2% 14.1%, from fiscal 2023 2024 of $10,322,000. $9,995,000. This decrease increase was primarily due to a increased headcount, reduction supplies, and a reduction in research and development expenses. These decreases were partially offset by the $725,000 employee retention credit recorded in the prior year. outside consulting services.

Foreign Exchange Impact of Lease Liabilities and Forward Contracts. Our foreign exchange impact of lease liabilities and forward contracts were a non-cash loss of $15,892,000 compared with a non-cash gain of $3,814,000 for fiscal 2024 2025 and 2023 were non-cash gains of $3,814,000 and $9,291,000, 2024, respectively. This change during fiscal 2024 2025 compared with fiscal 2023 2024 was primarily due to (i) the remeasurement of our foreign currency-denominated lease liabilities, which resulted in a non-cash gains loss of $11,713,000 compared with a non-cash gain of $5,187,000, and $6,515,000, respectively, due to foreign currency exchange rate fluctuations and (ii) the forward foreign currency exchange contracts, which resulted in a non-cash loss losses of $4,179,000 and $1,373,000, compared with a non-cash gain of $2,776,000, respectively, due to the changes in their fair values.

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Operating Income

Consolidated Operating Income. Our consolidated operating income for fiscal 2024 2025 was $39,923,000 compared with $46,120,000 which represents an increase of $9,674,000, or 26.5%, from for fiscal 2023 of $36,446,000. Operating income increased 2024. This decrease was primarily due to higher gross profit, our foreign exchange impact of lease liabilities and forward contracts, which was were a non-cash loss of $15,892,000 compared with a non-cash gain of $3,814,000 for fiscal 2025 and 2024, respectively, partially offset by higher operating expenses gross profit and other items as discussed above.

Interest Expense

Interest Expense, net. Our interest expense for fiscal 2024 2025 was $60,040,000, $55,550,000, which represents an increase a decrease of $20,485,000, $4,490,000, or 51.8% 7.5%, from interest expense for fiscal 2023 2024 of $39,555,000. $60,040,000. This increase decrease was primarily due to (i) higher interest rates and increased collection of receivables utilizing accounts receivable discount programs on higher sales, (ii) higher interest rates offset by lower average outstanding balances under our credit facility of $90,787,000 at March 31, 2025 compared with $128,000,000 at March 31, 2024 and (iii) non-cash lower interest expense incurred rates on the convertible notes issued our accounts receivable discount programs and credit facility. The weighted average interest rate on March 31, 2023 our accounts receivable discount programs was 6.2% for fiscal 2025 compared with 6.8% for fiscal 2024. The weighted average interest on borrowings under our credit facility was 7.46% at March 31, 2025 compared to 8.43% at March 31, 2024.

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 loss of $60,000 compared with a non-cash gain of $1,020,000 for fiscal 2025 and 2024, respectively, 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 a income tax expense of $3,783,000, or an effective tax rate of (24.1)%, and $36,176,000, or an effective tax rate of (276.8)%, and $1,098,000, or an effective tax rate of (35.3)%, for fiscal 2025 and 2024, and 2023, 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 2024, 2025 was primarily impacted by (i) the change in valuation allowance, on U.S. and Canadian deferred tax assets that we do not expect to be realized, (ii) excess tax benefit from stock-based compensation, (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. rate, and (iii) non-deductible executive compensation under Internal Revenue Code Section 162(m). Our effective tax rate for fiscal 2024 was primarily impacted by the establishment of a valuation allowance on deferred tax assets that were not expected to be realized.

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Fiscal 2023 2024 Compared with Fiscal 2022 2023

A discussion of the changes in our results of operations for the year ended March 31, 2023 March 31, 2024, as compared with the year ended March 31, 2022 March 31, 2023, 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 Operations”” of the annual report on Form 10-K for the year ended March 31, 2023 March 31, 2024, filed with the SEC on June 14, 2023 June 11, 2024, and the 10-K/A for the fiscal year ended March 31, 2024 as filed with the SEC on June 28, 2024, 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” “Investors/Financials/SEC Filings” located at the top of the page.

Liquidity and Capital Resources

Overview

We had working capital (current assets minus current liabilities) of $156,034,000 $160,446,000 and $154,886,000, $156,034,000, a ratio of current assets to current liabilities of 1.5:1.0 at March 31, 2025 and 1.4:1.0 at March 31, 2024.
In June 2024, we enrolled in a feature with our lenders, under which we sweep our cash collections to pay down our revolving facility and 2023, respectively. borrow on-demand to fund payments. This feature is expected to reduce interest expense on borrowings under the credit facility.

Our primary source of liquidity was from cash generated from operations, the use of our receivable discount programs, and credit facility during fiscal 2024. 2025. 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 working capital expected future liquidity needs, and including lease and capital expenditure obligations over the next 12 months.

Cash Flows

The following summarizes cash flows as reflected in the consolidated statements of cash flows:

	Fiscal Years Ended March 31,		
	2025	2024	2023
Cash provided by (used in):			
Operating activities	$ 45,477,000	$ 39,172,000	$ (21,754,000)
Investing activities	(4,469,000)	(479,000)	(4,191,000)
Financing activities	(44,655,000)	(36,439,000)	14,308,000
Effect of exchange rates on cash and cash equivalents	(898,000)	124,000	217,000
Net (decrease) increase in cash and cash equivalents	$ (4,545,000)	$ 2,378,000	$ (11,420,000)
Additional selected cash flow data:			
Depreciation and amortization	$ 10,400,000	$ 11,619,000	$ 12,444,000
Capital expenditures	4,578,000	1,000,000	4,201,000

	Fiscal Years Ended March 31,		
	2024	2023	2022
Cash provided by (used in):			
Operating activities	$ 39,172,000	$ (21,754,000)	$ (44,862,000)
Investing activities	(479,000)	(4,191,000)	(7,938,000)
Financing activities	(36,439,000)	14,308,000	60,215,000
Effect of exchange rates on cash and cash equivalents	124,000	217,000	78,000
Net increase (decrease) in cash and cash equivalents	$ 2,378,000	$ (11,420,000)	$ 7,493,000
Additional selected cash flow data:			
Depreciation and amortization	$ 11,619,000	$ 12,444,000	$ 12,886,000
Capital expenditures	1,000,000	4,201,000	7,550,000

Fiscal 2024 2025 Compared with Fiscal 2023 2024

Net cash provided by operating activities was $45,477,000 and $39,172,000 for fiscal 2025 and 2024, compared with respectively. The increase in our net cash used provided by operating activities was due to increased operating results (net loss plus the net add-back for non-cash transactions in operations of $21,754,000 for fiscal 2023. The significant earnings), partially offset by changes in our operating activities reflect (i) increased collections of 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 working capital requirements to support anticipated future demand for our products compared with inventory reduction initiatives in the prior year. growth initiatives. We continue to manage our working capital to maximize our operating cash flow.

Net cash used in investing activities was $479,000 $4,469,000 and $4,191,000 $479,000 for fiscal 2024 2025 and 2023, 2024, respectively. The change in our investing activities primarily resulted from decreased increased capital expenditures.

Net cash used in financing activities was $44,655,000 and $36,439,000 for fiscal 2025 and 2024, compared with net cash provided by financing activities of $14,308,000 for fiscal 2023. respectively. The change in our financing activities primarily resulted from (i) the net repayment repayments of amounts outstanding under our credit revolving facility of $30,325,000 $37,213,000 during fiscal 2025 compared with $17,200,000 during fiscal 2024 compared with $13,550,000 during fiscal 2023 and (ii) the payment repurchase of debt issuance costs incurred in connection with the amendments to 542,134 shares of our credit facility and convertible notes common stock for $4,832,000 during fiscal 2024. 2025. During the prior fiscal 2023 year, we generated proceeds, less debt issuance costs, from the issuance paid off our remaining term loans of $32,000,000 in convertible notes issued on March 31, 2023. $13,125,000.

Fiscal 2023 2024 Compared with Fiscal 2022 2023

A discussion of the changes in our operating activities, investing activities, and financing activities for the year ended March 31, 2023 March 31, 2024, as compared with the year ended March 31, 2022 March 31, 2023, 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 Operations"" of the annual report on Form 10-K for the year ended March 31, 2023 March 31, 2024, filed with the SEC on June 14, 2023 June 11, 2024, and the 10-K/A for the fiscal year ended March 31, 2024, as filed with the SEC on June 28, 2024, 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" "Investors/Financials/SEC Filings" located at the top of the page.

Capital Resources

Credit Facility

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"). Prior to The Term Loans were repaid during the eighth amendment discussed below, the loans under the year ended March 31, 2024. The Credit Facility were scheduled to mature matures on May 28, 2026 December 12, 2028. In connection with the Credit Facility, the The lenders have a security interest in substantially all of our assets.

On August 3, 2023, In June 2024, we entered into enrolled in a seventh amendment feature with our lenders, under which we sweep our cash collections to pay down our revolving facility and borrow on-demand to fund payments. This feature is expected to reduce interest expense on borrowings under the Credit Facility, which among other things, (i) permitted us to repay our outstanding balance of Term Loans, (ii) permitted the exclusion of quarterly principal payments of Term Loans from the fixed charge coverage ratio (including retrospectively for the prior periods) for all quarters beginning June 30, 2023, (iii) reset the fixed charge coverage ratio financial covenant level for the quarters ending 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. Facility.

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 other 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 only tested if undrawn availability (which may include up to $8,000,000 of suppressed availability) is less than 22.5% of the aggregate revolving commitments, and (iv) amended the definitions of Consolidated EBITDA and fixed charge coverage ratio and certain component definitions used therein.

We had $128,000,000 $90,787,000 and $145,200,000 $128,000,000 outstanding under the Revolving Facility at March 31, 2024 March 31, 2025 and 2023, 2024, respectively. In addition, $6,370,000 $7,047,000 was outstanding for letters of credit at March 31, 2024 March 31, 2025. At March 31, 2024 March 31, 2025, after certain contractual adjustments, $100,915,000 $135,150,000 was available under the Revolving Facility. The interest rate on our Revolving Facility was 8.43% 7.46% and 8.13% respectively, 8.43%, at March 31, 2024 March 31, 2025 and 2023, 2024, respectively.

The Credit Facility as amended, requires us to maintain a minimum fixed charge coverage ratio if undrawn availability is less than 22.5% of the aggregate revolving commitments and a specified minimum undrawn availability. During the period ended March 31, 2024 March 31, 2025, undrawn availability was greater than the 22.5% threshold, therefore, the fixed charge coverage ratio financial covenant was not required to be tested.

Convertible Notes

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"), 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 In April 2024, non-cash accrued interest on the first amendment to Convertible Notes of $3,209,000 was paid in-kind and is included in 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 principal amount of March 31, 2023 Convertible Notes at March 31, 2025. 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, 2024 March 31, 2025, we had 28,214,757 28,240,973 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 March 31, 2025 and

2023. 2024. 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 an initial conversion price of approximately $15.00, subject to adjustment as provided in the Convertible Notes (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. circumstances, subject to reduction of the Return of Interest amount in the event that the Return of Interest amount would result in total payments to the Purchasers of less than two times the original principal amount. 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 Redemption Price (as defined below) plus $5,000,000, 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, the Purchasers may exercise the warrants and we will pay the Redemption Price plus $2,000,000.

The Conversion Option and the Company Redemption both met the criteria for bifurcation from the Convertible Notes as derivatives and have been combined 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 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 $9,000,000 and $10,400,000, $9,800,000, and an asset of $1,530,000 and $2,390,000 at March 31, 2025 and $1,970,000 at March 31, 2024 and 2023, 2024, 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 is recorded in current period earnings in the consolidated statements of operations. During the year years ended March 31, 2024, March 31, 2025 and 2024, we recorded a loss of $60,000 and a gain of $1,020,000, respectively, as the change in fair value of the Compound Net Derivative Liability in the consolidated statement statements of operations and consolidated statement statements 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 March 31, 2025 and 2023. 2024. Any subsequent changes from the initial recognition in the fair value of those features will be is 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 judgments or orders against us or any of our subsidiaries for an aggregate payment exceeding $25,000,000; (iv) the acceleration of senior debt; debt or any other debt greater than $25,000,000; (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 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 or 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 issuance costs of $1,058,000 $916,000 and $1,006,000 $1,058,000 are presented in the balance sheet as a direct deduction from the carrying amounts of the Convertible Notes at March 31, 2024 March 31, 2025 and 2023, 2024, respectively. Debt issuance costs are amortized using the effective interest method through the maturity of the Convertible Notes and recorded in interest expense in the consolidated statements of operations. The effective interest rate was 18.3% as of March 31, 2024. March 31, 2025 and 2024, respectively. 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 appointed Douglas Trussler to serve on our Board.

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Accounts Receivable Discount Programs

We use accounts receivable discount programs 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 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 discount programs 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,	
	2025	2024
Receivables discounted	$ 643,918,000	$ 618,012,000
Weighted average days	343	336
Weighted average discount rate	6.2 %	6.8 %
Amount of discount as interest expense	$ 38,021,000	$ 39,175,000

	Fiscal Years Ended March 31,	
	2024	2023
Receivables discounted	$ 618,012,000	$ 548,376,000
Weighted average days	336	328
Weighted average discount rate	6.8 %	5.3 %
Amount of discount as interest expense	$ 39,175,000	$ 26,432,000

Supplier Finance Programs

We utilize a supplier finance program, which allows certain of our suppliers to sell their receivables due from us to participating financial institutions at the sole discretion of both the supplier and the financial institutions. The program is administered by a third party. Commitments from participating financial institutions that are available to suppliers under this program increased to $30,000,000 from $15,000,000 during fiscal 2025. 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 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. At March 31, 2025 and 2024, we had $33,661,000 and $1,695,000, respectively, of outstanding supplier obligations confirmed as valid under this program, included in accounts payable in the consolidated balance sheets.

The following is a summary of the changes in outstanding supplier obligations confirmed as valid under this program:

	Year Ended March 31, 2025
Confirmed obligations outstanding at March 31, 2024	$ 1,695,000
Invoices confirmed as valid during the year	91,951,000
Confirmed invoices paid during the year	(59,985,000)
Confirmed obligations outstanding at March 31, 2025	$ 33,661,000

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 2025, we repurchased 542,134 shares of our common stock for $4,832,000. During fiscal 2024 and 2023, we did not repurchase any shares of our common stock. During fiscal 2022, we repurchased 106,486 shares of our common stock for $1,914,000. As of March 31, 2024 March 31, 2025, $18,745,000 $23,577,000 was utilized and $18,255,000 $13,423,000 remains available to repurchase shares under the authorized share repurchase program, subject to the limit in our Credit Facility. Facility and Convertible Notes. We retired the 837,007 1,379,141 shares repurchased under this program through March 31, 2024 March 31, 2025. 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.

the SEC rule to facilitate share repurchases under our current authorized program. The adoption of a 10b5-1 plan allows us the ability to repurchase shares when we would be ordinarily restricted from purchases due to blackout periods or being in possession of material non-public information.

Capital Expenditures and Commitments

Our total capital expenditures were $6,066,000 for fiscal 2025 and $1,755,000 for fiscal 2024 and $4,792,000 for fiscal 2023. 2024. 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 for fiscal 2024 2025 primarily include the purchase of equipment for our current operations. operations and our global growth initiatives. We expect to incur approximately $7,000,000 $9,500,000 of capital expenditures primarily to support our global growth initiatives and current operations maintenance of our facilities and equipment during fiscal 2025. 2026. 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, 2024 March 31, 2025 and the effect such obligations could have on our cash flows in future periods:

	Payments Due by Period					Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 3 years**	
Finance lease obligations (1)	$ 3,825,000	$ 1,753,000	$ 1,539,000	$ 533,000	$ -	$ 3,557,000	$ 1,396,000	$ 1,555,000	$
Operating lease obligations (2)	101,759,000	12,676,000	23,568,000	22,054,000	43,461,000	92,392,000	13,983,000	23,760,000	
Revolving facility (3)	128,000,000	-	-	128,000,000	-	90,787,000		-	
Convertible notes (4)	56,704,000	-	-	56,704,000	-	56,704,000	-		
Accrued core payment (5)	10,650,000	3,792,000	5,737,000	1,121,000	-	7,287,000	3,404,000	3,883,000	
Core bank liability (6)	14,130,000	2,018,000	4,036,000	4,036,000	4,040,000	12,113,000	2,018,000	10,095,000	
Finished goods liabilities (7)	549,000	404,000	145,000	-	-	518,000	518,000	-	
Unrecognized tax benefits (8)	-	-	-	-	-	-	-	-	
Other long-term obligations (9)	54,095,000	14,701,000	21,479,000	15,089,000	2,826,000				
Customer allowances earned (9)						47,194,000	14,451,000	21,430,000	
Total	$ 369,712,000	$ 35,344,000	$ 56,504,000	$ 227,537,000	$ 50,327,000	$ 310,552,000	$ 35,770,000	$ 60,723,000	$

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(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 and certain equipment.

(3)Obligations under our Revolving Facility mature on December 12, 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 Facility.

(4)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.

(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 December 12, 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) 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.

(5) Accrued core payment represents the amounts due for principal of $10,011,000 and interest payments of $639,000 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.

(5)Accrued core payment represents the amounts due for principal of $6,964,000 and interest payments of $323,000 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.

Table(6)The core bank liability represents the amounts due for principal of Contents $11,843,000 and interest payments of $270,000 to be made in connection with the return of Used Cores from our customers.

(6) The core bank liability represents the amounts due for principal of $13,582,000 and interest payments of $548,000 to be made in connection with the return of Used Cores from our customers.

(7) Finished goods liabilities represents the amounts due for principal of $549,000 and no interest payments to be made in connection with the purchase of finished goods from our customers.

(8) We are unable to reliably estimate the timing of future payments related to uncertain tax position liabilities at March 31, 2024; therefore, future tax payment accruals related to uncertain tax positions in the amount of $1,784,000 have been excluded from the table above.

(7)Finished goods liabilities represents the amounts due for principal of $518,000 and no interest payments to be made in connection with the purchase of finished goods from our customers.

(8)We are unable to reliably estimate the timing of future payments related to uncertain tax position liabilities at March 31, 2025; therefore, future tax payment accruals related to uncertain tax positions in the amount of $1,362,000 have been excluded from the table above.

(9) Other long-term obligationsCustomer allowances earned 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. 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 revolving facility bears interest at variable base rates, plus an applicable margin, which was 7.46% and 8.43% at March 31, 2025 and 8.12% at March 31, 2024 and 2023, 2024, respectively. At March 31, 2024 March 31, 2025, borrowings under our revolving facility totaled $128,000,000. $90,787,000. If interest rates were to increase 1%, our net annual interest expense on our revolving facility would have increased by approximately $1,280,000. $908,000. In addition, during the years ended March 31, 2024 March 31, 2025 and 2023, 2024, collections under our accounts receivable discount program were $618,012,000 $643,918,000 and $548,376,000, $618,012,000, respectively. The weighted average discount rate was 6.8% 6.2% and 5.3% 6.8% during fiscal 2024 2025 and 2023, 2024, respectively. If discount rates were to increase 1%, our net annual interest expense on our accounts receivable discount programs would have increased by approximately $6,180,000. $6,439,000.

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; currencies: Mexican pesos, Malaysian ringgit, Singapore dollar, Chinese yuan, Indian rupee, 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, 2024 March 31, 2025 would have increased our operating expenses by approximately $5,146,000. $4,023,000. During fiscal 2024 2025 and fiscal 2023, a loss 2024, losses of $4,179,000 and $1,373,000, and a gain of $2,776,000, respectively, was were 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 a loss of $11,713,000 and a gain of $5,187,000 and $6,515,000 in connection with the remeasurement of foreign currency-denominated lease liabilities during fiscal 2024 2025 and fiscal 2023, 2024, 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.In certain cases, we have experienced higher interest rates due to changes in customer credit profiles, which has impacted the overall cost of these financing arrangements. 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. 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. Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

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, 2024 March 31, 2025.

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, 2024 March 31, 2025 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, 2024 March 31, 2025.

The effectiveness of our internal control over financial reporting as of March 31, 2024 March 31, 2025 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. Item 9B. Other Information

Trading Arrangements

During the quarter ended March 31, 2024 March 31, 2025, 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.

During the quarter ended March 31, 2025, the Company adopted a written trading plan under Rule 10b5-1 of the SEC rule to facilitate share repurchases by the Company under its current authorized program. The adoption of a 10b5-1 plan allows the Company the ability to repurchase shares when it would be ordinarily restricted from purchases due to blackout periods or being in possession of material non-public information.

Item 9C. Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

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PART III

Item 10. 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").

We have adopted an Insider Trading Policy governing the purchase, sale, and/or other dispositions of our securities by directors, officers, and employees, and have implemented processes for the company, that we believe are designed to promote compliance with insider trading laws, rules, and regulations and any applicable listing standards. A copy of our Insider Trading Policy is filed with this Annual Report on Form 10-K as Exhibit 19.

Item 11. Item 11. Executive Compensation

The information required by this item is incorporated by reference to the Proxy Statement.

Item 12. Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference to the Proxy Statement.

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

The information required by this item is incorporated by reference to the Proxy Statement.

Item 14. Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the Proxy Statement.

PART IV

Item15. **Item 15. Exhibits, Financial Statement Schedule**

a. Documents filed as part of this report:

(1) Index to Consolidated Financial Statements:

(1) Index to Consolidated Financial Statements:

(3) Exhibits:

Number 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	Amended and Restated By-Laws of Motorcar Parts of America, Inc., as amended on February 4, 2016	Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on February 10, 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 June 14, 2016.

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Number	Description of Exhibit	Method of Filing
3.9 3.10	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 3.11	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 4.3	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 4.4	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 4.5	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 4.6	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 4.7	2022 Incentive Award Plan	Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on July 29, 2022.
4.10 4.8	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 4.9	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 4.10	First Amended and Restated Convertible Promissory Note	Incorporated by reference to Exhibit 4.12 to the Annual Report on Form 10-K filed on June 14, 2023.
4.13 4.11	First Amended and Restated Common Stock Warrant	Incorporated by reference to Exhibit 4.13 to the Annual Report on Form 10-K filed on June 14, 2023.

Number	Description of Exhibit	Method of Filing	
10.1	Form of Indemnification Agreement for officers and directorsNumber	Incorporated by reference toDescription of Exhibit 10.25 to the 1997 Registration Statement.	Method of Filing
10.2 4.12	First Amended and Restated 2022 Incentive Award Plan	Incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A filed on July 26, 2024.	
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.	
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.	

Number	Description of Exhibit	Method of Filing
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.

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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.
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.

Number	Description of Exhibit	Method of Filing
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.	
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	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	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 on June 14, 2023.

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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.
19		
21.1 Insider Trading Policy	List of Subsidiaries	Filed herewith.
23.1 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.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.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.

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101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	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. Item 16. Form 10-K Summary

None.

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SIGNATURES

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 11, 2024 June 9, 2025	By: /s/ David Lee David Lee Chief Financial Officer
Dated: June 11, 2024 June 9, 2025	By: /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 Selwyn Joffe	Chief Executive Officer and Director (Principal Executive Officer)	June 11, 2024 9, 2025
/s/ David Lee David Lee	Chief Financial Officer (Principal Financial Officer)	June 11, 2024 9, 2025
/s/ Kamlesh Shah Kamlesh Shah	Chief Accounting Officer (Principal Accounting Officer)	June 11, 2024 9, 2025
/s/ Rudolph Borneo Rudolph Borneo	Director	June 11, 2024
/s/ David Bryan David Bryan	Director	June 11, 2024 9, 2025
/s/ Joseph Ferguson Joseph Ferguson	Director	June 11, 2024 9, 2025
/s/ Philip Gay Philip Gay	Director	June 11, 2024 9, 2025
/s/ F. Jack Liebau, Jr. F. Jack Liebau, Jr.	Director	June 9, 2025
/s/ Jeffrey Mirvis Jeffrey Mirvis	Director	June 11, 2024 9, 2025
/s/ Jamy Rankin Anil Shrivastava Jamy Rankin Anil Shrivastava	Director	June 11, 2024 9, 2025
/s/ Douglas Trussler Douglas Trussler	Director	June 11, 2024 9, 2025
/s/ Patricia Warfield Patricia Warfield	Director	June 11, 2024 9, 2025
/s/ Barbara Whittaker Barbara Whittaker	Director	June 11, 2024 9, 2025

MOTORCAR PARTS OF AMERICA, INC.
AND SUBSIDIARIES

CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Motorcar Parts of America, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Motorcar Parts of America, Inc. and subsidiaries' internal control over financial reporting as of March 31, 2024 March 31, 2025, based on criteria established in Internal Control-Integrated 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, 2024 March 31, 2025, 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 March 31, 2025 and 2023, 2024, 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, 2024 March 31, 2025, and the related notes and financial statement schedule listed in the Index at Item 15 15a.(2) and our report dated June 11, 2024 June 9, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Los Angeles, California
June 11, 2024
/s/ Ernst & Young LLP
Los Angeles, California
June 9, 2025

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Motorcar Parts of America, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Motorcar Parts of America, Inc. and subsidiaries (the Company) as of March 31, 2024 March 31, 2025 and 2023, 2024, 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, 2024 March 31, 2025, and the related notes and financial statement schedule listed in the Index at Item 15 15a.(2) (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 March 31, 2025 and 2023, 2024, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2024 March 31, 2025, 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, 2024 March 31, 2025, 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 11, 2024 June 9, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of this the critical audit 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 matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

	Marketing Allowances
Description of the Matter	As more fully described in Note 2 and Note 14 15 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 specified credits against receivables, (ii) support for research or marketing efforts, (iii) discounts granted in connection with each individual shipment of product, and (iv) other marketing, research, store expansion or product development support. At March 31, 2024 March 31, 2025, marketing allowances recorded on the Company's consolidated balance sheet was $19,789,000, $16,283,000, which is presented within contract liabilities.
	Auditing the completeness of marketing allowances was complex because due to the high volume of transactions processed by the Company and the variability of marketing allowances vary by contract and can be impacted by unrecorded marketing allowances provided to customers. contract.

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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 processes, including management's review of contracts with customers containing marketing allowances, management's review of the completeness and accuracy of data used in the marketing allowance 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 the completeness of 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 during the year and subsequent to year-end. We tested the completeness and accuracy of data used in the calculation of the marketing allowance accrual 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 11, 2024

59 /s/ Ernst & Young LLP

We have served as the Company's auditor since 2007.

Los Angeles, California

June 9, 2025

MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES

Consolidated **Consolidated Balance Sheets**

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
ASSETS				
Current assets:				
Cash and cash equivalents	$ 13,974,000	$ 11,596,000	$ 9,429,000	$ 13,974,000
Short-term investments	1,837,000	2,011,000	1,881,000	1,837,000
Accounts receivable — net	96,296,000	119,868,000	91,064,000	96,296,000
Inventory — net	377,040,000	339,675,000	341,209,000	377,040,000
Inventory unreturned	20,288,000	16,579,000	18,460,000	20,288,000
Contract assets	27,139,000	25,443,000	29,606,000	27,139,000
Income tax receivable	5,683,000	2,156,000	4,208,000	5,683,000
Prepaid expenses and other current assets	18,202,000	20,150,000	15,614,000	18,202,000
Total current assets	560,459,000	537,478,000	511,471,000	560,459,000
Plant and equipment — net	38,338,000	46,052,000	31,990,000	38,338,000
Operating lease assets	83,973,000	87,619,000	66,603,000	83,973,000
Deferred income taxes	2,976,000	32,625,000	4,569,000	2,976,000
Long-term contract assets	320,282,000	318,381,000	336,268,000	320,282,000
Goodwill	3,205,000	3,205,000	3,205,000	3,205,000
Intangible assets — net	1,069,000	2,143,000	552,000	1,069,000
Other assets	1,700,000	1,062,000	2,978,000	1,700,000
TOTAL ASSETS	$ 1,012,002,000	$ 1,028,565,000	$ 957,636,000	$ 1,012,002,000
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 154,977,000	$ 119,437,000	$ 141,906,000	$ 154,977,000
Accrued liabilities	30,205,000	22,329,000	30,211,000	30,205,000
Customer finished goods returns accrual	38,312,000	37,984,000	34,411,000	38,312,000
Contract liabilities	37,591,000	40,340,000	38,158,000	37,591,000
Revolving loan	128,000,000	145,200,000	90,787,000	128,000,000
Other current liabilities	7,021,000	4,871,000	5,570,000	7,021,000
Operating lease liabilities	8,319,000	8,767,000	9,982,000	8,319,000
Current portion of term loan	-	3,664,000		
Total current liabilities	404,425,000	382,592,000	351,025,000	404,425,000
Term loan, less current portion	-	9,279,000		
Convertible notes, related party	30,776,000	30,994,000	35,207,000	30,776,000
Contract liabilities, less current portion	212,068,000	193,606,000	241,404,000	212,068,000
Deferred income taxes	511,000	718,000	362,000	511,000
Operating lease liabilities, less current portion	72,240,000	79,318,000	65,308,000	72,240,000
Other liabilities	6,872,000	11,583,000	6,631,000	6,872,000
Total liabilities	726,892,000	708,090,000	699,937,000	726,892,000
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 shares issued and outstanding at March 31, 2024 and 2023, respectively	197,000	195,000		
Shareholders' equity:				
Preferred stock; par value $.01 per share, 5,000,000 shares authorized; none issued Series A junior participating preferred stock; par value $.01 per share, 20,000 shares authorized; none issued			-	-

Common stock; par value $.01 per share, 50,000,000 shares authorized;19,435,706 and 19,662,380 shares issued and outstanding at March 31, 2025 and 2024, respectively			194,000	197,000
Additional paid-in capital	236,255,000	231,836,000	234,413,000	236,255,000
Retained earnings	39,503,000	88,747,000	20,033,000	39,503,000
Accumulated other comprehensive income (loss)	9,155,000	(303,000)		
Total shareholders' equity	285,110,000	320,475,000		
Accumulated other comprehensive income			3,059,000	9,155,000
Total shareholders' equity			257,699,000	285,110,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,012,002,000	$ 1,028,565,000	$ 957,636,000	$ 1,012,002,000

The accompanying notes to consolidated financial statements are an integral part hereof.

MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES

ConsolidatedConsolidated **Statements of Operations**

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Net sales	$ 717,684,000	$ 683,074,000	$ 650,308,000	$ 757,354,000	$ 717,684,000	$ 683,074,000
Cost of goods sold	585,133,000	569,112,000	532,443,000	603,526,000	585,133,000	569,112,000
Gross profit	132,551,000	113,962,000	117,865,000	153,828,000	132,551,000	113,962,000
Operating expenses:						
General and administrative	57,769,000	54,756,000	57,499,000	64,047,000	57,769,000	54,756,000
Sales and marketing	22,481,000	21,729,000	22,833,000	22,561,000	22,481,000	21,729,000
Research and development	9,995,000	10,322,000	10,502,000	11,405,000	9,995,000	10,322,000
Foreign exchange impact of lease liabilities and forward contracts	(3,814,000)	(9,291,000)	(1,673,000)	15,892,000	(3,814,000)	(9,291,000)
Total operating expenses	86,431,000	77,516,000	89,161,000	113,905,000	86,431,000	77,516,000
Operating income	46,120,000	36,446,000	28,704,000	39,923,000	46,120,000	36,446,000
Other expenses:						
Interest expense, net	60,040,000	39,555,000	15,555,000	55,550,000	60,040,000	39,555,000
Change in fair value of compound net derivative liability	(1,020,000)	-	-	60,000	(1,020,000)	-
Loss on extinguishment of debt	168,000	-	-	-	168,000	-
Total other expenses	59,188,000	39,555,000	15,555,000	55,610,000	59,188,000	39,555,000
(Loss) income before income tax expense	(13,068,000)	(3,109,000)	13,149,000			
Loss before income tax expense				(15,687,000)	(13,068,000)	(3,109,000)
Income tax expense	36,176,000	1,098,000	5,788,000	3,783,000	36,176,000	1,098,000
Net (loss) income	$ (49,244,000)	$ (4,207,000)	$ 7,361,000			
Basic net (loss) income per share	$ (2.51)	$ (0.22)	$ 0.38			
Diluted net (loss) income per share	$ (2.51)	$ (0.22)	$ 0.38			
Net loss				$ (19,470,000)	$ (49,244,000)	$ (4,207,000)
Basic net loss per share				$ (0.99)	$ (2.51)	$ (0.22)
Diluted net loss per share				$ (0.99)	$ (2.51)	$ (0.22)
Weighted average number of shares outstanding:						
Basic	19,601,204	19,340,246	19,119,727	19,685,322	19,601,204	19,340,246
Diluted	19,601,204	19,340,246	19,559,646	19,685,322	19,601,204	19,340,246

The accompanying notes to consolidated financial statements are an integral part hereof.

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MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive (Loss) Income

	Years Ended March 31,		
	2024	2023	2022
Net (loss) income	$ (49,244,000)	$ (4,207,000)	$ 7,361,000
Other comprehensive income, net of tax:			
Foreign currency translation income	9,458,000	4,763,000	2,630,000
Total other comprehensive income, net of tax	9,458,000	4,763,000	2,630,000
Comprehensive (loss) income	$ (39,786,000)	$ 556,000	$ 9,991,000

	Years Ended March 31,		
	2025	2024	2023
Net loss	$ (19,470,000)	$ (49,244,000)	$ (4,207,000)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation (loss) income	(6,096,000)	9,458,000	4,763,000
Total other comprehensive (loss) income, net of tax	(6,096,000)	9,458,000	4,763,000
Comprehensive (loss) income	$ (25,566,000)	$ (39,786,000)	$ 556,000

The accompanying notes to consolidated financial statements are an integral part hereof.

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MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity

	Common Stock						Common Stock		
	Shares	Amount	Additional Paid-in Capital Common Stock	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total	Shares	Amount	Ad Ca
Balance at March 31, 2021	19,045,386	$ 190,000	$ 223,058,000	$ 85,593,000	$ (7,696,000)	$ 301,145,000			
Balance at March 31, 2022							19,104,751	$ 191,000	$
Compensation recognized under employee stock plans	-	-	7,287,000	-	-	7,287,000	-	-	
Exercise of stock options, net of shares withheld for employee taxes and net share settlement of exercise price	33,996	-	499,000	-	-	499,000	236,199	2,000	
Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes	131,855	2,000	(1,747,000)	-	-	(1,745,000)			
Repurchase and cancellation of treasury stock, including fees	(106,486)	(1,000)	(1,913,000)	-	-	(1,914,000)			
Foreign currency translation	-	-	-	-	2,630,000	2,630,000			
Net income	-	-	-	7,361,000	-	7,361,000			
Balance at March 31, 2022	19,104,751	$ 191,000	$ 227,184,000	$ 92,954,000	$ (5,066,000)	$ 315,263,000			
Compensation recognized under employee stock plans	-	-	4,685,000	-	-	4,685,000			
Exercise of stock options, net of shares withheld for employee taxes and net share settlement of exercise price	236,199	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	(971,000)	-	-	(969,000)			
Issuance of common stock upon vesting of RSUs,net of shares withheld for employee taxes							153,665	2,000	
Foreign currency translation	-	-	-	-	4,763,000	4,763,000	-	-	
Net loss	-	-	-	(4,207,000)	-	(4,207,000)	-	-	
Balance at March 31, 2023	19,494,615	$ 195,000	$ 231,836,000	$ 88,747,000	$ (303,000)	$ 320,475,000	19,494,615	$ 195,000	$
Compensation recognized under employee stock plans	-	-	4,700,000	-	-	4,700,000	-	-	
Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes	167,765	2,000	(281,000)	-	-	(279,000)			
Issuance of common stock upon vesting of RSUs,net of shares withheld for employee taxes							167,765	2,000	
Foreign currency translation	-	-	-	-	9,458,000	9,458,000	-	-	
Net loss	-	-	-	(49,244,000)	-	(49,244,000)	-	-	
Balance at March 31, 2024	19,662,380	$ 197,000	$ 236,255,000	$ 39,503,000	$ 9,155,000	$ 285,110,000	19,662,380	$ 197,000	$

Compensation recognized under employee stock plans	-	-	
Issuance of common stock upon vesting of RSUs and PSUs,net of shares withheld for employee taxes	315,460	2,000	
Repurchase and cancellation of common stock, including fees	(542,134)	(5,000)	
Foreign currency translation	-	-	
Net loss	-	-	
Balance at March 31, 2025	19,435,706	$ 194,000	$

The accompanying notes to consolidated financial statements are an integral part hereof.

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MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Cash flows from operating activities:						
Net (loss) income	$ (49,244,000)	$ (4,207,000)	$ 7,361,000			
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:						
Net loss				$ (19,470,000)	$ (49,244,000)	$ (4,207,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:						
Depreciation and amortization	10,544,000	10,984,000	11,338,000	9,923,000	10,544,000	10,984,000
Amortization of intangible assets	1,075,000	1,460,000	1,548,000	477,000	1,075,000	1,460,000
Amortization of debt issuance costs	2,165,000	663,000	623,000	2,222,000	2,165,000	663,000
Amortization of interest on contract liabilities, net	933,000	940,000	879,000	749,000	933,000	940,000
Accrued interest on convertible notes, related party	3,200,000	9,000	-	3,521,000	3,200,000	9,000
Loss on extinguishment of debt	168,000	-	-	-	168,000	-
Amortization of core premiums paid to customers	10,181,000	11,113,000	11,242,000	9,826,000	10,181,000	11,113,000
Amortization of finished goods premiums paid to customers	782,000	678,000	718,000	912,000	782,000	678,000
Non-cash lease expense	10,255,000	8,348,000	7,447,000	9,540,000	10,255,000	8,348,000
Foreign exchange impact of lease liabilities and forward contracts	(3,814,000)	(9,291,000)	(1,673,000)	15,892,000	(3,814,000)	(9,291,000)
Foreign currency remeasurement	65,000	1,408,000	48,000	2,262,000	65,000	1,408,000
Change in fair value of compound net derivative liability	(1,020,000)	-	-	60,000	(1,020,000)	-
Loss due to the change in the fair value of the contingent consideration	-	-	67,000			
(Gain) loss on short-term investments	(347,000)	181,000	(163,000)	(105,000)	(347,000)	181,000
Net provision for inventory reserves	16,233,000	18,851,000	13,504,000	15,009,000	16,233,000	18,851,000
Net provision for customer payment discrepancies	1,452,000	2,112,000	2,142,000	1,507,000	1,452,000	2,112,000
Net (recovery of) provision for doubtful accounts	(133,000)	108,000	95,000			
Net provision for (recovery of) doubtful accounts				42,000	(133,000)	108,000
Deferred income taxes	29,564,000	(5,207,000)	(7,442,000)	(1,805,000)	29,564,000	(5,207,000)
Share-based compensation expense	4,700,000	4,685,000	7,287,000	3,877,000	4,700,000	4,685,000
Loss on disposal of plant and equipment	9,000	17,000	36,000	5,000	9,000	17,000
Change in operating assets and liabilities:						
Accounts receivable	22,687,000	(37,176,000)	(24,145,000)	2,407,000	22,687,000	(37,176,000)
Inventory	(53,585,000)	10,423,000	(95,529,000)	19,615,000	(53,585,000)	10,423,000
Inventory unreturned	(3,666,000)	(1,531,000)	(437,000)	1,723,000	(3,666,000)	(1,531,000)
Income tax receivable	(3,501,000)	(2,030,000)	111,000	1,450,000	(3,501,000)	(2,030,000)
Prepaid expenses and other current assets	3,100,000	(2,906,000)	(682,000)	(2,259,000)	3,100,000	(2,906,000)
Other assets	(601,000)	435,000	122,000	(1,509,000)	(601,000)	435,000
Accounts payable and accrued liabilities	47,264,000	(23,757,000)	17,453,000	(13,280,000)	47,264,000	(23,757,000)
Customer finished goods returns accrual	222,000	(201,000)	6,533,000	(3,676,000)	222,000	(201,000)
Contract assets, net	(14,221,000)	(17,560,000)	(52,474,000)	(29,981,000)	(14,221,000)	(17,560,000)
Contract liabilities, net	14,664,000	17,719,000	48,056,000	29,381,000	14,664,000	17,719,000
Operating lease liabilities	(8,702,000)	(7,141,000)	(5,442,000)	(9,088,000)	(8,702,000)	(7,141,000)
Other liabilities	(1,257,000)	(881,000)	6,515,000	(3,750,000)	(1,257,000)	(881,000)
Net cash provided by (used in) operating activities	39,172,000	(21,754,000)	(44,862,000)	45,477,000	39,172,000	(21,754,000)
Cash flows from investing activities:						
Purchase of plant and equipment	(1,000,000)	(4,201,000)	(7,550,000)	(4,578,000)	(1,000,000)	(4,201,000)
Redemptions of (payments for) short term investments	521,000	10,000	(388,000)			
Proceeds from sales of plant and equipment				49,000	-	-
Redemptions of short-term investments				60,000	521,000	10,000
Net cash used in investing activities	(479,000)	(4,191,000)	(7,938,000)	(4,469,000)	(479,000)	(4,191,000)
Cash flows from financing activities:						
Borrowings under revolving loan	82,005,000	65,000,000	107,000,000	541,423,000	82,005,000	65,000,000
Repayments under revolving loan	(99,205,000)	(74,800,000)	(36,000,000)	(578,636,000)	(99,205,000)	(74,800,000)

Repayments of term loan	(13,125,000)	(3,750,000)	(3,750,000)	-	(13,125,000)	(3,750,000)
Proceeds from issuance of convertible notes, related party	-	32,000,000	-	-	-	32,000,000
Payments for debt issuance costs	(3,973,000)	(1,716,000)	(1,159,000)	(15,000)	(3,973,000)	(1,716,000)
Payments on finance lease obligations	(1,862,000)	(2,397,000)	(2,716,000)	(1,705,000)	(1,862,000)	(2,397,000)
Exercise of stock options	-	940,000	499,000	-	-	940,000
Cash used to net share settle equity awards	(279,000)	(969,000)	(1,745,000)	(890,000)	(279,000)	(969,000)
Repurchase of common stock, including fees	-	-	(1,914,000)	(4,832,000)	-	-
Net cash (used in) provided by financing activities	(36,439,000)	14,308,000	60,215,000	(44,655,000)	(36,439,000)	14,308,000
Effect of exchange rate changes on cash and cash equivalents	124,000	217,000	78,000	(898,000)	124,000	217,000
Net increase (decrease) in cash and cash equivalents	2,378,000	(11,420,000)	7,493,000			
Net (decrease) increase in cash and cash equivalents				(4,545,000)	2,378,000	(11,420,000)
Cash and cash equivalents — Beginning of year	11,596,000	23,016,000	15,523,000	13,974,000	11,596,000	23,016,000
Cash and cash equivalents — End of year	$ 13,974,000	$ 11,596,000	$ 23,016,000	$ 9,429,000	$ 13,974,000	$ 11,596,000
Supplemental disclosures of cash flow information:						
Cash paid for interest, net	$ 53,797,000	$ 37,772,000	$ 13,994,000	$ 48,724,000	$ 53,797,000	$ 37,772,000
Cash paid for income taxes, net of refunds	9,558,000	14,198,000	6,746,000	5,858,000	9,558,000	14,198,000
Cash paid for operating leases	13,358,000	12,055,000	10,406,000	13,356,000	13,358,000	12,055,000
Cash paid for finance leases	2,081,000	2,659,000	3,061,000	1,896,000	2,081,000	2,659,000
Plant and equipment acquired under finance lease	745,000	1,246,000	836,000	1,412,000	745,000	1,246,000
Assets acquired under operating leases	1,603,000	7,832,000	16,187,000	3,972,000	1,603,000	7,832,000
Non-cash capital expenditures	16,000	6,000	661,000	80,000	16,000	6,000
Debt issuance costs included in accounts payable and accrued liabilities	-	476,000	-	-	-	476,000

The accompanying notes to consolidated financial statements are an integral part hereof.

MOTORCAR 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) equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and 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. In addition, during the year ended March 31, 2025, the Company added a new warehousing and distribution facility in Malaysia to support its future direct shipment programs.

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.

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 chief operating decision maker ("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 adoption of this guidance as of March 31, 2025 increased the Company's disclosures (see Note 20) but did not have any material effect on its consolidated financial statements.

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.*

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.

Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, Disaggregation of Income Statement Expenses ("DISE") (Subtopic 220-40). This standard requires the Company to disclose, in the footnotes at each interim and annual reporting period, information about expenses by the nature of the expense in addition to certain disclosures about selling expenses. Entities are required to include the following relevant expense captions: (i) purchase of inventory, (ii) employee compensation, (iii) depreciation, (iv) intangible asset amortization, and (v) depreciation, depletion and amortization recognized as part of oil and gas producing activities. In January 2025, the FASB issued ASU No. 2025-01, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40) Clarifying the Effective Date, which is intended to clarify the effective date of ASU No. 2024-03. As clarified in ASU 2025-01, the new guidance is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

Debt with Conversion and Other Options

In November 2024, the FASB issued ASU 2024-04, Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments, which seeks to clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. This guidance is effective for annual periods beginning after December 15, 2025, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

Principles of Consolidation

The 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:

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  ***Hard Parts**, which includes (i) light duty rotating electric products such as alternators and starters, (ii) wheel hub products, (iii) brake-related products, including brake calipe*
- ***Test Solutions and Diagnostic Equipment**, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equi*
- ***Heavy Duty**, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.*

- ***Test Solutions and Diagnostic Equipment**, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and electric vehicle charging stations), and*
- ***Heavy Duty**, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.*

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, and are not required to be separately reported, and are included within the "all other" category. reported. See Note 19 20 for more information.

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.

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:

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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.

Table 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 Contents *core cost is recorded as cost of goods sold in the period in which the revaluation is identified.*

- *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.*

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- *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 $18,964,000 and $17,372,000 at March 31, 2025 and 2024, respectively. This increase in the reserve was primarily due to excess inventory of certain finished goods on hand at March 31, 2025 compared with March 31, 2024.

- 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 at March 31, 2024 and 2023 respectively. This increase in the reserve was primarily due to excess inventory of certain finished goods on hand at March 31, 2024 compared with March 31, 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 Unreturned

Inventory 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 Assets

Contract 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 (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.

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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.

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Upfront 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.

The primary components of the Company's income tax expense were (i) federal income taxes, (ii) state income taxes, (iii) change in realizable deferred tax items, (iv) foreign income taxed at rates that are different from the federal statutory rate, (iv) change in realizable deferred tax items, and (v) impact of the non-deductible executive compensation under Internal Revenue Code Section 162(m), (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. .

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 At March 31, 2025 and research and development credits in connection with 2024, the Company's Canadian operations have been offset completely by Company had 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, estimate, 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. years. Office equipment and fixtures are depreciated over a range from three to ten years. 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 March 31, 2025, 2023, 2024, or 2022. 2023.

__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 detainable. 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.

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The 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 a loss of $11,713,000 and gains of $5,187,000 $6,515,000 and $1,989,000 $6,515,000 during the years ended March 31, 2024 March 31, 2025, 2023 2024 and 2022, 2023, 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.

Goodwill

The 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 March 31, 2025, 2023, 2024, or 2022. 2023.

Intangible Assets

The 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 March 31, 2025, 2023 2024 or 2022.
2023.

Debt Issuance Costs

Debt issuance costs include fees and costs incurred to obtain financing. Debt issuance costs related to the Company's term loan and convertible notes are presented in the balance sheet as a direct deduction from carrying amounts of the respective debt. convertible notes. 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. 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 over the term of the related loans and included in interest expense in the Company's consolidated statements of operations. operations.

Foreign Currency Translation

For 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. Aggregate foreign currency transactions recorded in general and administrative expenses were a loss of $2,987,000, a gain of $515,000, and a loss of $1,401,000, and a gain of $239,000 for the years ended March 31, 2024 March 31, 2025, 2024, and 2023, and 2022, respectively. respectively.

Revenue Recognition

Revenue 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. 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 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.

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, 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 15 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.

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.

Advertising Costs

The Company expenses all advertising costs as incurred. Advertising expenses for the years ended March 31, 2024 March 31, 2025, 2024 and 2023 were $435,000, $614,000, and 2022 were $614,000, $606,000, and $1,007,000, respectively.

Net (Loss) Income Loss Per Share

Basic net (loss) income loss per share is computed by dividing net (loss) income loss by the weighted average number of shares of common stock outstanding during the period. Diluted net (loss) income loss 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.anti-dilutive.

The following presents a reconciliation of basic and diluted net (loss) income loss per share.

	Years Ended March 31,		
	2024	2023	2022
Net (loss) income	$ (49,244,000)	$ (4,207,000)	$ 7,361,000
Basic shares	19,601,204	19,340,246	19,119,727
Effect of dilutive stock options	-	-	439,919
Diluted shares	19,601,204	19,340,246	19,559,646
Net (loss) income per share:			
Basic net (loss) income per share	$ (2.51)	$ (0.22)	$ 0.38
Diluted net (loss) income per share	$ (2.51)	$ (0.22)	$ 0.38

	Years Ended March 31,		
	2025	2024	2023
Net loss	$ (19,470,000)	$ (49,244,000)	$ (4,207,000)
Basic shares	19,685,322	19,601,204	19,340,246
Effect of dilutive shares	-	-	-
Diluted shares	19,685,322	19,601,204	19,340,246
Net loss per share:			
Basic net loss per share	$ (0.99)	$ (2.51)	$ (0.22)
Diluted net loss per share	$ (0.99)	$ (2.51)	$ (0.22)

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 loss per share. For the years ended March 31, 2024 March 31, 2025, 2023 2024, and 2022, 2023, there were 2,323,321, 2,122,863, and 1,854,795, and 725,998, respectively, of potential common shares not included included in the calculation of diluted net (loss) income loss per share because their effect was anti-dilutive.

In addition, for the year years ended March 31, 2024 March 31, 2025, 2024, and 2023, there were 2,493,963, 1,693,778, and 5,846, respectively, of potential common shares not included in the calculation of diluted net (loss) income loss per share under the "if-converted" method for the Convertible Notes because their effect was anti-dilutive. 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, 2024 March 31, 2025, 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 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. operations.

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Financial Instruments

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 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 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 $42,398,000 and $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. March 31, 2025 and 2024, respectively. See Note 13 14 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, (ii) the closing share price of the Company's stock on the grant date for restricted stock units and restricted stock awards, (iii) the closing share price of the Company's stock on the grant date for performance stock units subject to performance conditions, and (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 19 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 assumptions including the expected volatility of the underlying stock and the expected holding period of the option. These 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. In certain cases, the Company has experienced higher interest rates due to changes in customer credit profiles, which has impacted the overall cost of these financing arrangements.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 $1,881,000 and $2,011,000, $1,837,000, and the deferred compensation liability, which is included in other current liabilities in the accompanying consolidated balance sheets, was $1,881,000 and $1,837,000 at March 31, 2025 and $2,011,000 at March 31, 2024 and 2023, 2024, respectively. During the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022, 2023, the Company made contributions of $36,000, $6,000 $75,000 and $119,000, $75,000, respectively. During the year ended March 31, 2024, March 31, 2024, the Company's matching contributions under its deferred compensation plan were temporarily halted through February 2024 when they were reinstated.

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During the years ended March 31, 2024 March 31, 2025, 2024, and 2023, and 2022, employee contributions of $46,000, $82,000, $287,000, and $388,000, $287,000, respectively, were made to the deferred compensation plan. During the years ended March 31, 2024 March 31, 2025, 2024, and 2023, the Company redeemed $151,000, $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.

The following summarizes the gain (loss) on the Company's equity investments:

	Years Ended March 31, 2024	Years Ended March 31, 2023	Years Ended March 31, 2022	Years Ended March 31, 2025	Years Ended March 31, 2024	Years Ended March 31, 2023
Net gain (loss) recognized on equity securities	$ 347,000	$ (181,000)	$ 163,000	$ 105,000	$ 347,000	$ (181,000)
Less: net gain (loss) recognized on equity securities sold	74,000	(15,000)	-	8,000	74,000	(15,000)
Unrealized gain (loss) recognized on equity securities still held	$ 273,000	$ (166,000)	$ 163,000	$ 97,000	$ 273,000	$ (166,000)

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 March 31, 2025 and 2023, 2024, 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:

	Weighted Average Amortization Period	March 31, 2024 Gross Carrying Value	March 31, 2024 Accumulated Amortization	March 31, 2023 Gross Carrying Value	March 31, 2023 Accumulated Amortization	Weighted Average Amortization Period	March 31, 2025 Gross Carrying Value	March 31, 2025 Accumulated Amortization	March 31, 2024 Gross Carrying Value	March 31, 2024 Accumulated Amortization
Intangible assets subject to amortization										
Trademarks	9 years	$ 705,000	$ 641,000	$ 705,000	$ 577,000	10 years	$ 520,000	$ 513,000	$ 705,000	$ 641,000
Customer relationships	11 years	8,573,000	7,568,000	8,576,000	6,947,000	8 years	2,532,000	1,987,000	8,573,000	7,568,000
Developed technology	5 years	-	-	2,667,000	2,281,000					
Total	9 years	$ 9,278,000	$ 8,209,000	$ 11,948,000	$ 9,805,000					
Total intangible assets subject to amortization						8 years	$ 3,052,000	$ 2,500,000	$ 9,278,000	$ 8,209,000

During During the year years ended March 31, 2024, March 31, 2025 and 2024, the Company retired $6,085,000 and $2,667,000, respectively, of fully amortized intangible assets. During the year ended March 31, 2023, the Company did not retire any fully amortized intangible assets.

Amortization expense for acquired intangible assets is as follows:

	Years Ended March 31,		
	2024	2023	2022
Amortization expense	$ 1,075,000	$ 1,460,000	$ 1,548,000

	Years Ended March 31,		
	2025	2024	2023
Amortization expense	$ 477,000	$ 1,075,000	$ 1,460,000

The estimated future amortization expense for acquired intangible assets subject to amortization is as follows:

Year Ending March 31,		
2025	486,000	
2026	341,000	$ 323,000
2027	242,000	229,000
Total	$ 1,069,000	$ 552,000

4. Accounts Receivable — Net

4.

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, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Accounts receivable - net				
Accounts receivable — trade	$ 118,500,000	$ 136,076,000	$ 113,807,000	$ 118,500,000
Allowance for credit losses	(189,000)	(339,000)	(207,000)	(189,000)
Customer payment discrepancies	(1,206,000)	(1,634,000)	(1,765,000)	(1,206,000)
Customer returns RGA issued	(20,809,000)	(14,235,000)	(20,771,000)	(20,809,000)
Less: total accounts receivable offset accounts	(22,204,000)	(16,208,000)	(22,743,000)	(22,204,000)
Total accounts receivable — net	$ 96,296,000	$ 119,868,000	$ 91,064,000	$ 96,296,000

5. Inventory

Inventory is comprised of the following:

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Inventory - net				
Raw materials	$ 158,819,000	$ 147,880,000	$ 150,274,000	$ 158,819,000
Work in process	7,943,000	7,033,000	7,821,000	7,943,000
Finished goods	227,650,000	201,198,000	202,078,000	227,650,000
	394,412,000	356,111,000	360,173,000	394,412,000
Less allowance for excess and obsolete inventory	(17,372,000)	(16,436,000)	(18,964,000)	(17,372,000)
Total	$ 377,040,000	$ 339,675,000		
Total inventory - net			$ 341,209,000	$ 377,040,000
Inventory unreturned	$ 20,288,000	$ 16,579,000	$ 18,460,000	$ 20,288,000

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6. Contract Assets

During the years ended March 31, 2024 March 31, 2025, 2024, and 2023, the Company reduced the carrying value of Remanufactured Cores held at customers' locations by $2,805,000, $5,353,000, and $3,736,000, respectively.

Contract assets are comprised of the following:

	March 31, 2024	March 31, 2023
Short-term contract assets		
Cores expected to be returned by customers	$ 15,409,000	$ 13,463,000
Core premiums paid to customers	9,567,000	9,812,000
Upfront payments to customers	1,407,000	1,593,000
Finished goods premiums paid to customers	756,000	575,000
Total short-term contract assets	$ 27,139,000	$ 25,443,000
Remanufactured cores held at customers' locations	$ 279,427,000	$ 271,628,000
Core premiums paid to customers	30,227,000	38,310,000
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
Total long-term contract assets	$ 320,282,000	$ 318,381,000

	March 31, 2025	March 31, 2024
Short-term contract assets		
Cores expected to be returned by customers	$ 17,732,000	$ 15,409,000
Core premiums paid to customers	9,669,000	9,567,000
Upfront payments to customers	1,400,000	1,407,000
Finished goods premiums paid to customers	805,000	756,000
Total short-term contract assets	$ 29,606,000	$ 27,139,000
Long-term contract assets		
Remanufactured cores held at customers' locations	$ 301,388,000	$ 279,427,000
Core premiums paid to customers	24,714,000	30,227,000
Long-term core inventory deposits	5,569,000	5,569,000
Finished goods premiums paid to customers	2,483,000	2,341,000
Upfront payments to customers	2,114,000	2,718,000
Total long-term contract assets	$ 336,268,000	$ 320,282,000

7. Plant and Equipment

Plant and equipment is comprised of the following:

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Plant and equipment				
Machinery and equipment	$ 63,048,000	$ 62,556,000	$ 62,330,000	$ 63,048,000
Office equipment and fixtures	33,463,000	32,769,000	34,250,000	33,463,000
Leasehold improvements	15,110,000	14,301,000	13,485,000	15,110,000
	111,621,000	109,626,000	110,065,000	111,621,000
Less: accumulated depreciation	(73,283,000)	(63,574,000)	(78,075,000)	(73,283,000)
Total	$ 38,338,000	$ 46,052,000		
Total plant and equipment			$ 31,990,000	$ 38,338,000

Plant and equipment located in the foreign countries where the Company has facilities, net of accumulated depreciation, totaled $33,455,000 $27,760,000 and $40,609,000, $33,455,000, of which $30,992,000 $25,001,000 and $37,667,000 $30,992,000 is located in Mexico, at March 31, 2024 March 31, 2025 and 2023, 2024, respectively.

8. Debt

The Company is party to a has $268,620,000 in 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") , subject to certain restrictions, and (ii) a $30,000,000 term loan facility (the "Term Loans"). Prior to The Term Loans were repaid during the eighth amendment discussed below, the loans under the year ended March 31, 2024. The Credit Facility were scheduled to mature matures on May 28, 2026 December 12, 2028. In connection with the Credit Facility, the The lenders have a security interest in substantially all of the Company's assets.

On August 3, 2023, assets of the Company. In June 2024, the Company entered into enrolled in a seventh amendment to the Credit Facility, feature with its lenders, under which among other things, (i) permitted the Company sweeps its cash collections to repay pay down its outstanding balance of Term Loans, (ii) permitted the exclusion of quarterly principal payments of Term Loans from the fixed charge coverage ratio (including retrospectively for the prior periods) for all quarters beginning June 30, 2023, (iii) reset the fixed charge coverage ratio financial covenant level for the quarters ending September 30, 2023 Revolving Facility 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. borrows on-demand to fund payments.

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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 other 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 only tested if undrawn availability (which may include up to $8,000,000 of suppressed availability) is less than 22.5% of the aggregate revolving commitments, and (iv) amended the definitions of Consolidated EBITDA and fixed charge coverage ratio and certain component definitions used therein.

The Company had $128,000,000 $90,787,000 and $145,200,000 $128,000,000 outstanding under the Revolving Facility at March 31, 2024 March 31, 2025 and 2023, 2024, respectively. In addition, $6,370,000 $7,047,000 was outstanding for letters of credit at March 31, 2024 March 31, 2025. At March 31, 2024 March 31, 2025, after certain contractual adjustments, $100,915,000 $135,150,000 was available under the Revolving Facility. The interest rate on the Company's Revolving Facility was 7.46% and 8.43% at March 31, 2025 and 8.13% at March 31, 2024 and 2023, 2024, respectively.

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 or otherwise alter debt agreements.

The Credit Facility as amended, requires the Company to maintain a minimum fixed charge coverage ratio if undrawn availability is less than 22.5% of the aggregate revolving commitments and a specified minimum undrawn availability. During the period ended March 31, 2024 March 31, 2025, undrawn availability was greater than the 22.5% threshold, therefore, the fixed charge coverage ratio financial covenant was not required to be tested.

Convertible Notes, Related Party

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"), 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, In April 2024, non-cash accrued interest on the Company entered into Convertible Notes of $3,209,000 was paid in-kind and is included in 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 principal amount of March 31, 2023 Convertible Notes at March 31, 2025. 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.

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The Company's Convertible Notes are comprised of the following:

		March 31, 2025		March 31, 2024
Convertible Notes, related party				
Principal amount of Convertible Notes	$	35,209,000	$	32,000,000
Less: unamortized debt discount attributed to Compound Net Derivative Liability		(6,556,000)		(7,576,000)
Less: unamortized debt discount attributed to debt issuance costs		(916,000)		(1,058,000)
Carrying amount of the Convertible Notes		27,737,000		23,366,000
Plus: Compound Net Derivative Liability		7,470,000		7,410,000
Net carrying amount of Convertible Notes, related party	$	35,207,000	$	30,776,000

		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, 2024 March 31, 2025, the Company had 28,214,757 28,240,973 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 March 31, 2025 and 2023. 2024. 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 an initial conversion price of approximately $15.00, subject to adjustment as provide in the Convertible Notes (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. circumstances, subject to reduction of the Return of Interest amount in the event that the Return of Interest amount would result in total payments to the Purchasers of less than two times the original principal amount. 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 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 Redemption Price (as defined below) plus $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, the Purchasers may exercise the warrants and the Company will pay the Redemption Price plus $2,000,000.

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The Conversion Option and the Company Redemption both met the criteria for bifurcation from the Convertible Notes as derivatives and have been combined 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 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 $9,000,000 and $10,400,000, $9,800,000, and an asset of $1,530,000 and $2,390,000 at March 31, 2025 and $1,970,000 at March 31, 2024 and 2023, 2024, 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 is recorded in current period earnings in the consolidated statements of operations. During the year years ended March 31, 2024, March 31, 2025 and 2024, the Company recorded a loss of $60,000 and a gain of $1,020,000, respectively, as the change in fair value of the Compound Net Derivative Liability in the consolidated statement statements of operations and consolidated statement statements 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 March 31, 2025 and 2023. 2024. Any subsequent changes from the initial recognition in the fair value of those features will be is 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 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; debt or any other debt greater than $25,000,000; (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 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 issuance costs of $1,058,000 $916,000 and $1,006,000 $1,058,000 are presented in the balance sheet as a direct deduction from the carrying amounts of the Convertible Notes at March 31, 2024 March 31, 2025 and 2023, 2024, 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. operations. The effective interest rate was 18.3% as of March 31, 2024. March 31, 2025 and 2024, respectively. Debt issuance costs of $360,000 allocated to the Compound Net Derivative Liability were immediately 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 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.

Interest expense related to the Convertible Notes is as follows:

	Years Ended March 31,		
	2025	2024	2023
Interest expense on Convertible Notes			
Contractual interest expense	$ 3,521,000	$ 3,200,000	$ 9,000
Accretion of debt discount	1,020,000	853,000	-
Amortization of issuance costs	142,000	119,000	-
Total interest expense	$ 4,683,000	$ 4,172,000	$ 9,000

	Years Ended March 31,	
	2024	2023
Contractual interest expense	$ 3,200,000	$ 9,000
Accretion of debt discount	853,000	-
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, in-kind, assuming no early redemption or conversion has occurred, of $56,704,000 would be paid on March 30, 2029.

9. Contract Liabilities

Contract liabilities are comprised of the following:

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Short-term contract liabilities				
Customer allowances earned	$ 19,789,000	$ 19,997,000	$ 16,283,000	$ 19,789,000
Customer core returns accruals	10,448,000	11,112,000	13,880,000	10,448,000
Accrued core payment	3,476,000	3,056,000	3,196,000	3,476,000
Customer deposits			2,486,000	1,735,000
Core bank liability	1,739,000	1,686,000	1,795,000	1,739,000
Customer deposits	1,735,000	3,232,000		
Finished goods liabilities	404,000	1,257,000	518,000	404,000
Total short-term contract liabilities	$ 37,591,000	$ 40,340,000	$ 38,158,000	$ 37,591,000
Long-term contract liabilities				
Customer core returns accruals	$ 193,545,000	$ 170,420,000	$ 227,588,000	$ 193,545,000
Core bank liability	11,843,000	13,582,000	10,048,000	11,843,000
Accrued core payment	6,535,000	9,171,000	3,768,000	6,535,000
Finished goods liabilities	145,000	433,000	-	145,000
Total long-term contract liabilities	$ 212,068,000	$ 193,606,000	$ 241,404,000	$ 212,068,000

10. Leases

The 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 loss of $11,713,000 and remeasurement gains of $5,187,000 $6,515,000, and $1,989,000 $6,515,000 during the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022, 2023, respectively. These remeasurement losses and gains are included in foreign exchange impact of lease liabilities and forward contracts in the consolidated statements of operations.

Table During the year ended March 31, 2025, the Company ceased manufacturing operations at its Torrance, California facility as a part of Contents
its on-going strategy to utilize its global footprint to enhance its operating efficiencies. This represented a significant change to the use of this right-of-use asset, which required a reassessment of the Company's asset groups. The Company concluded that this right-of-use asset was no longer part of the Hard Parts asset group. The Company performed a test for recoverability (using Level 3 inputs) which resulted in no impairment at March 31, 2025. Any future changes to the assumptions and estimates from those anticipated may affect the carrying value of right-of-use assets and could result in impairment charges.

Balance sheet information for leases is comprised of the following:

		March 31, 2024	March 31, 2023		March 31, 2025	March 31, 2024
Leases	**Classification**			**Classification**		
Assets:						
Operating	Operating lease assets	$ 83,973,000	$ 87,619,000	Operating lease assets	$ 66,603,000	$ 83,973,000
Finance	Plant and equipment	4,611,000	5,549,000	Plant and equipment	4,296,000	4,611,000
Total leased assets		$ 88,584,000	$ 93,168,000		$ 70,899,000	$ 88,584,000
Liabilities:						
Current						
Operating	Operating lease liabilities	$ 8,319,000	$ 8,767,000	Operating lease liabilities	$ 9,982,000	$ 8,319,000
Finance	Other current liabilities	1,585,000	1,851,000	Other current liabilities	1,222,000	1,585,000
Long-term						
Operating	Long-term operating lease liabilities	72,240,000	79,318,000	Long-term operating lease liabilities	65,308,000	72,240,000
Finance	Other liabilities	1,893,000	2,742,000	Other liabilities	1,954,000	1,893,000
Total lease liabilities		$ 84,037,000	$ 92,678,000		$ 78,466,000	$ 84,037,000

Lease cost recognized in the consolidated statement statements of operations is comprised of the following:

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Lease cost						
Operating lease cost	$ 15,047,000	$ 13,176,000	$ 12,472,000	$ 14,057,000	$ 15,047,000	$ 13,176,000
Short-term lease cost	1,263,000	1,686,000	1,462,000	1,221,000	1,263,000	1,686,000
Variable lease cost	667,000	761,000	1,011,000	511,000	667,000	761,000
Finance lease cost:						
Amortization of finance lease assets	1,508,000	1,983,000	2,088,000	1,234,000	1,508,000	1,983,000
Interest on finance lease liabilities	219,000	262,000	345,000	191,000	219,000	262,000
Total lease cost	$ 18,704,000	$ 17,868,000	$ 17,378,000	$ 17,214,000	$ 18,704,000	$ 17,868,000

Maturities of lease commitments at March 31, 2024 March 31, 2025 were as follows:

Maturity of lease liabilities by fiscal year	**Operating Leases**	**Finance Leases**	**Total**
2025	$ 12,676,000	$ 1,753,000	$ 14,429,000

Maturity of lease liabilities by Year Ending March 31,			
2026	12,374,000	1,015,000	13,389,000
2027	11,194,000	524,000	11,718,000
2028	10,928,000	364,000	11,292,000
2029	11,126,000	169,000	11,295,000
2030			
Thereafter	43,461,000	-	43,461,000
Total lease payments	101,759,000	3,825,000	105,584,000
Less: amount representing interest	(21,200,000)	(347,000)	(21,547,000)
Present value of lease liabilities	$ 80,559,000	$ 3,478,000	$ 84,037,000

Maturity of lease liabilities by Year Ending March 31,	**Operating Leases**	**Finance Leases**	**Total**
2026	$ 13,983,000	$ 1,396,000	$ 15,379,000
2027	12,200,000	905,000	13,105,000
2028	11,560,000	650,000	12,210,000
2029	11,160,000	420,000	11,580,000
2030	11,370,000	186,000	11,556,000
Thereafter	32,119,000	-	32,119,000
Total lease payments	92,392,000	3,557,000	95,949,000
Less: amount representing interest	(17,102,000)	(381,000)	(17,483,000)
Present value of lease liabilities	$ 75,290,000	$ 3,176,000	$ 78,466,000

Other information about leases is as follows:

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Lease term and discount rate				
Weighted-average remaining lease term (years):				
Finance leases	2.8	2.9	3.2	2.8
Operating leases	8.3	9.0	7.3	8.3
Weighted-average discount rate:				
Finance leases	6.4%	5.9%	7.0%	6.4%
Operating leases	5.8%	5.8%	5.8%	5.8%

11. Accounts Receivable Discount Programs

The Company uses accounts receivable discount programs 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 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,		Fiscal Years Ended March 31,	
	2024	2023	2025	2024
Receivables discounted	$ 618,012,000	$ 548,376,000	$ 643,918,000	$ 618,012,000
Weighted average days	336	328	343	336
Weighted average discount rate	6.8%	5.3%	6.2%	6.8%
Amount of discount as interest expense	$ 39,175,000	$ 26,432,000	$ 38,021,000	$ 39,175,000

12. Supplier Finance Programs

12.

The Company utilizes a supplier finance program, which allows certain of the Company’s suppliers to sell their receivables due from the Company to participating financial institutions at the sole discretion of both the supplier and the financial institutions. The program is administered by a third party. Commitments from participating financial institutions that are available to suppliers under this program increased to $30,000,000 from $15,000,000 during the year ended March 31, 2025. 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. At March 31, 2025 and 2024, the Company had $33,661,000 and $1,695,000, respectively, of outstanding supplier obligations confirmed as valid under this program, included in accounts payable in the consolidated balance sheet.

The following is a summary of the changes in outstanding supplier obligations confirmed as valid under this program:

	Year Ended March 31,
	2025
Confirmed obligations outstanding at March 31, 2024	$ 1,695,000
Invoices confirmed as valid during the year	91,951,000
Confirmed invoices paid during the year	(59,985,000)
Confirmed obligations outstanding at March 31, 2025	$ 33,661,000

13. 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$45,921,000 and $48,486,000$54,092,000 at March 31, 2024 March 31, 2025 and 2023, 2024, 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.operations.

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The following shows the effect of the Company's derivative instruments on its consolidated statements of operations:

Derivatives Not Designated as Hedging Instruments	(Loss) Gain Recognized as Foreign Exchange Impact of Lease Liabilities and Forward Contracts			(Loss) Gain Recognized as Foreign Exchange Impact of Lease Liabilities and Forward Contracts		
	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Forward foreign currency exchange contracts	$ (1,373,000)	$ 2,776,000	$ (316,000)	$ (4,179,000)	$ (1,373,000)	$ 2,776,000

The fair value of the forward foreign currency exchange contracts of $2,516,000 and $3,889,000 are included in prepaid and other current assets in the consolidated balance sheets at March 31, 2024 and 2023, 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 March 31, 2025, 2023, 2024, and 2022. 2023. The fair value of the forward foreign currency exchange contracts of $1,663,000 is included in other current liabilities in the consolidated balance sheets at March 31, 2025. The fair value of the forward foreign currency exchange contracts of $2,516,000 is included in prepaid expenses and other current assets in the consolidated balance sheets at March 31, 2024.

13. 14. 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 1 — Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities.
  - **Level 3 — Valuation is based upon unobservable inputs that are significant to the fair value measurement.**

- **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.

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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, 2024				March 31, 2023				March 31, 202		
		Fair Value Measurements Using Inputs Considered as				Fair Value Measurements Using Inputs Considered as				Fair Value M Using Inputs	
	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3	Fair Value	Level 1	Le
Assets											
Short-term investments											
Mutual funds	$ 1,837,000	$ 1,837,000	$ -	$ -	$ 2,011,000	$ 2,011,000	$ -	$ -	$ 1,881,000	$ 1,881,000	$
Prepaid expenses and other current assets											
Forward foreign currency exchange contracts	2,516,000	-	2,516,000	-	3,889,000	-	3,889,000	-	-	-	
Liabilities											
Other current liabilities											
Deferred compensation	1,837,000	1,837,000	-	-	2,011,000	2,011,000	-	-	1,881,000	1,881,000	
Forward foreign currency exchange contracts									1,663,000	-	1,6
Convertible notes, related party											
Compound Net Derivative Liability	7,410,000	-	-	7,410,000	8,430,000	-	-	8,430,000	7,470,000	-	

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) 13).

Compound Net Derivative Liability

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 assumptions including the expected volatility of the underlying stock. These 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 sheets at March 31, 2024 March 31, 2025 and 2023.2024. Any changes in the fair value of the Compound Net Derivative Liability are recorded in change in fair value of compound net derivative liability in the consolidated statements of operations and in the consolidated statements of cash flows.**flows.**

The following assumptions were used to determine the fair value of the Compound Net Derivative Liability:

	March 31, 2025	March 31, 2024
Risk free interest rate	3.91%	4.36%
Cost of equity	21.30%	23.20%
Weighted average cost of capital	14.90%	14.90%
Expected volatility of MPA common stock	40.00%	50.00%
EBITDA volatility	45.00%	40.00%

	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 stock	50.00 %	50.00 %
EBITDA volatility	40.00 %	35.00 %

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The following summarizes the activity for Level 3 fair value measurements:

	Years Ended March 31,		Years Ended March 31,		
	2024	2023	2025	2024	2023
Beginning balance	$ 8,430,000	$ -	$ 7,410,000	$ 8,430,000	$ -
Newly issued	-	8,430,000	-	-	8,430,000
Changes in the fair value of the **Compound Net Derivative Liability included in earnings**	(1,020,000)	-	60,000	(1,020,000)	-
Ending balance	$ 7,410,000	$ 8,430,000	$ 7,470,000	$ 7,410,000	$ 8,430,000

During the years ended March 31, 2024 March 31, 2025 and 2023, 2024, 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 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 March 31, 2025 and 2023, 2024, the net carrying amount of the Convertible Notes was $30,776,000 $35,207,000 and $30,994,000, $30,776,000, respectively, (see Note 8). The estimated fair value of the Company's Convertible Notes was $42,398,000 and $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. **March 31, 2025 and 2024, respectively.**

14. 15. 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,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Balance at beginning of year	$ 19,830,000	$ 20,125,000	$ 21,093,000	$ 19,326,000	$ 19,830,000	$ 20,125,000
Charged to expense	142,240,000	132,719,000	118,675,000	151,764,000	142,240,000	132,719,000
Amounts processed	(142,744,000)	(133,014,000)	(119,643,000)	(151,413,000)	(142,744,000)	(133,014,000)
Balance at end of year	$ 19,326,000	$ 19,830,000	$ 20,125,000	$ 19,677,000	$ 19,326,000	$ 19,830,000

At March 31, 2024 March 31, 2025 and 2023, 2024, the Company's total warranty return accrual was $19,326,000 $19,677,000 and $19,830,000, $19,326,000, respectively, of which $5,667,000 $6,478,000 and $4,357,000, $5,667,000, respectively, was included in the customer returns RGA issued within accounts receivable—net and $13,659,000 $13,199,000 and $15,473,000, $13,659,000, respectively, was included in the customer finished goods returns accrual in the consolidated balance sheets.

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.

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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 marketing allowances discussed above, recorded as a reduction to revenues:

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Marketing Allowances						
Allowances incurred under long-term customer contracts	$ 10,128,000	$ 18,253,000	$ 19,348,000	$ 8,736,000	$ 10,128,000	$ 18,253,000
Allowances related to a single exchange of product	130,918,000	154,194,000	129,283,000	133,169,000	130,918,000	154,194,000
Amortization of core premiums paid to customers	10,181,000	11,113,000	11,242,000	9,826,000	10,181,000	11,113,000
Total customer allowances recorded as a reduction of revenues	$ 151,227,000	$ 183,560,000	$ 159,873,000			
Total marketing allowances recorded as a reduction to revenues				$ 151,731,000	$ 151,227,000	$ 183,560,000

The following presents the Company's commitments related to incur allowances excluding allowances incurred under long-term customer contracts and amortization of core premiums paid to customers:

Year Ending March 31,	
2026	$ 14,451,000
2027	11,340,000
2028	10,090,000
2029	6,270,000
2030	2,995,000
Thereafter	2,048,000
Total marketing allowances	$ 47,194,000

Allowances related to a single exchange of product which will be recognized are recorded as a reduction to revenue when of revenues at the time the related revenue is recognized: revenues are recorded or when such incentives are offered.

Year Ending March 31,	
2025	$ 14,701,000
2026	11,179,000
2027	10,300,000
2028	9,439,000
2029	5,650,000
Thereafter	2,826,000
Total marketing allowances	$ 54,095,000

Contingencies

The 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, and its compliance with law, code, and regulations related to matters including, but not limited to, environmental, information security, taxes, levies, tariffs and such. **such.**

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15. 16. Significant Customer and Other Information

Significant Customer Concentrations

While 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 the Company's 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,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Customer A	35 %	37 %	38 %	39 %	35 %	37 %
Customer C	27 %	24 %	29 %	26 %	27 %	24 %
Customer B	21 %	23 %	18 %	21 %	21 %	23 %
Customer D	4 %	4 %	2 %			

Revenues for Customers A through C these customers were derived from the Hard Parts segment and Test Solutions and Diagnostic Equipment segment. Revenues See Note 20 for Customer D were derived from a discussion of the Hard Parts segment. Company's segments.

The Company's largest customers accounted for the following total percentage of accounts receivable — trade:

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Customer A	35 %	33 %	41 %	35 %
Customer B	25 %	18 %	26 %	25 %
Customer C	13 %	21 %	7 %	13 %
Customer D	6 %	12 %		

Geographic and Product Information

The Company's products are predominantly sold in the U.S. and accounted for the following total percentage of net sales:

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Rotating electrical products	66 %	67 %	69 %	67%	66%	67%
Brake-related products	20 %	18 %	15 %	21%	20%	18%
Wheel hub products	10 %	11 %	13 %	8%	10%	11%
Other products	4 %	4 %	3 %	4%	4%	4%
	100 %	100 %	100 %	100%	100%	100%

Significant Supplier Concentrations

No suppliers accounted for more than 10% of the Company's inventory purchases for the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022. 2023.

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16. 17. Income Taxes

Domestic and foreign components of (loss) income before income taxes are as follows:

	Years Ended March 31,		
	2025	2024	2023
Domestic and foreign components of (loss) income			
United States	$ (21,526,000)	$ (29,661,000)	$ (14,470,000)
Foreign	5,839,000	16,593,000	11,361,000
Loss before income taxes	(15,687,000)	(13,068,000)	(3,109,000)

	Years Ended March 31,		
	2024	2023	2022
United States	$ (29,661,000)	$ (14,470,000)	$ 6,021,000
Foreign	16,593,000	11,361,000	7,128,000
(Loss) income before income taxes	(13,068,000)	(3,109,000)	13,149,000

The income tax expense is as follows:

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Current tax expense						
Federal	$ 1,696,000	$ 2,483,000	$ 8,572,000	$ 1,177,000	$ 1,696,000	$ 2,483,000
State	363,000	396,000	1,478,000	631,000	363,000	396,000
Foreign	4,553,000	3,426,000	3,180,000	3,780,000	4,553,000	3,426,000
Total current tax expense	6,612,000	6,305,000	13,230,000	5,588,000	6,612,000	6,305,000
Deferred tax expense (benefit)						
Deferred tax (benefit) expense						
Federal	25,320,000	(5,037,000)	(6,411,000)	(171,000)	25,320,000	(5,037,000)
State	4,249,000	(705,000)	(659,000)	(28,000)	4,249,000	(705,000)
Foreign	(5,000)	535,000	(372,000)	(1,606,000)	(5,000)	535,000
Total deferred tax expense (benefit)	29,564,000	(5,207,000)	(7,442,000)			
Total deferred tax (benefit) expense				(1,805,000)	29,564,000	(5,207,000)
Total income tax expense	$ 36,176,000	$ 1,098,000	$ 5,788,000	$ 3,783,000	$ 36,176,000	$ 1,098,000

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Deferred income taxes consist of the following:

	March 31, 2024	March 31, 2023	March 31, 2025	March 31, 2024
Assets				
Allowance for bad debts	$ 44,000	$ 78,000	$ 48,000	$ 44,000
Customer allowances earned	4,706,000	4,760,000	3,794,000	4,706,000
Allowance for stock adjustment returns	3,620,000	2,391,000	3,344,000	3,620,000
Inventory adjustments	7,419,000	7,817,000	8,497,000	7,419,000
Intangibles, net	852,000	809,000	729,000	852,000
Stock options	2,723,000	2,770,000	2,561,000	2,723,000
Operating lease liabilities	21,251,000	23,408,000	19,333,000	21,251,000
Estimate for returns	29,942,000	26,670,000	30,341,000	29,942,000
Accrued compensation	2,600,000	2,718,000	2,585,000	2,600,000
Net operating losses	4,670,000	5,351,000	3,426,000	4,670,000
Tax credits	2,054,000	2,012,000	2,857,000	2,054,000
Capitalized research credits	1,158,000	-	1,147,000	1,158,000
Plant and equipment, net	1,010,000	-	1,460,000	1,010,000
Other	6,588,000	5,046,000	4,639,000	6,588,000
Total deferred tax assets	$ 88,637,000	$ 83,830,000	$ 84,761,000	$ 88,637,000
Liabilities				
Plant and equipment, net	-	(79,000)		
Contract assets	(10,265,000)	(12,357,000)	(9,020,000)	(10,265,000)
Operating lease assets	(23,845,000)	(25,004,000)	(16,848,000)	(23,845,000)
Other	(6,663,000)	(6,864,000)	(2,453,000)	(6,663,000)
Total deferred tax liabilities	$ (40,773,000)	$ (44,304,000)	$ (28,321,000)	$ (40,773,000)
Less valuation allowance	$ (45,399,000)	$ (7,619,000)		
Total	$ 2,465,000	$ 31,907,000		
Less: valuation allowance			$ (52,233,000)	$ (45,399,000)
Total deferred taxes			$ 4,207,000	$ 2,465,000

As of March 31, 2024 March 31, 2025, before tax effect, the Company had federal net operating loss carryforwards of $1,474,000 related to its January 2019 acquisition, $1,694,000, state net operating loss carryforwards of $401,000 $166,000 and foreign net operating loss carryforwards of $16,403,000. $11,610,000. The federal net operating loss carryforwards expire beginning in fiscal year 2034, the state net operating loss carryforwards expire beginning in fiscal year 2033 2032, and the foreign net operating loss carryforwards expire beginning in fiscal year 2038. As of March 31, 2024 March 31, 2025, the Company also had non-US tax credit carryforwards of $2,054,000, $2,857,000, 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 $37,780,000 during the year ended March 31, 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 strategies. The net operating loss carry-forwards and non-US research and development credits increase in connection with the Company's Canadian operations have been offset completely by a valuation allowance was $6,834,000 during the year ended March 31, 2025. This net increase in the valuation allowance is primarily due to the uncertainty of their utilization increase in future periods. During the year ended March 31, 2024, the Company recorded a discrete non-cash valuation allowance of $38,009,000 on Company's U.S. federal and various state deferred tax assets that is considered not more likely than not and the establishment of a valuation allowance on one of its Mexican subsidiaries partially offset by the reversal of the valuation allowance of one of its Canadian subsidiary's deferred tax assets. The Company will continue to monitor its position in future periods. Should the actual amount differ from the Company's estimates, the amount of any valuation allowance could be realized under U.S. GAAP. impacted.

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For the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022, 2023, the primary components of the Company's income tax expense were (i) federal income taxes, (ii) state income taxes, (iii) change in realizable deferred tax items, (iv) foreign income taxed at rates that are different from the federal statutory rate, (iv) and (v) impact of the non-deductible executive compensation under Internal Revenue Code Section 162(m), and (v) change in valuation allowance. . In addition, for the year years ended March 31, 2024, March 31, 2025 and 2024, the Company's income tax expense included the impact of an excess tax benefit from share-based compensation.

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,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Statutory federal income tax rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
State income tax rate, net of federal benefit	10.8%	3.5%	4.1%	1.5%	10.8%	3.5%
Excess tax benefit from share-based compensation	(4.8)%	-%	-%	(1.3)%	(4.8)%	-%
Foreign income taxed at different rates	(9.8)%	(28.7)%	4.9%	(3.8)%	(9.8)%	(28.7)%
Non-deductible debt costs				(1.2)%	-%	-%
Non-deductible executive compensation	(2.6)%	(9.0)%	7.2%	(2.5)%	(2.6)%	(9.0)%
Change in valuation allowance	(289.1)%	(25.8)%	5.0%	(40.1)%	(289.1)%	(25.8)%
Uncertain tax positions	0.9%	(1.0)%	6.1%	2.6%	0.9%	(1.0)%
Research and development credit	0.7%	2.7%	(0.9)%	0.6%	0.7%	2.7%
Net operating loss carryback	-%	- %	(0.4)%			
Other	(3.9)%	2.0%	(3.0)%	(0.9)%	(3.9)%	2.0%
	(276.8)%	(35.3)%	44.0%	(24.1)%	(276.8)%	(35.3)%

The Company and its subsidiaries file income tax returns for the U.S. federal, various state, and foreign jurisdictions with varying statutes of limitations. At March 31, 2024 March 31, 2025, the Company is under remains subject to examination by the State of California for fiscal years ended March 31, 2020, 2021, March 31, 2022 and 2022 and remains subject to examination from the fiscal years ended March 31, 2020 and forward. forward. The Company believes no significant changes in the unrecognized tax benefits will occur within the next 12 months.

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A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Years Ended March 31,			Years Ended March 31,		
	2024	2023	2022	2025	2024	2023
Balance at beginning of period	$ 1,964,000	$ 1,975,000	$ 1,104,000	$ 1,784,000	$ 1,964,000	$ 1,975,000
Additions based on tax positions related to the current year	15,000	53,000	352,000	53,000	15,000	53,000
Additions for tax positions of prior year	15,000	-	581,000	43,000	15,000	-
Reductions for tax positions of prior year	(210,000)	(64,000)	(62,000)	(518,000)	(210,000)	(64,000)
Balance at end of period	$ 1,784,000	$ 1,964,000	$ 1,975,000	$ 1,362,000	$ 1,784,000	$ 1,964,000

At March 31, 2024 March 31, 2025, 2023 2024 and 2022, 2023, there are $1,112,000, $1,475,000, $1,616,000, and $1,632,000, $1,616,000, respectively, of unrecognized tax benefits that if recognized would affect the annual effective tax rate before the impact of changes in the valuation allowance. rate.

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The Company recognizes interest and penalties related to unrecognized tax benefits as part of income tax expense. During the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022, 2023, the Company recognized interest and penalties of approximately $49,000, $21,000, $59,000, and $112,000, $59,000, respectively. The Company had approximately $250,000 $203,000 and $229,000 $250,000 for the payment of interest and penalties accrued at March 31, 2024 March 31, 2025 and 2023, 2024, respectively.

The Company intends to indefinitely reinvest its undistributed earnings from foreign subsidiaries in foreign operations, with the exception of earnings from its Singapore subsidiary. subsidiary. No incremental U.S. federal tax or withholding taxes have been provided for these earnings.

17. 18. 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 $626,000, $148,000, $549,000, and $578,000 $549,000 for the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022, 2023, respectively.

18. 19. Share-based 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. In September 2024, the shareholders approved an amendment to the 2022 Plan that increased the number of shares of common stock reserved for grant under the 2022 Plan from 924,200 to 2,655,200. At March 31, 2024 March 31, 2025 and 2024, respectively, there were (i) 130,933 and 132,133 options to purchase shares of common stock outstanding, (ii) 452,531 and 100,624 shares of restricted stock units outstanding, and (iii) 644,679 and 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 1,516,084 and 871,432 435,825 shares of common stock available for grant under the 2022 Plan at March 31, 2024 March 31, 2025 and 2023, 2024, respectively.

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.

2010 Incentive Award Plan

At March 31, 2024 March 31, 2025 and 2023, 2024, respectively, there were (i) 140,299 52,842 and 266,169 140,299 shares of restricted stock units outstanding, (ii) 975,884 922,628 and 1,226,745 975,884 options to purchase shares of common stock outstanding, and (iii) 192,696 119,708 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, options to purchase 6,000 shares of common stock were outstanding under the 2004 Non-Employee Director Stock Option Plan. No options remain available for grant under this plan.

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Stock Options

The Company granted options to purchase 132,133 shares of common stock during the year ended March 31, 2024. The Company did not grant any stock options during the years ended March 31, 2023 March 31, 2025 or 2023, and 2022. options to purchase 132,133 shares of common stock were granted during the year ended March 31, 2024. The following summarizes the Black-Scholes option-pricing model assumptions used to derive the weighted average fair value of the stock options granted during the year ended March 31, 2024.

		Year Ended March 31, 2024
Weighted average risk free interest rate		4.53%
Weighted average expected holding period (years)		6.57
Weighted average expected volatility		51.29%
Weighted average expected dividend yield		-
Weighted average fair value of options granted	$	3.75

The following is a summary of stock option transactions:

	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Outstanding at March 31, 2023	1,232,745	$	20.20			
Granted	132,133	$	9.32			
Exercised	-	$	-			
Outstanding at March 31, 2024				1,108,017	$	20.29
Forfeited/Cancelled	(116,328)	$	19.70	(17,723)	$	20.13
Expired	(140,533)	$	9.66	(36,733)	$	22.93
Outstanding at March 31, 2024	1,108,017	$	20.29			
Outstanding at March 31, 2025				1,053,561	$	20.20

At March 31, 2024 March 31, 2025, options to purchase 132,133 87,288 shares of common stock were unvested at the weighted average exercise price of $9.32.

Based No options were exercised during the years ended March 31, 2025 and 2024. The pre-tax intrinsic value of options exercised during the year ended March 31, 2023 was $2,427,000 based on the market value of the Company's common stock at March 31, 2024, 2023, and 2022, the pre-tax intrinsic value of options exercised was $0, $2,427,000, and $245,000, respectively. March 31, 2023. The total fair value of stock options vested during the years ended March 31, 2024 March 31, 2025, 2024, and 2023 was $164,000, $324,000, and 2022 was $324,000, $1,140,000, and $2,174,000, respectively.

The following summarizes information about the options outstanding at March 31, 2024 March 31, 2025:

	Options Outstanding						Options Exercisable					
Range of Exercise price	Shares		Weighted Average Exercise Price	Weighted Average Remaining Life In Years		Aggregate Intrinsic Value	Shares		Weighted Average Exercise Price	Weighted Average Remaining Life In Years		Aggregate Intrinsic Value
$ 9.32 to $17.38	341,027	$	12.99	7.43			208,894	$	15.32	6.14		
$ 19.00 to $22.73	410,633		19.58	4.78			410,633		19.58	4.78		
$ 22.93 to $27.40	164,133		26.35	2.55			164,133		26.35	2.55		
$ 28.68 to $31.13	192,224		29.60	1.95			192,224		29.60	1.95		
	1,108,017	$	20.29	4.77	$	-	975,884	$	21.78	4.14	$	-

	Options Outstanding	Options Exercisable

Range of Exercise price	Shares		Weighted Average Exercise Price	Weighted Average Remaining Life In Years		Aggregate Intrinsic Value	Shares		Weighted Average Exercise Price	Weighted Average Remaining Life In Years		Aggregate Intrinsic Value
$9.32 to $17.38	334,524	$	12.97	6.45	$	24,000	247,236	$	14.26	5.73	$	8,000
$19.00 to $22.73	404,213		19.58	3.78			404,213		19.58	3.78		
$25.21 to $27.40	125,800		27.33	2.22			125,800		27.33	2.22		
$28.68 to $31.13	189,024		29.59	0.95			189,024		29.59	0.95		
	1,053,561	$	20.20	3.93	$	24,000	966,273	$	21.19	3.52	$	8,000

The aggregate intrinsic values in the above table represent the pre-tax value of all in-the-money options if all such options had been exercised on March 31, 2024 March 31, 2025 based on the Company's closing stock price of $8.04 $9.50 as of that date.

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At March 31, 2024 March 31, 2025, there was $409,000 $241,000 of total unrecognized compensation expense from stock-based compensation granted under the plans, which is related to non-vested shares. The compensation expense is expected to be recognized over a weighted average vesting period of 2.5 1.5 years.

Restricted Stock Units and Restricted Stock (collectively "RSUs")

During the year years ended March 31, 2024 March 31, 2025, 2024, and 2023 the Company granted 453,453, 100,624, and 229,121, respectively, of time-based vesting restricted stock units, based on the closing market price on the grant date. During the years year ended March 31, 2023 and 2022, , the Company also granted (i) performance-based restricted stock awards which had a threshold performance level of 33,333 shares, a target performance level of 66,667 shares, and a maximum performance level of 100,000 shares at the grant date for both periods and (ii) 229,121 and 163,703 of time-based vesting restricted stock units, respectively. date. The estimated grant date fair value of the RSUs of $2,984,000, $800,000, $4,430,000, and $5,775,000, $4,430,000, for the years ended March 31, 2024 March 31, 2025, 2023, 2024, and 2022, 2023, respectively, was based on the closing market price on the date of grant. The fair value related to these awards is recognized as compensation expense over the vesting period. These awards generally vest in three equal installments beginning each anniversary from the grant date, subject to continued employment. Upon vesting, these awards may be net share settled to cover the required withholding tax with the remaining amount converted into an equivalent number of shares of common stock. Total shares withheld during the years ended March 31, 2024 March 31, 2025, 2024, and 2023 were 19,761, 42,720, and 2022 were 42,720, 74,854, and 84,762, respectively, based on the value of these awards as determined by the Company's closing stock price on the vesting date.

The following is a summary of non-vested RSUs:

	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at March 31, 2023	429,354	$ 15.07		
Outstanding at March 31, 2024			240,923	$ 12.23
Granted	100,624	$ 7.95	453,453	$ 6.58
Vested	(210,485)	$ 15.58	(184,850)	$ 12.02
Forfeited/Cancelled	(78,570)	$ 13.28	(4,153)	$ 8.81
Outstanding at March 31, 2024	240,923	$ 12.23		
Outstanding at March 31, 2025			505,373	$ 7.26

As of March 31, 2024 March 31, 2025, there was $1,435,000 $2,298,000 of unrecognized compensation expense related to these awards, which will be recognized over the remaining vesting period of approximately 0.9 2.0 years.

Performance Stock Units ("PSUs")

During the year ended March 31, 2025, the Company granted 258,983 PSUs (at target performance levels), which cliff vest after a three-year performance period, subject to continued employment. The number of shares earned at the end of the three-year performance period will vary, based only on actual performance, from 0% to 150% of the target number of PSUs granted depending on the Company's total shareholder return ("TSR") percentile rank relative to that of a peer group over the performance period. TSR is measured based on a comparison of the closing price on the first trading day of the performance period and the average closing price over the last 30 trading days of the performance 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 and companies with a market capitalization of more than $600 million, over a given period of time. Compensation cost is determined at the grant date and recognized on a straight-line basis over the requisite service period to the extent the conditions are deemed probable. Compensation cost related to the TSR award will not be adjusted even if the market condition is not met.

During the year ended March 31, 2024, the Company granted 585,583 PSUs, which vest, subject to continued employment, as follows: (i) if the stock price is greater than or equal to $10.00 per share, then 1/3 of the grant will vest, (ii) if the stock price is greater than or equal to $15.00 per share then the next 1/3 of the grant will vest, and (iii) if the stock price is greater than or equal to $20.00 per share then the final 1/3 of the grant will vest. Recipients are eligible to vest in between 50% and 150% of the third tranche by achieving a stock price between $17.50 and $25.00 per share (each stock price target must be met for thirty consecutive trading days). The Company calculated the fair value of these PSUs individually for each tranche using the Monte Carlo Simulation Model at the grant date. Compensation cost is recognized over the estimated derived service period. Compensation cost related to these awards will not be adjusted even if the market condition is not met.

During the years ended March 31, 2023 and 2022, , the Company granted 126,028 and 84,593 of performance-based PSUs (at target performance levels), respectively, to its executives, which typically cliff vest after three-years subject to continued employment. These awards are contingent and granted separately for each of the following metrics: adjusted EBITDA, net sales, and relative total shareholder return (“TSR”). TSR. Compensation cost is determined at the grant date and recognized on a straight-line basis over the requisite service period to the extent the conditions are deemed probable. The number of shares earned at the end of the three-year period will vary, based only on actual performance, from 0% to 150% of the target number of PSUs granted. 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.

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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 a market condition is determined using the Monte Carlo simulation model. The following table summarizes the assumptions used in determining the fair value of the awards subject to market conditions:

	Year Ended March 31,		
	2025	2024	2023
Risk free interest rate	4.21-4.45%	4.32-4.35%	3.35%
Expected life in years	3	0.2-1.8	3
Expected volatility of MPA common stock	59.8-62.8%	54.2-55.1%	51.30%
Expected average volatility of peer companies	-	-	62.70%
Average correlation coefficient of peer companies	16.5-17.4%	-	27.50
Expected dividend yield	-	-	-
Grant date fair value	$ 8.65-8.88	$ 3.57-8.37	$ 16.02

	Year Ended March 31,		
	2024	2023	2022
Risk free interest rate	4.32-4.35 %	3.35 %	0.47 %
Expected life in years	0.2-1.8	3	3
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 dividend yield	-	-	-
Grant date fair value	$ 3.57-8.37	$ 16.02	$ 26.89

Upon vesting, these awards may be net share settled to cover the required withholding tax with the remaining amount converted into an equivalent number of shares of common stock. Total shares withheld during the year ended March 31, 2025 were 75,491, based on the value of these awards as determined by the Company’s closing stock price on the vesting date. No shares were withheld during the years ended March 31, 2024 and 2023 since no PSUs were vested during those years.

The following is a summary of non-vested PSUs:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at March 31, 2024	773,923	$ 7.73
Granted (1)	269,935	$ 8.74
Vested	(225,862)	$ 7.07
Forfeited/Cancelled	(53,609)	$ 22.80
Outstanding at March 31, 2025	764,387	$ 7.42

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding at March 31, 2023	192,696	$ 17.48
Granted	585,583	$ 4.50
Vested	-	$ -
Forfeited/Cancelled	(4,356)	$ 5.79
Outstanding at March 31, 2024	773,923	$ 7.73

(1) Granted includes 10,952 additional PSUs issued in connection with the vesting of the Company’s June 2021 PSU grant based on actual Company performance metrics excding target performance levels.

At March 31, 2024 March 31, 2025, there was $1,361,000 $1,872,000 of unrecognized compensation expense related to these awards, which will be recognized over the weighted average remaining vesting period of approximately 1.0 year.
2.1 years.

19. 20. 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. its chief operating decision maker (“CODM”). The criteria the Company used to identify the reportable has identified its operating segments are primarily based on 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 CODM primarily uses operating income to evaluate the performance of the Company’s operating segments and to allocate resources.

The Company’s three operating segments are:

- **Hard Parts,** 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, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equipment for the pre- and post-production of electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and electric vehicle charging stations), and**
- **Heavy Duty,** which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.

- Hard Parts, 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,
- Table Test Solutions and Diagnostic Equipment, which includes (i) applications for combustion engine vehicles, including bench-top testers for alternators and starters, (ii) equipment for the pre- and post-production of Contents
electric vehicles, and (iii) software emulation of power system applications for the electrification of all forms of transportation (including automobiles, trucks, the emerging electrification of systems within the aerospace industry, and electric vehicle charging stations), and
- Heavy Duty, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications.

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, and are not required to be separately reported, and are included within the “all other” category. reported.

Financial information relating to the Company's segments is as follows:

	Years Ended March 31, 2025	2024	2023
Net sales to external customers for Hard Parts reportable segment	$ 707,210,000	$ 669,904,000	$ 638,460,000
Intersegment sales for Hard Parts reportable segment	1,016,000	895,000	600,000
Total net sales for Hard Parts reportable segment	708,226,000	670,799,000	639,060,000
Reconciliation of net sales			
Other net sales (1)	50,144,000	47,780,000	44,614,000
Elimination of intersegment net sales	(1,016,000)	(895,000)	(600,000)
Total consolidated net sales	$ 757,354,000	$ 717,684,000	$ 683,074,000
Less (2):			
Material, labor, and overhead expenses	465,656,000	450,913,000	434,443,000
Logistic expenses (3)	99,264,000	92,969,000	95,496,000
Revaluation of cores on customers' shelves	2,805,000	5,353,000	3,736,000
Foreign exchange impact of lease liabilities and forward contracts	15,892,000	(3,814,000)	(9,291,000)
Other segment items (4)	83,693,000	76,878,000	69,821,000
Total operating income for Hard Parts reportable segment	$ 40,916,000	$ 48,500,000	$ 44,855,000
Reconciliation of profit (loss)			
Other operating loss (1)	(1,064,000)	(2,431,000)	(8,303,000)
Elimination of intersegment operating income (loss)	71,000	51,000	(106,000)
Interest expense, net	(55,550,000)	(60,040,000)	(39,555,000)
Change in fair value of compound net derivative liability	(60,000)	1,020,000	-
Loss on extinguishment of debt	-	(168,000)	-
Total consolidated loss before income tax (benefit) expense	$ (15,687,000)	$ (13,068,000)	$ (3,109,000)
Reconciliations of other significant items and assets:			
Depreciation and amortization			
Depreciation and amortization for Hard Parts reportable segment (5)	$ 9,579,000	$ 10,371,000	$ 10,955,000
Other depreciation and amortization (1)	821,000	1,248,000	1,489,000
Total consolidated depreciation and amortization	$ 10,400,000	$ 11,619,000	$ 12,444,000
Capital Expenditures			
Captial expenditures for Hard Parts reportable segment	$ 3,445,000	$ 621,000	$ 3,459,000
Other capital expenditures (1)	1,133,000	379,000	742,000
Total consolidated capital expenditures	$ 4,578,000	$ 1,000,000	$ 4,201,000

Assets	March 31, 2025	March 31, 2024
Total assets for Hard Parts reportable segment	$ 967,178,000	$ 1,019,811,000
Other assets (1)	58,355,000	54,946,000
Elimination of intersegment assets	(67,897,000)	(62,755,000)
Total consolidated assets	$ 957,636,000	$ 1,012,002,000

	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
Capital expenditures	6,630,000	920,000	7,550,000

Net sales	March 31, 2024	March 31, 2023	March 31, 2022
Total net sales for reportable segment	$ 670,799,000	$ 639,060,000	$ 610,823,000
Other net sales	48,187,000	44,806,000	42,818,000
Elimination of intersegment net sales	(1,302,000)	(792,000)	(3,333,000)
Total consolidated net sales	$ 717,684,000	$ 683,074,000	$ 650,308,000

Profit or loss	March 31, 2024	March 31, 2023	March 31, 2022
Total operating income for reportable segment	$ 48,500,000	$ 44,855,000	$ 32,265,000
Other operating loss	(2,431,000)	(8,303,000)	(3,544,000)
Elimination of intersegment operating income (loss)	51,000	(106,000)	(17,000)
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 consolidated (loss) income before income tax expense	$ (13,068,000)	$ (3,109,000)	$ 13,149,000

Assets	March 31, 2024	March 31, 2023
Total assets for reportable segment	$ 1,019,811,000	$ 1,032,739,000
Other assets	54,946,000	49,778,000
Elimination of intersegment assets	(62,755,000)	(53,952,000)
Total consolidated assets	$ 1,012,002,000	$ 1,028,565,000

 (1)

Table Net sales, operating loss, depreciation and amortization, capital expenditures, and assets from segments below the quantitative threshold are attributable to the Company's Test Solutions and Diagnostic Equipment and the Heavy Duty operating segments. Neither of Contents

these two operating segments has ever met any of the quantitative thresholds for determining reportable segments.

20. The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM for the Company's Hard Parts reportable segment. Intersegment expenses are included within the amounts shown.
(3) Logistic expenses include freight, tariffs, and customs duties.
(4) Other segment items include general and administrative expenses, sales and marketing expenses, and research and development expenses.
(5) Depreciation and amortization for the Company's Hard Parts reportable segment are included within material, labor, and overhead expenses and other segment items.

21. 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 ended March 31, 2025, the Company repurchased 542,134 shares of its common stock for $4,832,000. During the years ended March 31, 2024 and 2023 the Company did not repurchase any shares of its common stock. During the year ended March 31, 2022, the Company repurchased 106,486 shares of its common stock for $1,914,000. As of March 31, 2024 March 31, 2025, $18,745,000 $23,577,000 was utilized and $18,255,000 $13,423,000 remains available to repurchase shares under the authorized share repurchase program, subject to the limit in the Company's Credit Facility. Facility and Convertible Notes. The Company retired the 837,007 1,379,141 shares repurchased under this program through March 31, 2024 March 31, 2025. 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.

22. 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 In February 2025, the Company exercised a second extension term for an additional three-year period with a base rent of approximately $30,000 per month, which took effect on January 1, 2025.The rent expense recorded for the related party lease was $332,000, $328,000 and $82,000 for the years ended March 31, 2024 March 31, 2025, 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. Board. Mr. Trussler's compensation will be is consistent with the Company's previously disclosed standard compensation practices for non-employee directors, other than Mr. Trussler does not accept the annual grant of equity to non-employee directors, which are described in the Company's Definitive Proxy Statement, filed with the SEC on July 29, 2022 July 26, 2024. There are no other transactions between Mr. Trussler and the Company that would be reportable under Item 404(a) of Regulation S-K.

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Schedule II — Valuation and Qualifying Accounts

Accounts Receivable — Allowance for credit losses

Years Ended March 31,	Description	Balance at beginning of year	Charge to (recovery of) bad debts expense	Amounts written off	Balance at end of year
2024	Allowance for credit losses	$ 339,000	$ (133,000)	$ 17,000	$ 189,000
2023	Allowance for credit losses	$ 375,000	$ 108,000	$ 144,000	$ 339,000
2022	Allowance for credit losses	$ 348,000	$ 95,000	$ 68,000	$ 375,000

Years Ended March 31,	Description	Balance at beginning of year	Charge to (recovery of) bad debts expense	Amounts written off	Balance at end of year
2025	Allowance for credit losses	$ 189,000	$ 42,000	$ 24,000	$ 207,000
2024	Allowance for credit losses	$ 339,000	$ (133,000)	$ 17,000	$ 189,000
2023	Allowance for credit losses	$ 375,000	$ 108,000	$ 144,000	$ 339,000

Accounts Receivable — Allowance for customer-payment discrepancies

Years Ended March 31,	Description	Balance at beginning of year	Charge to discrepancies expense	Amounts Processed	Balance at end of year
2024	Allowance for customer-payment discrepancies	$ 1,634,000	$ 1,452,000	$ 1,880,000	$ 1,206,000
2023	Allowance for customer-payment discrepancies	$ 1,375,000	$ 2,112,000	$ 1,853,000	$ 1,634,000
2022	Allowance for customer-payment discrepancies	$ 752,000	$ 2,142,000	$ 1,519,000	$ 1,375,000

Years Ended March 31,	Description	Balance at beginning of year	Charge to discrepancies expense	Amounts Processed	Balance at end of year
2025	Allowance for customer-payment discrepancies	$ 1,206,000	$ 1,507,000	$ 948,000	$ 1,765,000
2024	Allowance for customer-payment discrepancies	$ 1,634,000	$ 1,452,000	$ 1,880,000	$ 1,206,000
2023	Allowance for customer-payment discrepancies	$ 1,375,000	$ 2,112,000	$ 1,853,000	$ 1,634,000

Inventory — Allowance for excess and obsolete inventory

Years Ended March 31,	Description	Balance at beginning of year	Provision for excess and obsolete inventory	Amounts written off	Balance at end of year
2025	Allowance for excess and obsolete inventory	$ 17,372,000	$ 15,009,000	$ 13,417,000	$ 18,964,000
2024	Allowance for excess and obsolete inventory	$ 16,436,000	$ 16,233,000	$ 15,297,000	$ 17,372,000
2023	Allowance for excess and obsolete inventory	$ 13,520,000	$ 18,851,000	$ 15,935,000	$ 16,436,000

Years Ended March 31,	Description	Balance at beginning of year	Provision for excess and obsolete inventory	Amounts written off	Balance at end of year
2024	Allowance for excess and obsolete inventory	$ 16,436,000	$ 16,233,000	$ 15,297,000	$ 17,372,000
2023	Allowance for excess and obsolete inventory	$ 13,520,000	$ 18,851,000	$ 15,935,000	$ 16,436,000
2022	Allowance for excess and obsolete inventory	$ 13,246,000	$ 13,504,000	$ 13,230,000	$ 13,520,000

Deferred Tax Assets — Valuation allowance for deferred tax assets

Years Ended March 31,	Description	Balance at beginning of year	Charge to income tax expense	Charged to Other Accounts	Balance at end of year
2025	Valuation allowance for deferred tax assets	$ 45,399,000	$ 6,834,000	$ -	$ 52,233,000
2024	Valuation allowance for deferred tax assets	$ 7,619,000	$ 37,780,000	$ -	$ 45,399,000
2023	Valuation allowance for deferred tax assets	$ 6,816,000	$ 803,000	$ -	$ 7,619,000

Years Ended March 31,	Description	Balance at beginning of year	Charge to income tax expense	Charged to Other Accounts	Balance at end of year
2024	Valuation allowance for deferred tax assets	$ 7,619,000	$ 37,780,000	$ -	$ 45,399,000
2023	Valuation allowance for deferred tax assets	$ 6,816,000	$ 803,000	$ -	$ 7,619,000
2022	Valuation allowance for deferred tax assets	$ 6,163,000	$ 653,000	$ -	$ 6,816,000

Exhibit 19

MOTORCAR PARTS OF AMERICA, INC.

INSIDER TRADING COMPLIANCE POLICY

CONTENTS

MOTORCAR PARTS OF AMERICA, INC.
INSIDER TRADING COMPLIANCE POLICY

I. SUMMARY

Preventing insider trading is necessary to comply with securities laws and to preserve the reputation and integrity of Motorcar Parts of America, Inc. (the "Company") as well as that of all persons affiliated with the Company. "Insider trading" occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, "inside information" is information that is both "material" and "non-public." Insider trading is a crime. The penalties for violating insider trading laws include imprisonment, disgorgement of profits, civil fines, and criminal fines of up to $5 million for individuals and $25 million for corporations. Insider trading is also prohibited by this Insider Trading Compliance Policy (this "Policy"), and violation of this Policy may result in Company-imposed sanctions, including removal or dismissal for cause.

This Policy applies to all officers, directors and employees of the Company. Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account. This Policy extends to all activities within and outside an individual's Company duties. Every officer, director and employee must review this Policy. Questions regarding the Policy should be directed to the Company's General Counsel.

This Policy is intended to incorporate by reference and supplement the provisions regarding insider trading in the Company's Code of Business Conduct and Ethics.

II. STATEMENT OF POLICIES PROHIBITING INSIDER TRADING

No officer, director or employee shall purchase or sell any type of security while in possession of material, non-public information relating to the security, whether the issuer of such security is the Company or any other company.

Additionally, none of the Company's board of directors, named officers or employees listed on Schedule I (as amended from time to time) shall purchase or sell any security of the Company during the period beginning the first calendar day after the end of any fiscal quarter of the Company and ending upon completion of the first full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company.

These prohibitions do not apply to:

- purchases of the Company's securities from the Company or sales of the Company's securities to the Company;
- exercises of stock options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards, that in each case do not involve a market sale of the Company's securities (the "cashless exercise" of a Company stock option through a broker does involve a market sale of the Company's securities, and therefore would not qualify under this exception);

- *bona fide* gifts of the Company's securities; or
- purchases or sales of the Company's securities made pursuant to any binding contract, specific instruction or written plan entered into while the purchaser or seller, as applicable, was unaware of any material, non-public information and which contract, instruction or plan (i) meets all requirements of the affirmative defense provided by Rule 10b5-1 ("Rule 10b5-1") promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), (ii) was pre- cleared in advance pursuant to this Policy and (iii) has not been amended or modified in any respect after such initial pre-clearance without such amendment or modification being pre-cleared in advance pursuant to this Policy. For more information about Rule 10b5-1 trading plans, see Section VI below.

No officer, director or employee shall directly or indirectly communicate (or "tip") material, non-public information to anyone outside the Company (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know basis.

III. EXPLANATION OF INSIDER TRADING

"Insider trading" refers to the purchase or sale of a security while in possession of "material," "non-public" information relating to the security.

"Securities" includes stocks, bonds, notes, debentures, options, warrants and other convertible securities, as well as derivative instruments.

"Purchase" and *"sale"* are defined broadly under the federal securities law. *"Purchase"* includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. *"Sale"* includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the exercise of stock options, and acquisitions and exercises of warrants or puts, calls or other derivative securities.

It is generally understood that insider trading includes the following:

- Trading by insiders while in possession of material, non-public information;
- Trading by persons other than insiders while in possession of material, non-public information, if the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; and
- Communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.

A. What Facts are Material?

The materiality of a fact depends upon the circumstances. A fact is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security, or if the fact is likely to have a significant effect on the market price of the security. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or to any type of security, debt or equity.

Examples of material information include (but are not limited to) information about dividends; corporate earnings or earnings forecasts; possible mergers, acquisitions, tender offers or dispositions; major new products or product developments; important business developments such as major contract awards or cancellations, trial results, developments regarding strategic collaborators or the status of regulatory submissions; management or control changes; significant borrowing or financing developments including pending public sales or offerings of debt or equity securities; defaults on borrowings; bankruptcies; and significant litigation or regulatory actions. Moreover, material information does not have to be related to a company’s business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a security can be material.

A good general rule of thumb: **When in doubt, do not trade.**

B. What is Non-public?

Information is “non-public” if it is not available to the general public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors through such media as Dow Jones, Business Wire, Reuters, TheWall Street Journal, Associated Press, or United Press International, a broadcast on widely available radio or television programs, publication in a widely available newspaper, magazine or news web site, a Regulation FD-compliant conference call, or public disclosure documents filed with the SEC that are available on the SEC’s web site.

The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public.

C. Who is an Insider?

“Insiders” include officers, directors and employees of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company’s securities. All officers, directors and employees of the Company should consider themselves insiders with respect to material, non-public information about the Company’s business, activities and securities. Officers, directors and employees may not trade in the Company’s securities while in possession of material, non-public information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to- know basis.

Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account.

D. Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party ("tippee"), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information that has been misappropriated.

Tippees inherit an insider's duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee's liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The Securities and Exchange Commission ("SEC") and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- Securities industry self-regulatory organization sanctions;
- Civil injunctions;
- Damage awards to private plaintiffs;
- Disgorgement of all profits;
- Civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- Civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of $1,425,000 or three times the amount of profit gained or loss avoided by the violator;

- Criminal fines for individual violators of up to $5,000,000 ($25,000,000 for an entity); and
- Jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including dismissal. Insider trading violations are not limited to violations of the federal securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated in connection with insider trading.

F. Size of Transaction and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers or dealers are required by law to inform the SEC of any possible violations by people who may have material, non-public information. The SEC aggressively investigates even small insider trading violations.

G. Examples of Insider Trading

Examples of insider trading cases include actions brought against corporate officers, directors, and employees who traded in a company's securities after learning of significant confidential corporate developments; friends, business associates, family members and other tippees of such officers, directors, and employees who traded in the securities after receiving such information; government employees who learned of such information in the course of their employment; and other persons who misappropriated, and took advantage of, confidential information from their employers.

The following are illustrations of insider trading violations. These illustrations are hypothetical and, consequently, not intended to reflect on the actual activities or business of the Company or any other entity.

Trading by Insider

An officer of X Corporation learns that earnings to be reported by X Corporation will increase dramatically. Prior to the public announcement of such earnings, the officer purchases X Corporation's stock. The officer, an insider, is liable for all profits as well as penalties of up to three times the amount of all profits. The officer also is subject to, among other things, criminal prosecution, including up to $5,000,000 in additional fines and 20 years in jail. Depending upon the circumstances, X Corporation and the individual to whom the officer reports also could be liable as controlling persons.

Trading by Tippee

An officer of X Corporation tells a friend that X Corporation is about to publicly announce that it has concluded an agreement for a major acquisition. This tip causes the friend to purchase X Corporation's stock in advance of the announcement. The officer is jointly liable with his friend for all of the friend's profits, and each is liable for all civil penalties of up to three times the amount of the friend's profits. The officer and his friend are also subject to criminal prosecution and other remedies and sanctions, as described above.

H. Prohibition of Records Falsification and False Statements

Section 13(b)(2) of the 1934 Act requires companies subject to the Act to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to any accountant in connection with any audit or filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

IV. STATEMENT OF PROCEDURES PREVENTING INSIDER TRADING

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every officer, director and employee is required to follow these procedures.

A. Pre-Clearance of All Trades by the Board of Directors, Named Officers and Key Employees

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's securities, **all transactions in the Company's securities (including without limitation, acquisitions and dispositions of Company stock, the exercise of stock options and the sale of Company stock issued upon exercise of stock options) by the Company's board of directors, named officers, VPs, directors and managers listed on Schedule II (as amended from time to time) each, a "Pre-Clearance Person") must be pre-cleared** by the Company's General Counsel or Chief Financial Officer. Pre-clearance does not relieve anyone of his or her responsibility under SEC rules.

A request for pre-clearance may be oral or in writing (including by e-mail), should be made at least two business days in advance of the proposed transaction and should include the identity of the Pre-Clearance Person, the type of proposed transaction (for example, an open market purchase, a privately negotiated sale, an option exercise, etc.), the proposed date of the transaction and the number of shares or other securities to be involved. In addition, the Pre-Clearance Person must execute a certification (in the form approved by the General Counsel or Chief Financial Officer) that he or she is not aware of material nonpublic information about the Company. The General Counsel or Chief Financial Officer shall have sole discretion to decide whether to clear any contemplated transaction. (The General Counsel or Chief Executive Officer shall have sole discretion to decide whether to clear transactions by the General Counsel or Chief Financial Officer or persons or entities subject to this policy as a result of their relationship with the General Counsel or Chief Financial Officer.) All trades that are pre-cleared must be effected within five business days of receipt of the pre-clearance unless a specific exception has been granted by the General Counsel or Chief Financial Officer. A pre-cleared trade (or any portion of a pre-cleared trade) that has not been effected during the five business day period must be pre- cleared again prior to execution. Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material non-public information or becomes subject to a black-out period before the transaction is effected, the transaction may not be completed.

None of the Company, the General Counsel or Chief Financial Officer or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance submitted pursuant to this Section IV.A. Notwithstanding any pre-clearance of a transaction pursuant to this Section IV.A, none of the Company, the General Counsel or Chief Financial Officer or the Company's other employees assumes any liability for the legality or consequences of such transaction to the person engaging in such transaction.

B. Black-Out Periods

Additionally, none of the Company's board of directors, named officers or employees listed on Schedule I (as amended from time to time) shall purchase or sell any security of the Company during the period beginning the first calendar day after the end of any fiscal quarter of the Company and ending upon completion of the first full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company, except for:

- purchases of the Company's securities from the Company or sales of the Company's securities to the Company;
- exercises of stock options or other equity awards the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards that do not involve a market sale of the Company's securities (the "cashless exercise" of a Company stock option through a broker does involve a market sale of the Company's securities, and therefore would not qualify under this exception);
- *bona fide* gifts of the Company's securities; and
- purchases or sales of the Company's securities made pursuant to any binding contract, specific instruction or written plan entered into while the purchaser or seller, as applicable, was unaware of any material, non-public information and which contract, instruction or plan (i) meets all requirements of the affirmative defense provided by Rule 10b5-1, (ii) was pre-cleared in advance pursuant to this Policy and (iii) has not been amended or modified in any respect after such initial pre-clearance without such amendment or modification being pre-cleared in advance pursuant to this Policy.

Exceptions to the black-out period policy may be approved only by the Company's General Counsel or Chief Financial Officer or, in the case of exceptions for directors, the Board of Directors or Audit Committee of the Board of Directors.

From time to time, the Company, through the Board of Directors, the Company's General Counsel or Chief Financial Officer, may recommend that officers, directors, employees or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all those affected should not trade in our securities while the suspension is in effect, and should not disclose to others that we have suspended trading.

C. Information Relating to the Company

1. Access to Information

Access to material, non-public information about the Company, including the Company's business, earnings or prospects, should be limited to officers, directors and employees of the Company on a need-to-know basis. In addition, such information should not be communicated to anyone outside the Company under any circumstances (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company on an other than need-to-know basis.

In communicating material, non-public information to employees of the Company, all officers, directors and employees must take care to emphasize the need for confidential treatment of such information and adherence to the Company's policies with regard to confidential information.

2. Inquiries From Third Parties

Inquiries from third parties, such as industry analysts or members of the media, about the Company should be directed to the General Counsel at (310) 212-7910.

D. Limitations on Access to Company Information

The following procedures are designed to maintain confidentiality with respect to the Company's business operations and activities.

All officers, directors and employees should take all steps and precautions necessary to restrict access to, and secure, material, non-public information by, among other things:

- Maintaining the confidentiality of Company-related transactions;
- Conducting their business and social activities so as not to risk inadvertent disclosure of confidential information. Review of confidential documents in public places should be conducted so as to prevent access by unauthorized persons;
- Restricting access to documents and files (including computer files) containing material, non-public information to individuals on a need-to-know basis (including maintaining control over the distribution of documents and drafts of documents);
- Promptly removing and cleaning up all confidential documents and other materials from conference rooms following the conclusion of any meetings;
- Disposing of all confidential documents and other papers, after there is no longer any business or other legally required need, through shredders when appropriate;

- Restricting access to areas likely to contain confidential documents or material, non-public information;
- Safeguarding laptop computers, tablets, memory sticks, CDs and other items that contain confidential information; and
- Avoiding the discussion of material, non-public information in places where the information could be overheard by others such as in elevators, restrooms, hallways, restaurants, airplanes or taxicabs.

Personnel involved with material, non-public information, to the extent feasible, should conduct their business and activities in areas separate from other Company activities.

V. ADDITIONALPROHIBITEDTRANSACTIONS

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, officers, directors and employees shall comply with the following policies with respect to certain transactions in the Company securities:

A. Short Sales

Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy. In addition, as noted below, Section 16(c) of the 1934 Act absolutely prohibits Section 16 reporting persons from making short sales of the Company's equity securities, *i.e.*, sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale.

B Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that an officer, director or employee is trading based on inside information. Transactions in options also may focus an officer's, director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities involving the Company's equity securities, on an exchange or in any other organized market, are prohibited by this Policy.

C. Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director or employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the officer, director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the officer, director or employee may no longer have the same objectives as the Company's other stockholders. Therefore, such transactions involving the Company's equity securities are prohibited by this Policy.

D. Purchases of the Company's Securities on Margin; Pledging the Company's Securities to Secure Margin or Other Loans

Purchasing on margin means borrowing from a brokerage firm, bank or other entity in order to purchase the Company's securities (other than in connection with a cashless exercise of stock options under the Company's equity plans). Margin purchases of the Company's securities are prohibited by this Policy. Pledging the Company's securities as collateral to secure loans is also prohibited. This prohibition means, among other things, that you cannot hold the Company's securities in a "margin account" (which would allow you to borrow against your holdings to buy securities).

E. Director and Executive Officer Cashless Exercises

The Company will not arrange with brokers to administer cashless exercises on behalf of directors and executive officers of the Company. Directors and executive officers of the Company may use the cashless exercise feature of their equity awards only if (i) the director or officer retains a broker independently of the Company, (ii) the Company's involvement is limited to confirming that it will deliver the stock promptly upon payment of the exercise price and (iii) the director or officer uses a "T+3" cashless exercise arrangement, in which the Company agrees to deliver stock against the payment of the purchase price on the same day the sale of the stock underlying the equity award settles. Under a T+3 cashless exercise, a broker, the issuer, and the issuer's transfer agent work together to make all transactions settle simultaneously. This approach is to avoid any inference that the Company has "extended credit" in the form of a personal loan to the director or executive officer. Questions about cashless exercises should be directed to the General Counsel or Chief Compliance Officer.

F. Partnership Distributions

Nothing in this Policy is intended to limit the ability of a venture capital partnership or other similar entity with which a director is affiliated to distribute Company securities to its partners, members or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable securities laws.

VI. RULE 10b5-1 TRADING PLANS, SECTION 16 AND RULE 144

A Rule 10b5-1 Trading Plans

1. Overview

Rule 10b5-1 will protect directors, officers and employees from insider trading liability under Rule 10b5-1 for transactions under a previously established contract, plan or instruction to trade in the Company's stock (a "Trading Plan") entered into in good faith and in accordance with the terms of Rule 10b5-1 and all applicable state laws and will be exempt from the trading restrictions set forth in this Policy. The initiation of, and any modification to, any such Trading Plan will be deemed to be a transaction in the Company's securities, and such initiation or modification is subject to all limitations and prohibitions relating to transactions in the Company's securities. Each such Trading Plan, and any modification thereof, must be submitted to and pre-approved by the Company's General Counsel or Chief Financial Officer, or such other person as the Board of Directors may designate from time to time (the "Authorizing Officer"), who may impose such conditions on the implementation and operation of the Trading Plan as the Authorizing Officer deems necessary or advisable. However, compliance of the Trading Plan to the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, not the Company or the Authorizing Officer.

Trading Plans do not exempt individuals from complying with Section 16 short- swing profit rules or liability.

Rule 10b5-1 presents an opportunity for insiders to establish arrangements to sell (or purchase) Company stock without the restrictions of trading windows and black-out periods, even when there is undisclosed material information. A Trading Plan may also help reduce negative publicity that may result when key executives sell the Company's stock. Rule 10b5-1 only provides an "affirmative defense" in the event there is an insider trading lawsuit. It does not prevent someone from bringing a lawsuit.

A director, officer or employee may enter into a Trading Plan only when he or she is not in possession of material, non-public information, and only during a trading window period outside of the trading black-out period. Although transactions effected under a Trading Plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) made pursuant to a Trading Plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company's filing coordinator to assist in the preparation and filing of a required Form 4.

The Company reserves the right from time to time to suspend, discontinue or otherwise prohibit any transaction in the Company's securities, even pursuant to a previously approved Trading Plan, if the Authorizing Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company. Any Trading Plan submitted for approval hereunder should explicitly acknowledge the Company's right to prohibit transactions in the Company's securities. Failure to discontinue purchases and sales as directed shall constitute a violation of the terms of this Section VI and result in a loss of the exemption set forth herein.

Officers, directors and employees may adopt Trading Plans with brokers that outline a pre-set plan for trading of the Company's stock, including the exercise of options. Trades pursuant to a Trading Plan generally may occur at any time. However, the Company requires a cooling-off period of 30 days between the establishment of a Trading Plan and commencement of any transactions under such plan. An individual may adopt more than one Trading Plan. Please review the following description of how a Trading Plan works.

Pursuant to Rule 10b5-1, an individual's purchase or sale of securities will not be "on the basis of" material, non-public information if:

- First, before becoming aware of the information, the individual enters into a binding contract to purchase or sell the securities, provides instructions to another person to sell the securities or adopts a written plan for trading the securities (i.e., the Trading Plan).

- Second, the Trading Plan must either:
  - specify the amount of securities to be purchased or sold, the price at which the securities are to be purchased or sold and the date on which the securities are to be purchased or sold;
  - include a written formula or computer program for determining the amount, price and date of the transactions; or
  - prohibit the individual from exercising any subsequent influence over the purchase or sale of the Company's stock under the Trading Plan in question.
- Third, the purchase or sale must occur pursuant to the Trading Plan and the individual must not enter into a corresponding hedging transaction or alter or deviate from the Trading Plan.

2. Revocation of and Amendments to Trading Plans

Revocation of Trading Plans should occur only in unusual circumstances. Effectiveness of any revocation or amendment of a Trading Plan will be subject to the prior review and approval of the Authorizing Officer. Once a Trading Plan has been revoked, the participant should wait at least 30 days before trading outside of a Trading Plan and 180 days before establishing a new Trading Plan. You should note that revocation of a Trading Plan can result in the loss of an affirmative defense for past or future transactions under a Trading Plan. You should consult with your own legal counsel before deciding to revoke a Trading Plan. In any event, you should not assume that compliance with the 180-day bar will protect you from possible adverse legal consequences of a Trading Plan revocation.

A person acting in good faith may amend a prior Trading Plan so long as such amendments are made outside of a quarterly trading black-out period and at a time when the Trading Plan participant does not possess material, non-public information. Plan amendments must not take effect for at least 30 days after the plan amendments are made.

Under certain circumstances, a Trading Plan *must* be revoked. This may include circumstances such as the announcement of a merger or the occurrence of an event that would cause the transaction either to violate the law or to have an adverse effect on the Company. The Authorizing Officer or administrator of the Company's stock plans is authorized to notify the broker in such circumstances, thereby insulating the insider in the event of revocation.

3. Discretionary Plans

Although non-discretionary Trading Plans are preferred, discretionary Trading Plans, where the discretion or control over trading is transferred to a broker, are permitted if pre- approved by the Authorizing Officer.

The Authorizing Officer must pre-approve any Trading Plan, arrangement or trading instructions, etc., involving potential sales or purchases of the Company's stock or option exercises, including but not limited to, blind trusts, discretionary accounts with banks or brokers, or limit orders. The actual transactions effected pursuant to a pre-approved Trading Plan will not be subject to further pre-clearance for transactions in the Company's stock once the Trading Plan or other arrangement has been pre-approved.

4. Reporting (if Required)

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades "are in accordance with a Trading Plan that complies with Rule 10b5-1 and expires ." For Section 16 reporting persons, Form 4s should be filed before the end of the second business day following the date that the broker, dealer or plan administrator informs the individual that a transaction was executed, provided that the date of such notification is not later than the third business day following the trade date. A similar footnote should be placed at the bottom of the Form 4 as outlined above.

5. Options

Exercises of options for cash may be executed at any time. "Cashless exercise" option exercises are subject to trading windows. However, the Company will permit same day sales under Trading Plans. If a broker is required to execute a cashless exercise in accordance with a Trading Plan, then the Company must have exercise forms attached to the Trading Plan that are signed, undated and with the number of shares to be exercised left blank. Once a broker determines that the time is right to exercise the option and dispose of the shares in accordance with the Trading Plan, the broker will notify the Company in writing and the administrator of the Company's stock plans will fill in the number of shares and the date of exercise on the previously signed exercise form. The insider should not be involved with this part of the exercise.

6. Trades Outside of a Trading Plan

During an open trading window, trades differing from Trading Plan instructions that are already in place are allowed as long as the Trading Plan continues to be followed.

7. Public Announcements

The Company may make a public announcement that Trading Plans are being implemented in accordance with Rule 10b5-1. It will consider in each case whether a public announcement of a particular Trading Plan should be made. It may also make public announcements or respond to inquiries from the media as transactions are made under a Trading Plan.

8. Prohibited Transactions

The transactions prohibited under Section V of this Policy, including among others short sales and hedging transactions, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of the Company's securities.

9. No Section 16 Protection

The use of Trading Plans does not exempt participants from complying with the Section 16 reporting rules or liability for short-swing trades.

10. Limitation on Liability

None of the Company, the Authorizing Officer or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a Trading Plan submitted pursuant to this Section VI.A. Notwithstanding any review of a Trading Plan pursuant to this Section VI.A, none of the Company, the Authorizing Officer or the Company's other employees assumes any liability for the legality or consequences relating to such Trading Plan to the person adopting such Trading Plan.

B. Section 16: Insider Reporting Requirements, Short-Swing Profits and Short Sales (Applicable to Officers, Directors and 10% Stockholders)

1. Reporting Obligations Under Section 16(a): SEC Forms 3, 4 and 5

Section 16(a) of the 1934 Act generally requires all officers, directors and 10% stockholders ("insiders"), within 10 days after the insider becomes an officer, director, or 10% stockholder, to file with the SEC an "Initial Statement of Beneficial Ownership of Securities" on SEC Form 3 listing the amount of the Company's stock, options and warrants which the insider beneficially owns. Following the initial filing on SEC Form 3, changes in beneficial ownership of the Company's stock, options and warrants must be reported on SEC Form 4, generally within two days after the date on which such change occurs, or in certain cases on Form 5, within 45 days after fiscal year end. The two-day Form 4 deadline begins to run from the trade date rather than the settlement date. A Form 4 must be filed even if, as a result of balancing transactions, there has been no net change in holdings. In certain situations, purchases or sales of Company stock made within six months *prior* to the filing of a Form 3 must be reported on Form 4. Similarly, certain purchases or sales of Company stock made within six months *after* an officer or director ceases to be an insider must be reported on Form 4.

2. Recovery of Profits Under Section 16(b)

For the purpose of preventing the unfair use of information which may have been obtained by an insider, any profits realized by any officer, director or 10% stockholder from any "purchase" and "sale" of Company stock during a six-month period, so called "short-swing profits," may be recovered by the Company. When such a purchase and sale occurs, good faith is no defense. The insider is liable even if compelled to sell for personal reasons, and even if the sale takes place after full disclosure and without the use of any inside information.

The liability of an insider under Section 16(b) of the 1934 Act is only to the Company itself. The Company, however, cannot waive its right to short swing profits, and any Company stockholder can bring suit in the name of the Company. Reports of ownership filed with the SEC on Form 3, Form 4 or Form 5 pursuant to Section 16(a) (discussed above) are readily available to the public, and certain attorneys carefully monitor these reports for potential Section 16(b) violations. In addition, liabilities under Section 16(b) may require separate disclosure in the Company's annual report to the SEC on Form 10-K or its proxy statement for its annual meeting of stockholders. No suit may be brought more than two years after the date the profit was realized. However, if the insider fails to file a report of the transaction under Section 16(a), as required, the two-year limitation period does not begin to run until after the transactions giving rise to the profit have been disclosed. Failure to report transactions and late filing of reports require separate disclosure in the Company's proxy statement.

Officers and directors should consult the attached "Short-Swing Profit Rule Section 16(b) Checklist" attached hereto as "Attachment A" in addition to consulting the General Counsel prior to engaging in any transactions involving the Company's securities, including without limitation, the Company's stock, options or warrants.

3. Short Sales Prohibited Under Section 16(c)

Section 16(c) of the 1934 Act prohibits insiders absolutely from making short sales of the Company's equity securities. Short sales include sales of stock which the insider does not own at the time of sale, or sales of stock against which the insider does not deliver the shares within 20 days after the sale. Under certain circumstances, the purchase or sale of put or call options, or the writing of such options, can result in a violation of Section 16(c). Insiders violating Section 16(c) face criminal liability.

The General Counsel should be consulted if you have any questions regarding reporting obligations, short-swing profits or short sales under Section 16.

C. Rule 144 (Applicable to Officers, Directors and 10% Stockholders)

Rule 144 provides a safe harbor exemption to the registration requirements of the Securities Act of 1933, as amended, for certain resales of "restricted securities" and "control securities." "Restricted securities" are securities acquired from an issuer, or an affiliate of an issuer, in a transaction or chain of transactions not involving a public offering. "Control securities" are *any* securities owned by directors, executive officers or other "affiliates" of the issuer, including stock purchased in the open market and stock received upon exercise of stock options. Sales of Company securities by affiliates (generally, directors, officers and 10% stockholders of the Company) must comply with the requirements of Rule 144, which are summarized below:

- ***Current Public Information.*** The Company must have filed all SEC-required reports during the last 12 months.
- ***Volume Limitations.*** Total sales of Company common stock by a covered individual for any three-month period may not exceed the *greater* of: (i) 1% of the total number of outstanding shares of Company common stock, as reflected in the most recent report or statement published by the Company, or (ii) the average weekly reported volume of such shares traded during the four calendar weeks preceding the filing of the requisite Form 144.
- ***Method of Sale.*** The shares must be sold either in a "broker's transaction" or in a transaction directly with a "market maker." A "broker's transaction" is one in which the broker does no more than execute the sale order and receive the usual and customary commission. Neither the broker nor the selling person can solicit or arrange for the sale order. In addition, the selling person or Board member must not pay any fee or commission other than to the broker. A "market maker" includes a specialist permitted to act as a dealer, a dealer acting in the position of a block positioner, and a dealer who holds himself out as being willing to buy and sell Company common stock for his own account on a regular and continuous basis.

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Notice of Proposed Sale. A notice of the sale (a Form 144) must be filed with the SEC at the time of the sale. Brokers generally have internal procedures for executing sales under Rule 144 and will assist you in completing the Form 144 and in complying with the other requirements of Rule 144.

If you are subject to Rule 144, you must instruct your broker who handles trades in Company securities to follow the brokerage firm's Rule 144 compliance procedures in connection with all trades.

VII. EXECUTIONANDRETURNOFCERTIFICATIONOFCOMPLIANCE

After reading this Policy, all officers, directors and employees should execute and return to the Company's General Counsel the Certification of Compliance form attached hereto as "Attachment B."

SCHEDULE I

INDIVIDUALS SUBJECT TO QUARTERLY TRADING BLACK-OUTS

MPA board of directors, named officers and all employees.

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SCHEDULE II

INDIVIDUALS SUBJECT TO PRE-CLEARANCE REQUIREMENT

MPA board of directors, named officers, VPs, directors and managers.

ATTACHMENT A

SHORT-SWING PROFIT RULE SECTION 16(B) CHECKLIST

Note: ANY combination of PURCHASE AND SALE or SALE AND PURCHASE within six months of each other by an officer, director or 10% stockholder (or any family member living in the same household or certain affiliated entities) results in a violation of Section 16(b), and the "profit" must be recovered by Motorcar Parts of America, Inc. (the "Company"). It makes no difference how long the shares being sold have been held or, for officers and directors, that you were an insider for only one of the two matching transactions. The highest priced sale will be matched with the lowest priced purchase within the six-month period.

Sales

If a sale is to be made by an officer, director or 10% stockholder (or any family member living in the same household or certain affiliated entities):

1. Have there been any purchases by the insider (or family members living in the same household or certain affiliated entities) within the past six months?
2. Have there been any option grants or exercises not exempt under Rule 16b-3 within the past six months?
3. Are any purchases (or non-exempt option exercises) anticipated or required within the next six months?
4. Has a Form 4 been prepared?

Note: If a sale is to be made by an affiliate of the Company, has a Form 144 been prepared and has the broker been reminded to sell pursuant to Rule 144?

Purchases And Option Exercises

If a purchase or option exercise for Company stock is to be made:

1. Have there been any sales by the insider (or family members living in the same household or certain affiliated entities) within the past six months?
2. Are any sales anticipated or required within the next six months (such as tax- related or year-end transactions)?
3. Has a Form 4 been prepared?

Before proceeding with a purchase or sale, consider whether you are aware of material inside information which could affect the price of the Company stock. All transactions in the Company's securities by officers and directors must be pre-cleared by contacting the Company's General Counsel or Chief Financial Officer.

ATTACHMENT B

CERTIFICATION OF COMPLIANCE

RETURN BY MARCH 1, 2018

TO: Board of Directors; Officers; All Employees

FROM: Motorcar Parts of America, Inc.

RE: INSIDER TRADING COMPLIANCE POLICY OF MOTORCAR PARTS OF AMERICA, INC.

I have received, reviewed and understand the above-referenced Insider Trading Compliance Policy and undertake, as a condition to my present and continued employment (or, if I am not an employee, affiliation with) Motorcar Parts of America, Inc., to comply fully with the policies and procedures contained therein.

SIGNATURE DATE

PRINT NAME

TITLE

Exhibit 21.1

List of Subsidiaries

MVR Products Pte. Limited, a company organized under the laws of Singapore

Unijoh Sdn. Bhd., a company organized under the laws of Malaysia

Motorcar Parts de Mexico, S.A. de C.V., a company organized under the laws of Mexico

Motorcar Parts of Canada, Inc., a company organized under the laws of Canada

Central Auto Parts (Shanghai) Co., Ltd, a company organized under the laws of China

D&V Electronics Ltd, a company organized under the laws of Canada

D&V Electronic Technology (Shanghai) Co., Ltd, a company organized under the laws of China

EPICQ MX, S.A. de C.V., a company organized under the laws of Mexico

Dixie Electric Ltd., a company organized under the laws of Canada

Dixie Electric Inc., a company organized under the laws of the United States

INDEL Distribution Company Private Limited, a company organized under the laws of India

Dixie Auto Electric India Private Limited, a company organized under the laws of India

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We 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;

(1) Registration Statement (Form S-8 No. 333-185691) pertaining to the 2010 Incentive Award Plan,

(2) 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,

(3) Registration Statement (Form S-8 No. 333-223685) pertaining to the Third Amended and Restated 2010 Incentive Award Plan,

(4) Registration Statement (Form S-8 No. 333-248577) pertaining to the Fourth Amended and Restated 2010 Incentive Award Plan,
(5) Registration Statement (Form S-8 No. 333-268273) pertaining to the 2022 Incentive Award Plan, and
(6) Registration Statement (Form S-8 No. 333-283173) pertaining to the First Amended and Restated 2022 Incentive Award Plan;

of our reports dated June 11, 2024 June 9, 2025, 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, 2024 March 31, 2025.

/s/ Ernst & Young LLP

Los Angeles, CA
June 11, 2024 9, 2025

Exhibit 31.1

CERTIFICATIONS

I, 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; 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 11, 2024 June 9, 2025

/s/ Selwyn Joffe
Selwyn Joffe
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, 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; 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 11, 2024 June 9, 2025	/s/ David Lee
	David Lee Chief Financial Officer

Exhibit 31.3

CERTIFICATIONS

I, 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 11, 2024 June 9, 2025

/s/ Kamlesh Shah
Kamlesh Shah
Chief Accounting 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, 2024 March 31, 2025 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
Chief Executive Officer
Selwyn Joffe
Chief Executive Officer
June 11, 2024 9, 2025

In connection with the Annual Report of Motorcar Parts of America, Inc. (the “Company”) on Form 10-K for the year ended March 31, 2024 March 31, 2025 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 11, 2024
9, 2025

In connection with the Annual Report of Motorcar Parts of America, Inc. (the “Company”) on Form 10-K for the year ended March 31, 2024 March 31, 2025 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 11, 2024
9, 2025

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.

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

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