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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549 Form 10-Q â˜‘ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIESÂ EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2024 â˜ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIESÂ EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROMÂ Â Â Â TO Commission File No. 001-33861 MOTORCAR PARTS OF AMERICA, INC. (Exact name of registrant as specified in its charter) New York Â 11-2153962 (State or other jurisdiction ofÂ incorporation or organization) Â (I.R.S. EmployerÂ Identification No.) 2929 California Street, Torrance, California Â 90503 (Address of principal executive offices) Â (Zip Code) Registrantâ€™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 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 â˜‘ No â˜ 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). YesÂ â˜‘ No â˜ 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer â˜ Accelerated filerÂ â˜‘ Non-accelerated filer â˜ Smaller reporting company â˜ Â Emerging growth company â˜ 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.Â â˜ Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes â˜ No â˜‘ There were 19,753,585 shares of Common Stock outstanding at August 1, 2024. MOTORCAR PARTS OF AMERICA, INC. TABLE OF CONTENTS   MOTORCAR PARTS OF AMERICA, INC. GLOSSARY The following terms are frequently used in the text of this report and have the meanings indicated below. â€œUsed Coreâ€ â€” An automobile part which has previously been used in the operation of a vehicle. Generally, the Used Core is an original equipment (â€œOEâ€) 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. â€œRemanufactured Coreâ€ â€” 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. PART I â€” FINANCIAL INFORMATION Item 1. Financial Statements MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Condensed Consolidated Balance Sheets Â June 30, 2024 Â Â March 31, 2024 Â ASSETS Â (Unaudited) Â Â Â Â Current assets: Â Â Â Â Â Â Cash and cash equivalents Â $ 7,531,000 Â Â $ 13,974,000 Â Short-term investments Â Â 1,887,000 Â Â Â 1,837,000 Â Accounts receivable â€” net Â Â 78,624,000 Â Â Â 96,296,000 Â Inventory â€” net Â Â 402,931,000 Â Â Â 397,328,000 Â Contract assets Â Â 27,317,000 Â Â Â 27,139,000 Â Prepaid expenses and other current assets Â Â 21,753,000 Â Â Â 23,885,000 Â Total current assets Â Â 540,043,000 Â Â Â 560,459,000 Â Plant and equipment â€” net Â Â 35,010,000 Â Â Â 38,338,000 Â Operating lease assets Â Â 77,057,000 Â Â Â 83,973,000 Â Long-term deferred income taxes Â Â 3,960,000 Â Â Â 2,976,000 Â Long-term contract assets Â Â 315,463,000 Â Â Â 320,282,000 Â Goodwill and intangible assets â€” net Â Â 4,102,000 Â Â Â 4,274,000 Â Other assets Â Â 2,320,000 Â Â Â 1,700,000 Â TOTAL ASSETS Â $ 977,955,000 Â Â $ 1,012,002,000 Â LIABILITIES AND SHAREHOLDERSâ€™Â EQUITY Â Â Â Â Â Â Â Â Current liabilities: Â Â Â Â Â Â Â Â Accounts payable and accrued liabilities Â $ 159,627,000 Â Â $ 185,182,000 Â Customer finished goods returns accrual Â Â 28,893,000 Â Â Â 38,312,000 Â Contract liabilities Â Â 41,504,000 Â Â Â 37,591,000 Â Revolving loan Â Â 143,834,000 Â Â Â 128,000,000 Â Other current liabilities Â Â 8,363,000 Â Â Â

7,021,000 Â Operating lease liabilities Â Â 9,083,000 Â Â Â 8,319,000 Â Total current liabilities Â Â 391,304,000 Â Â Â 404,425,000 Â Convertible notes, related party Â Â 31,676,000 Â Â Â 30,776,000 Â Long-term contract liabilities Â Â 210,378,000 Â Â Â 212,068,000 Â Long-term deferred income taxes Â Â 39,000 Â Â Â 511,000 Â Long-term operating lease liabilities Â Â 71,044,000 Â Â Â 72,240,000 Â Other liabilities Â Â 6,345,000 Â Â Â 6,872,000 Â Total liabilities Â Â 710,786,000 Â Â Â 726,892,000 Â Commitments and contingencies Â Â Â Â Â Â Â Â Shareholdersâ€™ equity: Â Â Â Â Â Â Â Â Preferred stock; par value $0.01 per share, 5,000,000 shares authorized; none issued Â Â - Â Â Â - Â Series A junior participating preferred stock; par value $0.01 per share, 20,000 shares authorized; none issued Â Â - Â Â Â - Â Common stock; par value $0.01 per share, 50,000,000 shares authorized; 19,753,585 and 19,662,380 shares issued and outstanding at June 30, 2024 and March 31, 2024, respectively Â Â 198,000 Â Â Â 197,000 Â Additional paid-in capital Â Â 237,073,000 Â Â Â 236,255,000 Â Retained earnings Â Â 21,418,000 Â Â Â 39,503,000 Â Accumulated other comprehensive income Â Â 8,480,000 Â Â Â 9,155,000 Â Total shareholdersâ€™ equity Â Â 267,169,000 Â Â Â 285,110,000 Â TOTAL LIABILITIES AND SHAREHOLDERSâ€™ EQUITY Â $ 977,955,000 Â Â $ 1,012,002,000 Â The accompanying notes to condensed consolidated financial statements are an integral part hereof. 4 Table of contents MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Operations (Unaudited) Â Â Three Months Ended Â Â June 30, Â Â Â 2024 Â Â 2023 Â Â Â Â Â Â Â Â Net sales Â $ 169,887,000 Â Â $ 159,705,000 Â Cost of goods sold Â Â 140,713,000 Â Â Â 133,138,000 Â Gross profit Â Â 29,174,000 Â Â Â 26,567,000 Â Operating expenses: Â Â Â Â Â Â Â Â General and administrative Â Â 16,670,000 Â Â Â 12,602,000 Â Sales and marketing Â Â 5,449,000 Â Â Â 5,419,000 Â Research and development Â Â 2,433,000 Â Â Â 2,375,000 Â Foreign exchange impact of lease liabilities and forward contracts Â Â 11,078,000 Â Â Â (4,270,000) Total operating expenses Â Â 35,630,000 Â Â Â 16,126,000 Â Operating (loss) income Â Â (6,456,000) Â Â 10,441,000 Â Other expenses: Â Â Â Â Â Â Â Â Interest expense, net Â Â 14,387,000 Â Â Â 11,720,000 Â Change in fair value of compound net derivative liability Â Â (2,580,000) Â Â 140,000 Â Total other expenses Â Â 11,807,000 Â Â Â 11,860,000 Â Loss before income tax benefit Â Â (18,263,000) Â Â (1,419,000) Income tax benefit Â Â (178,000) Â Â (9,000) Net loss Â $ (18,085,000) Â $ (1,410,000) Basic net loss per share Â $ (0.92) Â $ (0.07) Diluted net loss per share Â $ (0.92) Â $ (0.07) Weighted average number of shares outstanding: Â Â Â Â Â Â Â Â Basic Â Â 19,674,539 Â Â Â 19,508,626 Â Diluted Â Â 19,674,539 Â Â Â 19,508,626 Â The accompanying notes to condensed consolidated financial statements are an integral part hereof. 5 Table of contents MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited) Â Â Three Months Ended Â Â June 30, Â Â Â 2024 Â Â 2023 Â Â Â Â Â Â Â Â Net loss Â $ (18,085,000) Â $ (1,410,000) Other comprehensive (loss) income, net of tax: Â Â Â Â Â Â Â Â Foreign currency translation (loss) gain Â Â (675,000) Â Â 3,343,000 Â Total other comprehensive (loss) income, net of tax Â Â (675,000) Â Â 3,343,000 Â Comprehensive (loss) income Â $ (18,760,000) Â $ 1,933,000 Â The accompanying notes to condensed consolidated financial statements are an integral part hereof. 6 Table of contents MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Shareholdersâ€™ Equity (Unaudited) Â Common Stock Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Shares Â Â Amount Â Â Additional Paid-in Capital Â Â Retained Earnings Â Â Accumulated Other Comprehensive Income (Loss) Â Â Total Â Balance at March 31, 2024 Â Â 19,662,380 Â Â $ 197,000 Â Â $ 236,255,000 Â Â $ 39,503,000 Â Â $ 9,155,000 Â Â $ 285,110,000 Â Compensation recognized under employee stock plans Â Â - Â Â Â - Â Â Â 1,000,000 Â Â Â - Â Â Â - Â Â Â 1,000,000 Â Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes Â Â 91,205 Â Â Â 1,000 Â Â Â (182,000) Â Â - Â Â Â - Â Â Â (181,000) Foreign currency translation Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â (675,000) Â Â (675,000) Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (18,085,000) Â Â - Â Â Â (18,085,000) Balance at June 30, 2024 Â Â 19,753,585 Â Â $ 198,000 Â Â $ 237,073,000 Â Â $ 21,418,000 Â Â $ 8,480,000 Â Â $ 267,169,000 Â Â Common Stock Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Shares Â Â Amount Â Â Additional Paid-in Capital Â Â Retained Earnings Â Â Accumulated Other Comprehensive Income (Loss) Â Â Total Â Balance at March 31,2023 Â Â 19,494,615 Â Â $ 195,000 Â Â $ 231,836,000 Â Â $ 88,747,000 Â Â $ (303,000) Â $ 320,475,000 Â Compensation recognized under employee stock plans Â Â - Â Â Â - Â Â Â 1,310,000 Â Â Â - Â Â Â - Â Â Â 1,310,000 Â Issuance of common stock upon vesting of RSUs, net of shares withheld for employee taxes Â Â 104,530 Â Â Â 1,000 Â Â Â (280,000) Â Â - Â Â Â - Â Â Â (279,000) Foreign currency translation Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 3,343,000 Â Â Â 3,343,000 Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (1,410,000) Â Â - Â Â Â (1,410,000) Balance at June 30, 2023 Â Â 19,599,145 Â Â $ 196,000 Â Â $ 232,866,000 Â Â $ 87,337,000 Â Â $ 3,040,000 Â Â $ 323,439,000 Â The accompanying notes to condensed consolidated financial statements are an integral part hereof. 7 Table of contents MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Condensed Consolidated Statements of Cash Flows (Unaudited) Â Â Three Months Ended Â Â June 30, Â Â Â 2024 Â Â 2023 Â Cash flows from operating activities: Â Â Â Â Â Â Net loss Â $ (18,085,000) Â $ (1,410,000) Adjustments to reconcile net loss to net cash used in operating activities: Â Â Â Â Â Â Â Â Depreciation and amortization Â Â 2,729,000 Â Â Â 3,033,000 Â Amortization of debt issuance costs Â Â 537,000 Â Â Â 464,000 Â Amortization of interest on contract liabilities Â Â 203,000 Â Â Â 249,000 Â Accrued interest on convertible notes, related party Â Â 880,000 Â Â Â 800,000 Â Amortization of core premiums paid to customers Â Â 2,471,000 Â Â Â 2,490,000 Â Amortization of finished goods premiums paid to customers Â Â 257,000 Â Â Â 167,000 Â Noncash lease expense Â Â 2,608,000 Â Â Â 2,504,000 Â Foreign exchange impact of lease liabilities and forward contracts Â Â 11,078,000 Â Â Â (4,270,000) Change in fair value of compound net derivative liability Â Â (2,580,000) Â Â 140,000 Â Gain on short-term investments Â Â (28,000) Â Â (121,000) Net provision for inventory reserves Â Â 3,184,000 Â Â Â 3,366,000 Â Net provision for customer payment discrepancies and credit losses Â Â 34,000 Â Â Â 1,159,000 Â Deferred income taxes Â Â (1,862,000) Â Â 1,595,000 Â Share-based compensation expense Â Â 1,000,000 Â Â Â 1,310,000 Â Loss on disposal of plant and equipment Â Â - Â Â Â 1,000 Â Changes in operating assets and liabilities: Â Â Â Â Â Â Â Â Accounts receivable Â Â 17,207,000 Â Â Â (27,518,000) Inventory Â Â (9,061,000) Â Â (10,782,000) Prepaid expenses and other current assets Â Â (1,232,000) Â Â 2,391,000 Â Other assets Â Â (785,000) Â Â 16,000 Â Accounts payable and accrued liabilities Â Â (20,367,000) Â Â 927,000 Â Customer finished goods returns accrual Â Â (9,275,000) Â Â (4,679,000) Contract assets Â Â 1,482,000 Â Â Â (792,000) Contract liabilities Â Â 2,089,000 Â Â Â 9,320,000 Â Operating lease liabilities Â Â (2,162,000) Â Â (1,863,000) Other liabilities Â Â (1,163,000) Â Â 1,033,000 Â Net cash used in operating activities Â Â (20,841,000) Â Â (20,470,000) Cash flows from investing activities: Â Â Â Â Â Â Â Â Purchase of plant and equipment Â Â (490,000) Â Â (40,000) Purchase of short-term investments Â Â (22,000) Â Â (27,000) Net cash used in investing activities Â Â (512,000) Â Â (67,000) Cash flows from financing activities: Â Â Â Â Â Â Â Â Borrowings under revolving loan Â Â 42,366,000 Â Â Â 26,000,000 Â Repayments of revolving loan Â Â (26,532,000) Â Â (4,200,000) Repayments of term loan Â Â - Â Â Â (938,000) Payments for debt issuance costs Â Â (15,000) Â Â (418,000) Payments on finance lease obligations Â Â (472,000) Â Â (492,000) Cash used to net share settle equity awards Â Â (181,000) Â Â (279,000) Net cash provided by financing activities Â Â 15,166,000 Â Â Â 19,673,000 Â Effect of exchange rate changes on cash and cash equivalents Â Â (256,000) Â Â 155,000 Â Net decrease in cash and cash equivalents Â Â (6,443,000) Â Â

(709,000) Cash and cash equivalents â€” Beginning of period Â Â 13,974,000 Â Â Â 11,596,000 Â Cash and cash equivalentsÂ â€” End of period Â $ 7,531,000 Â Â $ 10,887,000 Â Supplemental disclosures of cash flow information: Â Â Â Â Â Â Â Â Cash paid for interest, net Â $ 12,689,000 Â Â $ 10,120,000 Â Cash paid for income taxes, net of refunds Â Â 2,196,000 Â Â Â 645,000 Â Cash paid for operating leases Â Â 3,355,000 Â Â Â 3,081,000 Â Cash paid for finance leases Â Â 523,000 Â Â Â 554,000 Â Plant and equipment acquired under finance leases Â Â - Â Â Â 31,000 Â Assets acquired under operating leases Â Â 1,815,000 Â Â Â - Â Non-cash capital expenditures Â Â 19,000 Â Â Â - Â Debt issuance costs included in accounts payable and accrued liabilities Â Â - Â Â Â 187,000 Â Interest paid in-kind Â Â 3,209,000 Â Â Â - Â The accompanying notes to condensed consolidated financial statements are an integral part hereof. 8 Table of contents MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES Notes to Condensed Consolidated Financial Statements June 30, 2024 (Unaudited) 1. Company Background and Organization Motorcar Parts of America, Inc. and its subsidiaries (the â€œCompanyâ€, or â€œMPAâ€) 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 (â€œOESâ€). The Companyâ€™s test solutions and diagnostic equipment primarily serves the global automotive component and powertrain testing market. The Companyâ€™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). 2. Basis of Presentation and New Accounting Pronouncements Basis of Presentation The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (â€œGAAPâ€) for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended June 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2025. This report should be read in conjunction with the Companyâ€™s audited consolidated financial statements and notes thereto for the fiscal year ended March 31, 2024, which are included in the Companyâ€™s Annual Report on Form 10-K filed with the Securities and Exchange Commission (â€œSECâ€) on 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. The accompanying condensed consolidated financial statements have been prepared on a consistent basis with, and there have been no material changes to, except as noted below, the accounting policies described in Note 2, Summary of Significant Accounting Policies, to the consolidated financial statements that are presented in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended March 31, 2024. Accounting Pronouncements Not Yet Adopted Disclosure Improvements In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SECâ€™s Disclosure Update and Simplification Initiative. This standard was issued in response to the SECâ€™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 SECâ€™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. 9 Table of contents Reportable Segment Disclosures In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This standard requires the Company to disclose significant segment expenses that are regularly provided to the CODM and are included within each reported measure of segment operating results. The standard also requires the Company to disclose the total amount of any other items included in segment operating results, which were not deemed to be significant expenses for separate disclosure, along with a qualitative description of the composition of these other items. In addition, the standard also requires disclosure of the CODMâ€™s title and position, as well as detail on how the CODM uses the reported measure of segment operating results to evaluate segment performance and allocate resources. The standard also aligns interim segment reporting disclosure requirements with annual segment reporting disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures. Improvements to Income Tax Disclosures In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740). This standard requires the Company to provide further disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, as well as additional information about federal, state/local and foreign income taxes. The standard also requires the Company to annually disclose its income taxes paid (net of refunds received), disaggregated by jurisdiction.Â 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. 3. Accounts Receivable â€” Net The Company has trade accounts receivable that result from the sale of goods and services. Accounts receivable â€” net includes offset accounts related to allowances for credit losses, customer payment discrepancies, and returned goods authorizations (â€œRGAsâ€) issued for in-transit unit returns. The Company uses accounts receivable discount programs with certain customers and their respective banks (see Note 10). Accounts receivable â€” net is comprised of the following: Â Â June 30, 2024 Â Â March 31, 2024 Â Accounts receivable â€” trade Â $ 104,734,000 Â Â $ 118,500,000 Â Allowance for credit losses Â Â (73,000) Â Â (189,000) Customer payment discrepancies Â Â (1,288,000) Â Â (1,206,000) Customer returns RGA issued Â Â (24,749,000) Â Â (20,809,000) Total accounts receivable â€” net Â $ 78,624,000 Â Â $ 96,296,000 Â 10 Table of contents 4. Inventory â€” Net Inventory â€” net is comprised of the following: Â Â June 30, 2024 Â Â March 31, 2024 Â Inventory â€” net Â Â Â Â Â Â Â Raw materials Â $ 160,187,000 Â Â $ 158,819,000 Â Work-in-process Â Â 10,467,000 Â Â Â 7,943,000 Â Finished goods Â Â 230,269,000 Â Â Â 227,650,000 Â Â Â Â 400,923,000 Â Â Â 394,412,000 Â Less allowance for excess and obsolete inventory Â Â (17,615,000) Â Â (17,372,000) Inventory Â Â 383,308,000 Â Â Â 377,040,000 Â Inventory unreturned Â Â 19,623,000 Â Â Â 20,288,000 Â Total inventory â€” net Â $ 402,931,000 Â Â $ 397,328,000 Â 5. Contract Assets During the three months ended June 30, 2024 and 2023, the Company reduced the carrying value of Remanufactured Cores held at customersâ€™ locations by $394,000 and $778,000, respectively. Contract assets are comprised of the following: Â Â June 30, 2024 Â Â March 31, 2024 Â Short-term contract assets Â Â Â Â Â Â Â Cores expected to be returned by customers Â $ 15,715,000 Â Â $ 15,409,000 Â Core premiums paid to customers Â Â 9,502,000 Â Â Â 9,567,000 Â Upfront payments to customers Â Â 1,352,000 Â Â Â 1,407,000 Â Finished goods premiums paid to customers Â Â 748,000 Â Â Â

756,000 Â Total short-term contract assets Â $ 27,317,000 Â Â $ 27,139,000 Â Â Â Â Â Â Â Â Â Remanufactured cores held at customersâ€™ locations Â $ 277,247,000 Â Â $ 279,427,000 Â Core premiums paid to customers Â Â 27,914,000 Â Â Â 30,227,000 Â Long-term core inventory deposits Â Â 5,569,000 Â Â Â 5,569,000 Â Upfront payments to customers Â Â 2,405,000 Â Â Â 2,718,000 Â Finished goods premiums paid to customers Â Â 2,328,000 Â Â Â 2,341,000 Â Â Total long-term contract assets Â $ 315,463,000 Â Â $ 320,282,000 Â 11 Table of contents 6. Significant Customer and Other Information Significant Customer Concentrations The largest customers accounted for the following percentage of consolidated net sales: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Net sales Â Â Â Â Â Â Customer A Â Â 40 % Â Â 34 % Customer C Â Â 28 % Â Â 28 % Customer B Â Â 17 % Â Â 20 % Customer D Â Â 4 % Â Â 5 % Revenues for Customers A through C were derived from the Hard Parts segment and Test Solutions and Diagnostic Equipment segment. Revenues for Customer D were derived from the Hard Parts segment. See Note 18 for a discussion of the Companyâ€™s segments. The largest customers accounted for the following percentage of accounts receivable â€“ trade: Â Â June 30, 2024 Â Â March 31, 2024 Â Accounts receivable - trade Â Â Â Â Â Â Customer A Â Â 38 % Â Â 35 % Customer B Â Â 18 % Â Â 25 % Customer C Â Â 12 % Â Â 13 % Customer D Â Â 10 % Â Â 6 % Geographic and Product Information The Companyâ€™s products are sold predominantly in North America and accounted for the following percentages of consolidated net sales: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Product line Â Â Â Â Â Â Rotating electrical products Â Â 65 % Â Â 64 % Brake-related products Â Â 24 % Â Â 22 % Wheel hub products Â Â 7 % Â Â 11 % Other products Â Â 4 % Â Â 3 % Â Â Â 100 % Â Â 100 % Significant Supplier Concentrations The Company had no suppliers that accounted for more than 10% of inventory purchases for the three months ended June 30, 2024 and 2023. 7. Debt The Company is party to a $268,620,000 senior secured financing, (as amended from time to time, the â€œCredit Facilityâ€) consisting of a $238,620,000 revolving loan facility (the â€œRevolving Facilityâ€), subject to certain restrictions, and a $30,000,000 term loan facility (the â€œTerm Loansâ€). The Term Loans were repaid during the year ended March 31, 2024. The Credit Facility matures on December 12, 2028. The lenders have a security interest in substantially all of the assets of the Company. During the three months ended June 30, 2024, the Company enrolled in a feature with its lenders, under which the Company sweeps its cash collections to pay down its revolving facility and borrows on-demand to fund payments. This feature is expected to reduce interest expense on borrowings under the Credit Facility. 12 Table of contents The Company had $143,834,000 and $128,000,000 outstanding under the Revolving Facility at June 30, 2024 and March 31, 2024, respectively. In addition, $6,370,000 was outstanding for letters of credit at June 30, 2024. At June 30, 2024, after certain contractual adjustments, $82,174,000 was available under the Revolving Facility. The interest rate on the Companyâ€™s Revolving Facility was 8.58% and 8.43%, at June 30, 2024 and March 31, 2024, respectively. The Credit Facility 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 June 30, 2024, 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, the Company entered into a note purchase agreement, as amended, (the â€œNote Purchase Agreementâ€) with Bison Capital Partners VI, L.P. and Bison Capital Partners VI-A, L.P. (collectively, the â€œPurchasersâ€) and Bison Capital Partners VI, L.P., as the purchaser representative (the â€œPurchaser Representativeâ€) for the issuance and sale of $32,000,000 in aggregate principal amount of convertible notes due in 2029 (the â€œConvertible Notesâ€), 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. During the three months ended June 30, 2024, non-cash accrued interest on the Convertible Notes of $3,209,000 was paid in-kind and is included in the principal amount of Convertible Notes at June 30, 2024. The Convertible Notes have an initial conversion price of $15.00 per share of common stock (â€œConversion Optionâ€). 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 Companyâ€™s common stock. Except in the case of the occurrence of a fundamental transaction, as defined in the form of convertible promissory note, 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 â€œCompany Redemptionâ€) price. The effective interest rate was 18.3% as of June 30, 2024 and March 31, 2024, respectively. The Companyâ€™s Convertible Notes are comprised of the following: Â Â June 30, 2024 Â Â March 31, 2024 Â Â Â Â Â Â Â Â Principal amount of Convertible Notes Â $ 35,209,000 Â Â $ 32,000,000 Â Less: unamortized debt discount attributed to Compound Net Derivative Liability Â Â (7,338,000) Â Â (7,576,000) Less: unamortized debt discount attributed to debt issuance costs Â Â (1,025,000) Â Â (1,058,000) Carrying amount of the Convertible Notes Â Â 26,846,000 Â Â Â 23,366,000 Â Plus: Compound Net Derivative Liability Â Â 4,830,000 Â Â Â 7,410,000 Â Net carrying amount of Convertible Notes, related party Â $ 31,676,000 Â Â $ 30,776,000 Â In connection with the Note Purchase Agreement, the Company entered into common stock warrants (the â€œWarrantsâ€) with the Purchasers, which mature on March 30, 2029. The fair value of the Warrants, using Level 3 inputs and the Monte Carlo simulation model, was zero at June 30, 2024 and March 31, 2024. The Company Redemption option has been combined with the Conversion Option as a compound net derivative liability (the â€œCompound Net Derivative Liabilityâ€). The Compound Net Derivative Liability has been recorded within convertible note, related party in the condensed consolidated balance sheets at June 30, 2024 and March 31, 2024. 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 $5,800,000 and $9,800,000, and an asset of $970,000 and $2,390,000 at June 30, 2024 and March 31, 2024, respectively. During the three months ended June 30, 2024 and 2023, the Company recorded a gain of $2,580,000 and a loss of $140,000, respectively, as the change in fair value of the Compound Net Derivative Liability in the condensed consolidated statement of operations and condensed consolidated statement of cash flows. 13 Table of contents The Convertible Notes also contain additional features, such as, default interest and options related to a fundamental transaction,Â which were not separately accounted for as the value of such features were not material at June 30, 2024 and March 31, 2024. Interest expense related to the Convertible Notes is as follows: Â Three Months Ended Â Â June 30, Â Â 2024 Â Â 2023 Â Contractual interest expense Â $ 880,000 Â Â $ Â 800,000 Â Accretion of debt discount Â Â 238,000 Â Â Â Â 201,000 Â Amortization of debt issuance costs Â Â 33,000 Â Â Â Â 27,000 Â Total interest expense Â $ 1,151,000 Â Â $ Â 1,028,000 Â There are no future payments required under the Convertible Notes prior to their maturity, therefore, the principal amount of the Convertible Notes plus interest payable in-kind, assuming no early redemption or conversion has occurred, of $56,704,000 would be paid on March 30, 2029. 8. Contract Liabilities Contract liabilities are comprised of the following: Â Â June 30, 2024 Â Â March 31, 2024 Â Short-term contract liabilities Â Â Â Customer allowances earned Â $ 23,267,000 Â Â $ 19,789,000 Â Customer core returns accruals Â Â 11,040,000 Â Â Â 10,448,000 Â Accrued core payment Â Â 3,383,000 Â Â Â 3,476,000 Â Core bank liability Â Â 1,753,000 Â Â Â 1,739,000 Â Customer deposits Â Â 1,703,000 Â Â Â 1,735,000 Â Finished goods liabilities Â Â 358,000 Â Â Â 404,000 Â Total short-term contract liabilities Â $ 41,504,000 Â Â $ 37,591,000 Â Long-term contract liabilities Â Â Â Â Â Â Â Â Customer core returns accruals Â $ 192,813,000 Â Â $ 193,545,000 Â Core bank liability Â Â 11,399,000 Â Â Â 11,843,000 Â Accrued core payment Â Â 6,070,000 Â Â Â 6,535,000 Â Finished goods liabilities Â Â 96,000 Â Â Â 145,000 Â Total long-term contract liabilities Â $ 210,378,000 Â Â $ 212,068,000 Â 9. Leases The Company leases various facilities in North America and Asia under operating leases expiring through August 2033. The Company has material nonfunctional currency leases that could have a material impact on the Companyâ€™s condensed consolidated statements of operations. As required for other monetary liabilities, lessees remeasure foreign currency-denominated lease liabilities using the exchange rate at each reporting date, but the lease assets are nonmonetary assets measured at historical rates and are not affected by subsequent changes in the exchange rates. In connection with the remeasurement of these leases, the Company recorded a loss of $5,709,000 and a gain of $3,770,000 during the three months ended June 30, 2024 and 2023, respectively. These amounts are included in foreign exchange impact of lease liabilities and forward contracts in the condensed consolidated statements of operations. 14 Table of contents Balance sheet information for leases is as follows: Leases Â Classification Â June 30, 2024 Â Â March 31, 2024 Â Assets: Â Â Â Â Â Â Â Â Operating Â Operating lease assets Â $ 77,057,000 Â Â $ 83,973,000 Â Finance Â Plant and equipment Â Â 4,239,000 Â Â Â 4,611,000 Â Total leased assets Â Â Â $ 81,296,000 Â Â $ 88,584,000 Â Â Â Â Â Â Â Â Â Â Â Â Liabilities: Â Â Â Â Â Â Â Â Â Â Current Â Â Â Â Â Â Â Â Â Â Operating Â Operating lease liabilities Â $ 9,083,000 Â Â $ 8,319,000 Â Finance Â Other current liabilities Â Â 1,427,000 Â Â Â 1,585,000 Â Long-term Â Â Â Â Â Â Â Â Â Â Operating Â Long-term operating lease liabilities Â Â 71,044,000 Â Â Â 72,240,000 Â Finance Â Other liabilities Â Â 1,577,000 Â Â Â 1,893,000 Â Total lease liabilities Â Â Â $ 83,131,000 Â Â $ 84,037,000 Â Lease cost recognized in the condensed consolidated statements of operations is as follows: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Lease cost Â Â Â Â Â Â Operating lease cost Â $ 3,759,000 Â Â $ 3,742,000 Â Short-term lease cost Â Â 312,000 Â Â Â 293,000 Â Variable lease cost Â Â 164,000 Â Â Â 186,000 Â Finance lease cost: Â Â Â Â Â Â Â Amortization of finance lease assets Â Â 358,000 Â Â Â 403,000 Â Interest on finance lease liabilities Â Â 51,000 Â Â Â 62,000 Â Total lease cost Â $ 4,644,000 Â Â $ 4,686,000 Â Maturities of lease commitments at June 30, 2024 by fiscal year were as follows: Maturity of lease liabilities Â Operating Leases Â Â Finance Leases Â Â Total Â 2025 - remaining nine months Â $ 10,093,000 Â Â $ 1,231,000 Â Â $ 11,324,000 Â 2026 Â Â 13,272,000 Â Â Â 1,014,000 Â Â Â 14,286,000 Â 2027 Â Â 11,421,000 Â Â Â 523,000 Â Â Â 11,944,000 Â 2028 Â Â 10,929,000 Â Â Â 363,000 Â Â Â 11,292,000 Â 2029 Â Â 11,126,000 Â Â Â 169,000 Â Â Â 11,295,000 Â Thereafter Â Â 43,462,000 Â Â Â - Â Â Â 43,462,000 Â Total lease payments Â Â 100,303,000 Â Â Â 3,300,000 Â Â Â 103,603,000 Â Less amount representing interest Â Â (20,176,000) Â Â (296,000) Â Â (20,472,000) Present value of lease liabilities Â $ 80,127,000 Â Â $ 3,004,000 Â Â $ 83,131,000 Â 15 Table of contents Other information about leases is as follows: Â Â June 30, 2024 Â Â March 31, 2024 Â Lease term and discount rate Â Â Â Â Â Â Weighted-average remaining lease term (years): Â Â Â Â Â Â Finance leases Â Â 2.7 Â Â Â 2.8 Â Operating leases Â Â 8.0 Â Â Â 8.3 Â Weighted-average discount rate: Â Â Â Â Â Â Â Â Finance leases Â Â 6.5 % Â Â 6.4 % Operating leases Â Â 5.8 % Â Â 5.8 % 10. Accounts Receivable Discount Programs The Company uses accounts receivable discount programs offered by certain customers and their respective banks. Under these programs, the Company may sell those customersâ€™ receivables to those banks at a discount to be agreed upon at the time the receivables are sold. These discount arrangements allow the Company to accelerate receipt of payment on customersâ€™ receivables. The following is a summary of accounts receivable discount programs: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Receivables discounted Â $ 144,541,000 Â Â $ 104,332,000 Â Weighted average number of days collection was accelerated Â Â 342 Â Â Â 337 Â Annualized weighted average discount rate Â Â 6.9 % Â Â 6.4 % Amount of discount recognized as interest expense Â $ 9,507,000 Â Â $ 6,252,000 Â 11. Supplier Finance Programs The Company utilizes a supplier finance program, which allows certain of the Companyâ€™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. As of June 30, 2024, $15,000,000 of commitments from participating financial institutions are available to suppliers under this program. 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 Companyâ€™s obligations to its suppliers, including amounts due and payment terms, are not affected by a supplierâ€™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 June 30, 2024, the Company had $12,773,000 of outstanding supplier obligations confirmed under this program, included in accounts payable in the condensed consolidated balance sheet. 12. Net Loss per Share Basic net loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted net 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 7), which would result in the issuance of incremental shares of common stock to the extent such impact is not anti-dilutive. 16 Table of contents The following presents a reconciliation of basic and diluted net loss per share: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Net loss Â $ (18,085,000) Â $ (1,410,000) Basic shares Â Â 19,674,539 Â Â Â 19,508,626 Â Effect of potentially dilutive securities Â Â - Â Â Â - Â Diluted shares Â Â 19,674,539 Â Â Â 19,508,626 Â Net loss per share: Â Â Â Â Â Â Â Â Basic net loss per share Â $ (0.92) Â $ (0.07) Diluted net loss per share Â $ (0.92) Â $ (0.07) 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 per share. For the three months ended June 30, 2024 and 2023, there were 2,285,834 and 2,067,168, respectively, of potential common shares not included in the calculation of diluted net loss per share because their effect was anti-dilutive. In addition, for the three months ended June 30, 2024 and 2023, there were 2,405,941 and 2,186,667, respectively, of potential common shares not included in the calculation of diluted net loss per share under the â€œif-convertedâ€ method for the Convertible Notes because their effect was anti-dilutive. The potential common shares related to the Warrants issued in connection with the Convertible Notes (see Note 7) are anti-dilutive until they become exercisable and as of June 30, 2024, the Warrants were not exercisable. 13. Income Taxes The Company recorded an income tax benefit of $178,000, or an effective tax rate of 1.0%, and $9,000, or an effective tax rate of 0.6%, for the three months ended June 30, 2024 and 2023, respectively. The effective tax rate for the three months ended June 30, 2024, was primarily impacted by (i) the change in valuation allowance, (ii) foreign income taxed at rates that are different from the federal statutory rate, and (iii) specific jurisdictions that the Company does not expect to recognize the benefit of losses. Management assesses the need for the valuation allowance on a quarterly basis by jurisdiction. In assessing the need for a valuation allowance, the Company considers all positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, past financial performance, and tax planning strategies. Based on this analysis, the Company determined that it is more likely than not that certain deferred tax assets will not be realized. As a result, the Company maintained its valuation allowance. The Company will continue to monitor the need for a valuation allowance in future periods, considering any changes in circumstances that may affect the realizability of deferred tax assets. Â 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 June 30, 2024, the Company is under examination by the State of California for fiscal years ended March 31, 2020, 2021, and 2022 and remains subject to examination from the fiscal years ended March 31, 2020 and forward. The Company believes no significant changes in the unrecognized tax benefits will occur within the next 12 months. 17 Table of contents 14. Financial Risk Management and Derivatives Purchases and expenses denominated in currencies other than the U.S. dollar, which are primarily related to the Companyâ€™s overseas facilities, expose the Company to market risk from material movements in foreign exchange rates between the U.S. dollar and the foreign currencies. The Companyâ€™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 Companyâ€™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 Company designates forward foreign currency exchange contracts 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 $54,640,000 and $54,092,000 at June 30, 2024 and March 31, 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 these derivative transactions 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 condensed consolidated statements of operations. The following shows the effect of derivative instruments on the condensed consolidated statements of operations: Â Foreign Exchange Impact of Lease Liabilities and Forward Contracts Â Â Â Three Months Ended Â Â Derivatives Not Designated as Â June 30, Â Hedging Instruments Â 2024 Â Â 2023 Â (Loss) gain from forward foreign currency exchange contracts Â $ (5,369,000) Â $ 500,000 The fair value of the forward foreign currency exchange contracts of $2,853,000 is included in other current liabilities in the condensed consolidated balance sheets at June 30, 2024. 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 condensed consolidated balance sheets at March 31, 2024. 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 condensed consolidated statements of cash flows for the three months ended June 30, 2024 and 2023. 18 Table of contents 15. Fair Value Measurements The following summarizes financial assets and liabilities measured at fair value, by level within the fair value hierarchy: Â Â June 30, 2024 Â Â March 31, 2024 Â Â Â Â Â Â Fair Value Measurements Â Â Â Â Â Fair Value Measurements Â Â Â Â Â Using Inputs Considered as Â Â Â Â Â Using Inputs Considered as Â Â Â Fair Value Â Â Level 1 Â Â Level 2 Â Â Level 3 Â Â Fair Value Â Â Level 1 Â Â Level 2 Â Â Level 3 Â Assets Â Short-term investments Â Mutual funds Â $ 1,887,000 Â Â $ 1,887,000 Â Â $ - Â Â $ - Â Â $ 1,837,000 Â Â $ 1,837,000 Â Â $ - Â Â $ - Â Prepaid expenses and other current assets Â Forward foreign currency exchange contracts Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â 2,516,000 Â Â Â - Â Â Â 2,516,000 Â Â Â - Â Liabilities Â Other current liabilities Â Deferred compensation Â Â 1,887,000 Â Â Â 1,887,000 Â Â Â - Â Â Â - Â Â Â 1,837,000 Â Â Â 1,837,000 Â Â Â - Â Â Â - Â Forward foreign currency exchange contracts Â Â 2,853,000 Â Â Â - Â Â Â 2,853,000 Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Convertible notes, related party Â Compound Net Derivative Liability Â Â 4,830,000 Â Â Â - Â Â Â - Â Â Â 4,830,000 Â Â Â 7,410,000 Â Â Â - Â Â Â - Â Â Â 7,410,000 Â Short-term Investments and Deferred Compensation The Companyâ€™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 14). Compound Net Derivative Liability The Company estimates the fair value of the Compound Net Derivative Liability (see Note 7) using Level 3 inputs and the Monte Carlo simulation model at the balance sheet date. The Monte Carlo simulation model requires the input of subjective assumptions including the expected volatility of the underlying stock. These subjective assumptions are based on both historical and other information. Changes in the values assumed and used in the model can materially affect the estimate of fair value. This amount is recorded within convertible notes, related party in the condensed consolidated balance sheets at June 30, 2024 and March 31, 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 condensed consolidated statements of operations and condensed consolidated statement of cash flows. The following assumptions were used to determine the fair value of the Compound Net Derivative Liability: Â Â June 30, 2024 Â Â March 31, 2024 Â Risk free interest rate Â Â 4.41 % Â Â 4.36 % Cost of equity Â Â 22.90 % Â Â 23.20 % Weighted average cost of capital Â Â 13.90 % Â Â 14.90 % Expected volatility of MPA common stock Â Â 50.00 % Â Â 50.00 % EBITDA volatility Â Â 40.00 % Â Â 40.00 % The following summarizes the activity for Level 3 fair value measurements: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Beginning balance Â $ 7,410,000 Â Â $ 8,430,000 Â Changes in fair value of Compound Net Derivative Liability included in earnings Â Â (2,580,000) Â Â 140,000 Â Ending balance Â $ 4,830,000 Â Â $ 8,570,000 Â During the three months ended June 30, 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 June 30, 2024 and March 31, 2024, the net carrying amount of the Convertible Notes was $31,676,000 and $30,776,000, respectively (see Note 7). The estimated fair value of the Companyâ€™s Convertible Notes was $34,267,000Â and $38,276,000 using Level 3 inputs at June 30, 2024 and March 31, 2024, respectively. 19 Table of contents 16. Share-based Payments Stock Options During the three months ended June 30, 2024 and 2023, no options to purchase shares of the Companyâ€™s common stock were granted. The following is a summary of stock option transactions: Â Â Number of Â Â Weighted Average Â Â Â Shares Â Â Exercise Price Â Outstanding at March 31, 2024 Â Â 1,108,017 Â Â $ 20.29 Â Granted Â Â - Â Â $ - Â Exercised Â Â - Â $ - Â

Forfeited/Cancelled Â Â (1,383) Â $ 17.29 Â Expired Â Â (36,733) Â $ 22.93 Â Outstanding at June 30, 2024 Â Â 1,069,901 Â Â $ 20.21 Â At June 30, 2024, options to purchase 132,133 shares of common stock were unvested at a weighted average exercise price of $9.32. At June 30, 2024, there was $368,000 of total unrecognized compensation expense related to unvested stock option awards, which will be recognized over the weighted average remaining vesting period of approximately 2.2 years. Restricted Stock Units (â€œRSUsâ€) During the three months ended June 30, 2024, the Company granted 207,050 of time-based vesting RSUs, based on the closing market price on the grant date. During the three months ended June 30, 2023, no RSUs were granted by the Company. The following is a summary of non-vested RSUs: Â Â Number of Shares Â Â Weighted Average Grant Date Fair Value Â Outstanding at March 31, 2024 Â Â 240,923 Â Â $ 12.23 Â Granted Â Â 207,050 Â Â $ 6.69 Â Vested Â Â (86,559) Â $ 16.63 Â Forfeited/Cancelled Â Â (762) Â $ 11.04 Â Outstanding at June 30, 2024 Â Â 360,652 Â Â $ 8.00 Â At June 30, 2024, there was $2,270,000 of unrecognized compensation expense related to RSUs, which will be recognized over the weighted average remaining vesting period of approximately 2.1 years. Performance Stock Units (â€œPSUsâ€) During the three months ended June 30, 2024, the Company granted 155,391 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 Companyâ€™s total shareholder return (â€œTSRâ€) 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 Companyâ€™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. 20 Table of contents During the three months ended June 30, 2023, the Company granted 533,856 PSUs, which vest within a three-year period, 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 30 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. The following table summarizes the assumptions used in determining the fair value of these awards subject to market conditions: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Risk free interest rate Â Â 4.45 % Â Â 4.32 % Expected life in years Â Â 3.0 Â Â Â 0.8-1.8 Â Expected volatility of MPA common stock Â Â 59.80 % Â Â 54.20 % Average correlation coefficient of peer companies Â Â 16.50 % Â Â - % Expected dividend yield Â Â - Â Â Â - Â Grant date fair value Â $ 8.65 Â Â $ 3.57-5.06 Â The following is a summary of non-vested PSUs: Â Â Number of Shares Â Â Weighted Average Grant Date Fair Value Â Outstanding at March 31, 2024 Â Â 773,923 Â Â $ 7.73 Â Granted Â Â 155,391 Â Â $ 8.65 Â Added by performance factor Â Â 10,952 Â Â $ 22.27 Â Vested Â Â (32,848) Â $ 22.27 Â Forfeited/Cancelled Â Â (52,137) Â $ 23.27 Â Outstanding at June 30, 2024 Â Â 855,281 Â Â $ 6.58 Â At June 30, 2024, there was $2,280,000 of unrecognized compensation expense related to these awards, which will be recognized over the weighted average remaining vesting period of approximately 2.1 years. 17. 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 (â€œwarranty returnsâ€). 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 ofÂ unit sales. Amounts charged to expense for these warranty returns are considered in arriving at the Companyâ€™s net sales. 21 Table of contents The following summarizes the changes in the warranty returns: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Balance at beginning of period Â $ 19,326,000 Â Â $ 19,830,000 Â Charged to expense Â Â 33,352,000 Â Â Â 31,112,000 Â Amounts processed Â Â (37,632,000) Â Â (34,265,000) Balance at end of period Â $ 15,046,000 Â Â $ 16,677,000 Â At June 30, 2024 and March 31, 2024, the Companyâ€™s total warranty return accrual was $15,046,000 and $19,326,000, respectively, of which $5,251,000 and $5,667,000, respectively, was included in the customer returns RGA issued within accounts receivableâ€"net and $9,795,000 and $13,659,000, respectively, was included in the customer finished goods returns accrual in the condensed consolidated balance sheets. 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 Companyâ€™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. The Company has an immaterial amount accrued related to these exposures to various lawsuits and claims. 18. Segment Information The Companyâ€™s three operating segments are as follows: â€¢ 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, â€¢ 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 â€¢ Heavy Duty, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications. The Companyâ€™s Hard Parts operating segment meets the criteria of a reportable segment. The Test Solutions and Diagnostic Equipment and Heavy Duty segments are not material, are not required to be separately reported, and are included within the â€œall otherâ€ category. 22 Table of contents Financial information relating to the Companyâ€™s segments is as follows: Â Â Three Months Ended June 30, 2024 Â Â Â Hard Parts Â Â All Other Â Â Total Â Net sales to external customers Â $ 158,187,000 Â Â $ 11,700,000 Â Â $ 169,887,000 Â Intersegment sales Â Â 32,000 Â Â Â 12,000 Â Â Â 44,000 Â Operating loss Â Â (6,459,000)(1) Â Â (6,000) Â Â (6,465,000) Depreciation and amortization Â Â 2,525,000 Â Â Â 204,000 Â Â Â 2,729,000 Â Segment assets Â Â 989,363,000 Â Â Â 55,297,000 Â Â Â 1,044,660,000 Â Capital expenditures Â Â 253,000 Â Â Â 237,000 Â Â Â 490,000 Â Â Â Three Months Ended June 30, 2023 Â Â Â Hard Parts Â Â All Other Â Â Total Â Net sales to external customers Â $ 149,747,000 Â Â $ 9,958,000 Â Â $ 159,705,000 Â Intersegment sales Â Â 132,000 Â Â Â 95,000 Â Â Â 227,000 Â Operating income (loss) Â Â 11,506,000 Â (1) Â Â (1,079,000) Â Â 10,427,000 Â Depreciation and amortization Â Â 2,679,000 Â Â Â 354,000 Â Â Â 3,033,000 Â Segment assets Â Â 1,063,301,000 Â Â Â 52,368,000 Â Â Â 1,115,669,000 Â Capital expenditures Â Â 40,000 Â Â Â - Â Â Â 40,000 Â Â Â Three Months Ended Â Â Â June 30, Â Net sales Â 2024 Â Â 2023 Â Total net sales for reportable segment Â $ 158,219,000 Â Â $ 149,879,000 Â Other net sales Â Â 11,712,000 Â Â Â 10,053,000 Â Elimination of intersegment net sales Â Â (44,000) Â Â (227,000) Total consolidated net sales Â $ 169,887,000 Â Â $ 159,705,000 Â Â Â Three Months Ended Â Â Â June 30, Â Profit or loss Â 2024 Â Â 2023 Â Total operating (loss) income for reportable segment Â $ (6,459,000) Â $

11,506,000 Â Other operating loss Â Â (6,000) Â Â (1,079,000) Elimination of intersegment operating income Â Â 9,000 Â Â Â 14,000 Â Interest expense, net Â Â (14,387,000) Â Â (11,720,000) Change in fair value of compound net derivative liability Â Â 2,580,000 Â Â Â (140,000) Total consolidated loss before income tax benefit Â $ (18,263,000) Â $ (1,419,000) Assets Â June 30, 2024 Â Â March 31, 2024 Â Total assets for reportable segment Â $ 989,363,000 Â Â $ 1,019,811,000 Â Other assets Â Â 55,297,000 Â Â Â 54,946,000 Â Elimination of intersegment assets Â Â (66,705,000) Â Â (62,755,000) Total consolidated assets Â $ 977,955,000 Â Â $ 1,012,002,000 Â (1) The operating (loss) income for the Company's Hard Parts segment for the three months ended June 30, 2024 and 2023 includes the foreign exchange impact of lease liabilities and forward contracts, which were a loss of $11,078,000 and a gain of $4,270,000, respectively. 19. Share Repurchases In August 2018, the Companyâ€™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 three months ended June 30, 2024, the Company did not repurchase any shares of its common stock. As of June 30, 2024, $18,745,000 has been utilized and $18,255,000 remains available to repurchase shares under the authorized share repurchase program, subject to the limit in the Companyâ€™s Credit Facility. The Company retired the 837,007 shares repurchased under this program through June 30, 2024. The Companyâ€™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. 23 Table of contents 20. Related Party Transactions Lease In December 2022, the Company entered into an operating lease for its 35,000 square foot manufacturing, warehouse, and office facility in Ontario, Canada, with a company co-owned by a member of management. The lease, which commenced January 1, 2023, has an initial term of one year with a base rent of approximately $27,000 per month and includes options to renew for up to four years. In November 2023, the Company exercised one of these options to renew for an additional one-year period. The rent expense recorded for the related party lease was $81,000 for the three months ended June 30, 2024 and 2023. Convertible Note and Election of Director In connection with the issuance and sale of the Companyâ€™s Convertible Notes on March 31, 2023 (see Note 7), the Board appointed Douglas Trussler, a co-founder of Bison Capital, to the Board. Mr. Trusslerâ€™s compensation will be consistent with the Companyâ€™s previously disclosed standard compensation practices for non-employee directors, which are described in the Companyâ€™s Definitive Proxy Statement, filed with the SEC on July 26, 2024. 24 Table of contents Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations The following discussion and analysis presents factors that Motorcar Parts of America, Inc. and its subsidiaries (â€œour,â€ â€œweâ€ or â€œusâ€) believe are relevant to an assessment and understanding of our consolidated financial position and results of operations. This financial and business analysis should be read in conjunction with our March 31, 2024 audited consolidated financial statements included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (â€œSECâ€) on 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. Disclosure Regarding Private Securities Litigation Reform Act of 1995 This report 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 â€œItem 1A. Risk Factorsâ€ of our most recent Annual Report on Form 10-K filed with the SEC on 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, as updated by our subsequent filings with the 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. Management Overview With a scalable infrastructure and abundant growth opportunities, we are focused on growing our aftermarket business in the North American marketplace and growing our leadership position in the test solutions and diagnostic equipment market by providing innovative and intuitive solutions to our customers. Our investments in 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 the three months ended June 30, 2024, we reduced our headcount at our Torrance, California facility 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. Segment Reporting Our three operating segments are as follows: â€¢ 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, â€¢ 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 â€¢ Heavy Duty, which includes non-discretionary automotive aftermarket replacement hard parts for heavy-duty truck, industrial, marine, and agricultural applications. 25 Table of contents Our Hard Parts operating segment meets the criteria of a reportable segment. The Test Solutions and Diagnostic Equipment and Heavy Duty segments are not material, are not required to be separately reported, and are included within the â€œall otherâ€ category.Â See Note 18 of the notes to condensed consolidated financial statements for more information. Results of Operations for the Three Months Ended June 30, 2024 and 2023 The following discussion and analysis should be read together with the financial statements and notes thereto appearing elsewhere herein. The following summarizes certain key consolidated operating data: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Cash flow used in operations Â $ (20,841,000) Â $ (20,470,000) Finished goods turnover (annualized) (1) Â Â 3.3 Â Â Â 3.5 Â (1) Annualized finished goods turnover for the fiscal quarter is calculated by multiplying cost of goods sold for the quarter by 4 and dividing the result by the average between beginning and ending non-core finished goods inventory values for the fiscal quarter. We believe this provides a useful measure of our ability to turn our inventory into revenues. Net Sales and Gross Profit The following summarizes net sales and gross profit: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Net sales Â $ 169,887,000 Â Â $ 159,705,000 Â Cost of goods sold Â Â 140,713,000 Â Â Â 133,138,000 Â Gross profit Â Â 29,174,000 Â Â Â 26,567,000 Â Gross profit percentage Â Â 17.2 % Â Â 16.6 % Net Sales. Our consolidated net sales for the three months ended June 30, 2024 were $169,887,000, which represents an increase of $10,182,000, or 6.4%, from the three months ended June 30, 2023 of $159,705,000. Our sales for the three months ended June 30, 2024 compared with the three months ended June 30, 2023 reflect continued strong demand for rotating electrical and brake-related products. Gross Profit. Our consolidated gross profit was $29,174,000, or 17.2% of consolidated net sales, for the three months ended June 30, 2024 compared with $26,567,000, or 16.6% of consolidated net sales, for the three months ended June 30, 2023. The increase in our gross margin for the three months ended June 30, 2024 reflects (i) changes in product mix, (ii) increased utilization of our facilities, and (iii) the benefit of price increases that went into effect during the current and prior periods. In addition, our gross margin for the three months ended June 30, 2024 compared with the three months ended June 30, 2023 was impacted by (i) amortization of core and finished goods premiums paid to customers related to new business of $2,728,000Â and $2,657,000, respectively and (ii) the non-cash quarterly revaluation of cores that are part of the finished goods on the customersâ€™ shelves (which are included in contract assets) to the lower of cost or net realizable value, which resulted in a write-down of $394,000 and $778,000, respectively. 26 Table of contents Operating Expenses The following summarizes our consolidated operating expenses: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â General and administrative Â $ 16,670,000 Â Â $ 12,602,000 Â Sales and marketing Â Â 5,449,000 Â Â Â 5,419,000 Â Research and development Â Â 2,433,000 Â Â Â 2,375,000 Â Foreign exchange impact of lease liabilities and forward contracts Â Â 11,078,000 Â Â Â (4,270,000) Percent of net sales Â Â Â Â Â Â Â Â General and administrative Â Â 9.8 % Â Â 7.9 % Sales and marketing Â Â 3.2 % Â Â 3.4 % Research and development Â Â 1.4 % Â Â 1.5 % Foreign exchange impact of lease liabilities and forward contracts Â Â 6.5 % Â Â (2.7)% General and Administrative. Our general and administrative expenses for the three months ended June 30, 2024 were $16,670,000, which represents an increase of $4,068,000, or 32.3%, from the three months ended June 30, 2023 of $12,602,000. This increase was primarily due to (i) $2,868,000 of increased severance during the three months ended June 30, 2024 due to headcount reductions in connection with our strategy to utilize our global footprint to enhance operating efficiencies and (ii) a loss of $950,000 during the three months ended June 30, 2024 compared with a gain $982,000 during the three months ended June 30, 2023 resulting from foreign currency exchange rates. These increases were partially offset by $815,000 of decreased general and administrative expenses at our offshore locations. Sales and Marketing. Our sales and marketing expenses were consistent at $5,449,000 for the three months ended June 30, 2024 compared with $5,419,000 for the three months ended June 30, 2023. Research and Development. Our research and development expenses were consistent at $2,433,000 for the three months ended June 30, 2024 compared with $2,375,000 for the three months ended June 30, 2023. 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 $11,078,000 compared with a non-cash gain of $4,270,000 for the three months ended June 30, 2024 and 2023, respectively. This change during the three months ended June 30, 2024 compared with the three months ended June 30, 2023 was primarily due to (i) the remeasurement of our foreign currency-denominated lease liabilities, which resulted in a non-cash loss of $5,709,000 compared with a non-cash gain of $3,770,000, respectively, due to foreign currency exchange rate fluctuations and (ii) the forward foreign currency exchange contracts, which resulted in a non-cash loss of $5,369,000 compared with a non-cash gain of $500,000, respectively, due to the changes in their fair values. Operating (Loss) Income Consolidated Operating (Loss) Income. Our consolidated operating loss for the three months ended June 30, 2024 was $6,456,000 compared with consolidated operating income of $10,441,000 for the three months ended June 30, 2023. This decrease was primarily due our foreign exchange impact of lease liabilities and forward contracts and other items as discussed above. Interest Expense Interest Expense, net. Our interest expense for the three months ended June 30, 2024 was $14,387,000, which represents an increase of $2,667,000, or 22.8%, from interest expense for the three months ended June 30, 2023 of $11,720,000. This increase was primarily due to increased collection of receivables utilizing accounts receivable discount programs on higher sales partially offset by lower average outstanding balances under our credit facility. 27 Table of contents 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 associated with the convertible notes issued on March 31, 2023 was a non-cash gain of $2,580,000 compared with a non-cash loss of $140,000 for the three months ended June 30, 2024 and 2023, respectively. Provision for Income Taxes Income Tax. We recorded an income tax benefit of $178,000, or an effective tax rate of 1.0%, and $9,000, or an effective tax rate of 0.6%, for the three months ended June 30, 2024 and 2023, respectively. The effective tax rate for the three months ended June 30, 2024, was primarily impacted by (i) the change in valuation allowance, (ii) foreign income taxed at rates that are different from the federal statutory rate, and (iii) specific jurisdictions that we do not expect to recognize the benefit of losses. Liquidity and Capital Resources Overview We had working capital (current assets minus current liabilities) of $148,739,000 and $156,034,000, a ratio of current assets to current liabilities of 1.4:1.0, at June 30, 2024 and March 31, 2024, respectively. During the three months ended June 30, 2024, we enrolled in a 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. Our primary source of liquidity was from the use of our receivable discount programs and credit facilityÂ during the three months ended June 30, 2024. In addition, we have access to our existing cash, as well as our available credit facility to meet short-term liquidity needs. We believe our cash and cash equivalents, use of receivable discount programs, amounts available under our credit facility, and other sources are sufficient to satisfy our expected future working capital needs and lease and capital expenditure obligations over the next 12 months. 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. As of June 30, 2024, $18,745,000 had been 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 June 30, 2024. Our share repurchase program does not obligate us to acquire any specific number of shares and shares may be repurchased in privately negotiated and/or open market transactions. 28 Table of contents Cash Flows The following summarizes cash flows as reflected in the condensed consolidated statements of cash flows: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Cash flows (used in) provided by: Â Â Â Â Â Â Operating activities Â $ (20,841,000) Â $ (20,470,000) Investing activities Â Â (512,000) Â Â (67,000) Financing activities Â Â 15,166,000 Â Â Â 19,673,000 Â Effect of exchange rates on cash and cash equivalents Â Â (256,000) Â Â 155,000 Â Net decrease in cash and cash equivalents Â $ (6,443,000) Â $ (709,000) Additional selected cash flow data: Â Â Â Â Â Â Â Â Depreciation and amortization Â $ 2,729,000 Â Â $ 3,033,000 Â Capital expenditures Â Â 490,000 Â Â Â 40,000 Â Net cash used in operating activities was $20,841,000 and $20,470,000 during the three months ended June 30, 2024 and 2023, respectively. The significant changes in our operating activities reflect (i) increased collections of our accounts receivable balances resulting from higher sales during the current year compared with higher accounts receivable balances in the prior year as we managed the use of our customersâ€™ accounts receivable discount programs and (ii) a reduction of accounts payable balances in the current year due the timing of supplier payments compared with the prior year. We continue to manage our working capital to maximize our operating cash flow. Net cash used in investing activities was $512,000 and $67,000 during the three months ended June 30, 2024 and 2023, respectively. The change in our investing activities primarily resulted from increased capital expenditures. Net cash provided by financing activities was $15,166,000 and $19,673,000 during the three months ended June 30, 2024 and 2023, respectively. The change in our financing activities primarily resulted from lower net borrowing of amounts under our credit facility. Capital Resources Credit Facility We are party to a $268,620,000 senior secured financing (as amended from time to time, the â€œCredit Facilityâ€) consisting of a $238,620,000 revolving loan facility (the â€œRevolving Facilityâ€), subject to certain restrictions, and a $30,000,000 term loan facility (the â€œTerm Loansâ€). The Term Loans were repaid during the year ended March 31, 2024. The Credit Facility matures on December 12, 2028. The lenders have a security interest in substantially all of our assets. During the three months ended June 30, 2024, we enrolled in a 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. We had $143,834,000 and $128,000,000 outstanding under the Revolving Facility at June 30, 2024 and March 31, 2024, respectively. In addition, $6,370,000 was outstanding for letters of credit at June 30, 2024. At June 30, 2024, after certain contractual adjustments, $82,174,000 was available under the Revolving Facility. The interest rate on our Revolving Facility was 8.58% and 8.43%, at June 30, 2024 and March 31, 2024, respectively. The Credit Facility 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 June 30, 2024, undrawn availability was greater than the 22.5% threshold, therefore, the fixed charge coverage ratio financial covenant was not required to be tested. 29 Table of contents Convertible Notes On March 31, 2023, we entered into a note purchase agreement, as amended, (the â€œNote Purchase Agreementâ€) with Bison Capital Partners VI, L.P. and Bison Capital Partners VI-A, L.P. (collectively, the â€œPurchasersâ€) and Bison Capital Partners VI, L.P., as the purchaser representative (the â€œPurchaser Representativeâ€) for the issuance and sale of $32,000,000 in aggregate principal amount of convertible notes due in 2029 (the â€œConvertible Notesâ€), 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. During the three months ended June 30, 2024, non-cash accrued interest on the Convertible Notes of $3,209,000 was paid in-kind and is included in the principal amount of Convertible Notes at June 30, 2024. The Convertible Notes have an initial conversion price of approximately $15.00 per share of common stock. (â€œConversion Optionâ€). 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. Except in the case of the occurrence of a fundamental transaction, as defined in the form of convertible promissory note, 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 â€œCompany Redemptionâ€) price. The effective interest rate was 18.3% as of June 30, 2024 and March 31, 2024, respectively. In connection with the Note Purchase Agreement, we entered into common stock warrants (the â€œWarrantsâ€) with the Purchasers, which mature on March 30, 2029. The fair value of the Warrants, using Level 3 inputs and the Monte Carlo simulation model, was zero at June 30, 2024 and March 31, 2024. The Company Redemption option has been combined with the Conversion Option as a compound net derivative liability (the â€œCompound Net Derivative Liabilityâ€). The Compound Net Derivative Liability has been recorded within convertible note, related party in the condensed consolidated balance sheets at June 30, 2024 and March 31, 2024. 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 $5,800,000 and $9,800,000, and an asset of $970,000 and $2,390,000 at June 30, 2024 and March 31, 2024, respectively. During the three months ended June 30, 2024 and 2023, we recorded a gain of $2,580,000 and a loss of $140,000, respectively, as the change in fair value of the Compound Net Derivative Liability in the condensed consolidated statement of operations and condensed consolidated statement of cash flows. The Convertible Notes also contain additional features, such as, default interest and options related to a fundamental transaction, which were not separately accounted for as the value of such features were not material at June 30, 2024 and March 31, 2024. 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 customersâ€™ receivables to those banks at a discount to be agreed upon at the time the receivables are sold. These discount arrangements allow us to accelerate receipt of payment on customersâ€™ receivables. While these arrangements have reduced our working capital needs, there can be no assurance that these programs will continue in the future. Interest expense resulting from these programs would increase if interest rates rise, if utilization of these discounting arrangements expands, if customers extend their payment to us, or if the discount period is extended to reflect more favorable payment terms to customers. 30 Table of contents The following is a summary of the accounts receivable discount programs: Â Â Three Months Ended Â Â Â June 30, Â Â Â 2024 Â Â 2023 Â Receivables discounted Â $ 144,541,000 Â Â $ 104,332,000 Â Weighted average number of days collection was accelerated Â Â 342 Â Â Â 337 Â Annualized weighted average discount rate Â Â 6.9 % Â Â 6.4 % Amount of discount recognized as interest expense Â $ 9,507,000 Â Â $ 6,252,000 Â 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. As of June 30, 2024, $15,000,000 of commitments from participating financial institutions are available to suppliers under this program. 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 June 30, 2024, we had $12,773,000 of outstanding supplier obligations confirmed under this program, included in accounts payable in the condensed consolidated balance sheet. Capital Expenditures and Commitments Capital Expenditures Our total capital expenditures were $493,000 and $64,000 for three months ended June 30, 2024 and 2023, respectively. 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 2025 primarily include the purchase of equipment for our current operations. We expect to incur approximately $7,000,000 of capital expenditures primarily to support our global growth initiatives and current operations during fiscal 2025. We have used and expect to continue using our working capital and additional capital lease obligations to finance these capital expenditures. Related Party Transactions Lease In December 2022, we entered into an operating lease for our 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, had an initial term of one year with a base rent of approximately $27,000 per month and included options to renew for up to four years. In November 2023, we exercised one of these options to renew for an additional one-year period.Â The rent expense recorded for the related party lease was $81,000 for the three months ended June 30, 2024 and 2023. Convertible Note and Election of Director In connection with the issuance and sale of our Convertible Notes on March 31, 2023, the Board appointed Douglas Trussler, a co-founder of Bison Capital, to the Board. Mr. Trusslerâ€™s compensation will be consistent with our previously disclosed standard compensation practices for non-employee directors, which are described in our Definitive Proxy Statement, filed with the SEC on July 26, 2024. 31 Table of contents Litigation 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. We have an immaterial amount accrued related to these exposures to various lawsuits and claims. Critical Accounting Policies There have been no material changes to, except as noted below, our critical accounting policies and estimates that are presented in our Annual Report on Form 10-K for the year ended March 31, 2024, which was filed on 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. Accounting Pronouncements Not Yet Adopted Disclosure Improvements In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SECâ€™s Disclosure Update and Simplification Initiative. This standard was issued in response to the SECâ€™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 SECâ€™s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. We are currently evaluating the impact this guidance will have on our financial statement disclosures. Reportable Segment Disclosures In November 2023, the FASB issued ASU 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This standard requires us to disclose significant segment expenses that are regularly provided to the CODM and are included within each reported measure of segment operating results. The standard also requires us to disclose the total amount of any other items included in segment operating results, which were not deemed to be significant expenses for separate disclosure, along with a qualitative description of the composition of these other items. In addition, the standard also requires disclosure of the CODMâ€™s title and position, as well as detail on how the CODM uses the reported measure of segment operating results to evaluate segment performance and allocate resources. The standard also aligns interim segment reporting disclosure requirements with annual segment reporting disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact this guidance will have on our financial statement disclosures. Improvements to Income Tax Disclosures In December 2023, the FASB issued ASU 2023-09, Improvements to Income Tax Disclosures (Topic 740). This standard requires us to provide further disaggregated income tax disclosures for specific categories on the effective tax rate reconciliation, as well as additional information about federal, state/local and foreign income taxes. The standard also requires us to annually disclose our income taxes paid (net of refunds received), disaggregated by jurisdiction.Â 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. 32 Table of contents Item 3. Quantitative and Qualitative Disclosures About Market Risk There have been no material changes in market risk from the information provided in Item 7A. â€œQuantitative and Qualitative Disclosures About Market Riskâ€ in our Annual Report on Form 10-K as of March 31, 2024, which was filed with the SEC on 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. Item 4. Controls and Procedures Evaluation of Disclosure Controls and Procedures Â We have established disclosure controls and procedures designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to management, including our chief executive officer, chief financial officer, and chief accounting officer, as appropriate to allow timely decisions regarding required disclosures. Â Under the supervision and with the participation of management, including our chief executive officer, chief financial officer, and chief accounting officer, we have conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our chief executive officer, chief financial officer, and chief accounting officer concluded that MPAâ€™s disclosure controls and procedures were effective as of June 30, 2024. Inherent Limitations on Effectiveness of Controls Â The Companyâ€™s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Â Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America, applying certain estimates and judgments as required. Â Internal control over financial reporting includes those policies and procedures that: Â 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; Â 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 Â 3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Companyâ€™s assets that could have a material effect on the financial statements. Â 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. Â 33 Table of contents Changes in Internal Control Over Financial Reporting Â There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. 34 Table of contents PART II â€” OTHER INFORMATION Item 1. 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. We have an immaterial amount accrued related to these exposures to various lawsuits and claims. Item 1A. Risk Factors There have been no material changes in the risk factors set forth in Item 1A to Part I of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed on 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. Item 2. Unregistered Sales of Equity Securities and Use of Proceeds Limitation on Payment of Dividends and Share Repurchases The Credit Facility currently permits the payment of up to $30,000,000 of dividends and share repurchases for fiscal year 2025, subject to pro forma compliance with amended financial covenants. Purchases of Equity Securities by the Issuer Shares repurchased during the three months ended June 30, 2024 were as follows: Periods Â Total Number of Shares Purchased Â Â Average Price Paid Per Share Â Â Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs Â Â Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1) Â Â Â Â Â Â Â Â Â Â Â Â Â Â April 1 - April 30, 2024: Â Â Â Â Â Â Â Â Â Â Â Â Open market and privately negotiated purchases Â Â - Â Â $ - Â Â Â - Â Â $ 18,255,000 Â May 1 - May 31, 2024: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Open market and privately negotiated purchases Â Â - Â Â $ - Â Â Â - Â Â Â 18,255,000 Â June 1 - June 30, 2024: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Open market and privately negotiated purchases Â Â - Â Â $ - Â Â Â - Â Â Â

18,255,000 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Total Â Â 0 Â Â Â Â Â Â Â 0 Â Â $ 18,255,000 Â (1) As of June 31, 2024, $18,745,000 had been 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 June 30, 2024. Our share repurchase program does not obligate us to acquire any specific number of shares and shares may be repurchased in privately negotiated and/or open market transactions. Item 3. Defaults Upon Senior Securities None. Item 5. Other Information (a) None. Â Â (b) None. Â Â (c) During the quarter ended June 30, 2024, no director or officer of the Company adopted or terminated a â€œRule 10b5-1 trading arrangementâ€ or â€œnon-Rule 10b5-1 trading arrangementâ€ as each such term is defined in Item 408 of Regulation S-K. 35 Table of contents Item 6. Exhibits (a) Exhibits: NumberÂ Â Â Â Â Â Â Â Â Â Â Description of ExhibitÂ Â Â Â Â Â Â Â Â Â Â Method of FilingÂ Â Â Â Â Â Â Â Â Â Â 3.1 Â Certificate of Incorporation of the Company Â Incorporated by reference to Exhibit 3.1 to the Companyâ€™s Registration Statement on Form SB-2 declared effective on March 22, 1994 (the â€œ1994 Registration Statementâ€). Â Â Â Â Â 3.2 Â Amendment to Certificate of Incorporation of the Company Â Incorporated by reference to Exhibit 3.2 to the Companyâ€™s Registration Statement on Form S-1 (No. 33-97498) declared effective on November 14, 1995. Â Â Â Â Â 3.3 Â Amendment to Certificate of Incorporation of the Company Â Incorporated by reference to Exhibit 3.3 to the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended March 31, 1997. Â Â Â Â Â 3.4 Â Amendment to Certificate of Incorporation of the Company Â Incorporated by reference to Exhibit 3.4 to the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended March 31, 1998 (the â€œ1998 Form 10-Kâ€). Â Â Â Â Â 3.5 Â Amendment to Certificate of Incorporation of the Company Â Incorporated by reference to Exhibit C to the Companyâ€™s proxy statement on Schedule 14A filed with the SEC on November 25, 2003. Â Â Â Â Â 3.6 Â Amended and Restated By-Laws of Motorcar Parts of America, Inc. Â Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on August 24, 2010. Â Â Â Â Â 3.7 Â Certificate of Amendment of the Certificate of Incorporation of the Company Â Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on April 17, 2014. Â Â Â Â Â 3.8 Â Amendment to the Amended and Restated By-Laws of Motorcar Parts of America, Inc., as adopted on June 9, 2016 Â Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on June 14, 2016. Â Â Â Â Â 3.9 Â Amendment to the Amended and Restated By-Laws of the Company Â Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on February 22, 2017. Â Â Â Â Â 3.10 Â Third Amendment to the Amended and Restated By-Laws of Motorcar Parts of America, Inc., as adopted on January 26, 2022 Â Incorporated by reference to Exhibit 3.1 to Current Report on Form 8-K filed on February 1, 2022. Â Â Â Â Â 4.1 Â Description of theÂ Registrantâ€™s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 Â Incorporated by reference to Exhibit 4.1 to Quarterly Report on Form 10-Q filed on August 9, 2022. Â Â Â Â Â 4.2 Â 2004 Non-Employee Director Stock Option Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A for the 2004 Annual Shareholders Meeting. Â Â Â Â Â 4.3 Â 2010 Incentive Award Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on December 15, 2010. Â Â Â Â Â 4.4 Â Amended and Restated 2010 Incentive Award Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on March 5, 2013. 36 Table of contents NumberÂ Â Â Â Â Â Â Â Â Â Â Description of ExhibitÂ Â Â Â Â Â Â Â Â Â Â Method of FilingÂ Â Â Â Â Â Â Â Â Â Â 4.5 Â Second Amended and Restated 2010 Incentive Award Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on March 3, 2014. Â Â Â Â Â 4.6 Â 2014 Non-Employee Director Incentive Award Plan Â Incorporated by reference to Appendix B to the Proxy Statement on Schedule 14A filed on March 3, 2014. Â Â Â Â Â 4.7 Â Third Amended and Restated 2010 Incentive Award Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on November 20, 2017. Â Â Â Â Â 4.8 Â Fourth Amended and Restated 2010 Incentive Award Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on July 24, 2020. Â Â Â Â Â 4.9 Â 2022 Incentive Award Plan Â Incorporated by reference to Appendix A to the Proxy Statement on Schedule 14A filed on July 29, 2022. Â Â Â Â Â 4.10 Â Form of Convertible Promissory Note Â Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on March 31, 2023. Â Â Â Â Â 4.11 Â Form of Common Stock Warrant Â Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on March 31, 2023. Â Â Â Â Â 4.12 Â First Amended and Restated Convertible Promissory Note Â Incorporated by reference to Exhibit 4.12 to the Annual Report on Form 10-K filed on June 14, 2023. Â Â Â Â Â 4.13 Â First Amended and Restated Common Stock Warrant Â Incorporated by reference to Exhibit 4.13 to the Annual Report on Form 10-K filed on June 14, 2023. Â Â Â Â Â 31.1 Â Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 Â Filed herewith. Â Â Â Â Â 31.2 Â Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 Â Filed herewith. Â Â Â Â Â 31.3 Â Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002 Â Filed herewith. Â Â Â Â Â 32.1 Â Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 Â Filed herewith. Â Â Â Â Â 97.1 Â Policy for Recovery of Erroneously Awarded Compensation Â Incorporated by reference to Exhibit 97.1 to the Annual Report on Form 10-K/A filed on June 28, 2024. 37 Table of contents NumberÂ Â Â Â Â Â Â Â Â Â Â Description of ExhibitÂ Â Â Â Â Â Â Â Â Â Â Method of FilingÂ Â Â Â Â Â Â Â Â Â Â 101.INS Â Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document). Â Â Â Â Â Â Â 101.SCH Â Inline XBRL Taxonomy Extension Schema Document Â Â Â Â Â Â Â 101.CAL Â Inline XBRL Taxonomy Extension Calculation Linkbase Document Â Â Â Â Â Â Â 101.DEF Â Inline XBRL Taxonomy Extension Definition Linkbase Document Â Â Â Â Â Â Â 101.LAB Â Inline XBRL Taxonomy Extension Label Linkbase Document Â Â Â Â Â Â Â 101.PRE Â Inline XBRL Taxonomy Extension Presentation Linkbase Document Â Â Â Â Â Â Â 104 Â Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101) Â Â 38 Table of contents SIGNATURES Â Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Â MOTORCAR PARTS OF AMERICA, INC. Â Â Â Dated: August 8, 2024 By: /s/ David Lee Â Â David Lee Â Â Chief Financial Officer Â Â Â Dated: August 8, 2024 By: /s/ Kamlesh Shah Â Â Kamlesh Shah Â Â Chief Accounting Officer 39 Exhibit 31.1 CERTIFICATIONS I, Selwyn Joffe, certify that: 1. I have reviewed this report on Form 10-Q 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 registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting. Date: August 8, 2024 /s/ Selwyn Joffe Â Selwyn Joffe Â Chief Executive Officer Exhibit 31.2 CERTIFICATIONS I, David Lee, certify that: 1. I have reviewed this report on Form 10-Q 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 registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting. Date: August 8, 2024 /s/ David Lee Â David Lee Â Chief Financial Officer Exhibit 31.3 CERTIFICATIONS I, Kamlesh Shah, certify that: 1. I have reviewed this report on Form 10-Q 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 registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5. The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™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 registrantâ€™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 registrantâ€™s internal control over financial reporting. Date: August 8, 2024 /s/ Kamlesh Shah Â Kamlesh Shah Â 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 Quarterly Report of Motorcar Parts of America, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œQuarterly Reportâ€), 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 Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and 2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â /s/ Selwyn Joffe Â Selwyn Joffe Â Chief Executive Officer Â August 8, 2024 In connection with the Quarterly Report of Motorcar Parts of America, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and

Exchange Commission on the date hereof (the â€œQuarterly Reportâ€), 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 Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and 2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â /s/ David Lee Â David Lee Â Chief Financial Officer Â August 8, 2024 In connection with the Quarterly Report of Motorcar Parts of America, Inc. (the â€œCompanyâ€) on Form 10-Q for the quarter ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the â€œQuarterly Reportâ€), 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 Quarterly Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and 2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â /s/ Kamlesh Shah Â Kamlesh Shah Â Chief Accounting Officer Â August 8, 2024 The foregoing certifications are being furnished to the Securities and Exchange Commission as part of the accompanying report on Form 10-Q. 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. Â