



## COVE STREET CAPITAL

February 21, 2024

Mr. Selwyn Joffe  
The Board of Directors  
Motorcar Parts of America, Inc.  
2929 California Street  
Torrance, CA 90503

To the Board of Directors:

I am writing to you as Lead Principal and Portfolio Manager of Cove Street Capital, a Los Angeles-based investment manager which owns approximately 4% of MPAA common shares.

We have followed MPAA actively for almost twenty years and are appreciative of the company's consolidated industry position, the new growth opportunities in the brake arena, and in our opinion, the undervalued status of the company's equity.

Clearly the company has had a mixed record over the past decade, due to both external factors, as well as some self-inflicted financial and execution issues. We are hopeful that recent price increases will be sufficient to restore reasonable profitability and working capital sanity in the core remanufacturing business and that the braking initiative is on the cusp of value realization through the signing of material new customer relationships at accretive margins.

Our purpose in writing this letter is to suggest that the company needs to refresh its Board to match a variety of perceived changes in the company's current outlook. Small cap companies often neglect the importance of taking the lead in governance issues, which have a subtle but important effect on investor perceptions and valuation. Additionally, MPAA has any variety of "interesting" decisions to make in regard to the balance sheet, growth initiatives, and what we would consider to be legacy "question-mark" businesses that collectively are losing money and demanding management time. We think "new blood" with differing perspectives and fresh thinking would be helpful to team MPAA as it navigates the current environment.

Per the Articles of Incorporation of MPAA, we are formally requesting the paperwork from the Nominating and Governance Committee to submit applications for two new Board members. We do not think the Board needs to be expanded, and we think it is proper for the Board to make its own decisions as to who might be willing to step down.

To be clear, our intent is to improve the company and hence its longer term path toward delivering value for shareholders. We firmly believe that the best decisions are privately made by smaller groups of people with skin in the game, and thus, our communication is between Cove Street Capital and the company directly. We note that there is plenty of time to have a thorough and professional process that respects the contributions of current members of the



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Board, but we think it is important to collectively show progress toward what we think would be common goals of updating and improvement.

We had what we think was a transparent and productive meeting with Selwyn last week, and I think we are highly cognizant of the opportunities and issues facing MPAA. We do not seek to control the company, or frankly have any motive other than to productively make money for shareholders. We do not seek credit and publicity through this process. In fact, the best outcome here is if the company takes the lead on our proposal and claims full public investor relations credit, which is an important part of long term value creation for shareholders.

We look forward to receiving the appropriate paperwork to formally submit our candidates, and to have productive and transparent conversations in regard to this process.

Sincerely,

Jeffrey Bronchick, CFA  
Principal, Portfolio Manager  
Cove Street Capital, LLC