

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 9, 2024

STRATTEC SECURITY CORPORATION

(Exact Name of Registrant as Specified in Charter)

Wisconsin
(State or Other Jurisdiction
of Incorporation)

0-25150
(Commission
File Number)

39-1804239
(I.R.S. Employer
Identification No.)

3333 West Good Hope Road, Milwaukee, Wisconsin 53209
(Address of Principal Executive Offices, and Zip Code)

(414) 247-3333
Registrant's Telephone Number, Including Area Code

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.01 par value	STRT	The Nasdaq Global Stock Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Section 2 – Financial Information

Item 2.02. Results of Operations and Financial Condition.

On May 9, 2024, STRATTEC SECURITY CORPORATION (the “Company”) issued a press release (the “Press Release”) announcing results for the fiscal third quarter ended March 31, 2024. A copy of the Press Release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Pursuant to General Instruction B.2 of Current Report on Form 8-K, the information in this Item 2.02 and Exhibit 99.1 is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section. Furthermore, the information in this Item 2.02 and Exhibit 99.1 shall not be deemed to be incorporated by reference into the filings of STRATTEC under the Securities Act of 1933, as amended (the “Securities Act”), except as may be expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure.

As described in “Item 2.02 Results of Operations and Financial Condition” above, on May 9, 2024, the Company issued a press release announcing earnings results for the fiscal third quarter ended March 31, 2024. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K.

Pursuant to General Instruction B.2 of Current Report on Form 8-K, the information in this Item 7.01 and Exhibit 99.1 is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Furthermore, the information in this Item 7.01 and Exhibit 99.1 shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act, except as may be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release of STRATTEC SECURITY CORPORATION, issued May 9, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURE

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 hereunto duly authorized.

STRATTEC SECURITY CORPORATION

By: /s/ Dennis P. Bowe
Dennis P. Bowe, Vice President and
Chief Financial Officer

Date: May 9, 2024

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**STRATTEC SECURITY CORPORATION REPORTS FISCAL 2024 THIRD QUARTER
OPERATING RESULTS**

May 9, 2024

Third Fiscal Quarter earnings per share \$0.37 vs \$0.57 loss, an improvement driven by customer pricing increases and higher sales

Milwaukee, Wisconsin – STRATTEC SECURITY CORPORATION (NASDAQ:STRT) is a market leader of a comprehensive range of "Smart" Vehicle Power Access and Electronic and Security Solutions, serving the global automotive industry.

Third Quarter Fiscal 2024 Financial Highlights

- Diluted earnings per share of \$0.37 versus \$0.57 loss last year
- Gross Margins expanded to 10.4% compared with 7.9% last year
- Revenues increased by 10.7%, driven by pricing increases and new product sales

STRATTEC Interim CEO Rolando Guillot said, “This quarter we continued to make progress on our financial performance due to improved pricing and new product introductions that are expanding STRATTEC’s offerings to our customers. We will continue to focus on addressing persistent cost challenges and the opportunities we have to optimize our working capital and a strong balance sheet.”

Third Quarter Fiscal 2024 Financial Summary

	Third Quarter Ending		
	Mar 31, 2024	Apr. 2, 2023	Inc (Dec)
(Dollars in thousands, except per share data)			
Net Sales	\$ 140,773	\$ 127,183	\$ 13,590
Gross Profit	\$ 14,684	\$ 10,001	\$ 4,683
Gross Margin	10.4%	7.9%	
Operating Expenses	\$ 12,725	\$ 12,485	\$ 240
Operating Income (Loss) from Operations	\$ 1,959	\$ (2,484)	\$ 4,443
Net Income (Loss)	\$ 1,506	\$ (2,256)	\$ 3,762
Diluted Earnings (Loss) Per Share	\$ 0.37	\$ (0.57)	\$ 0.94

Revenue growth was driven by \$7.0 million of price increases to our major customers and \$6.6 million of higher sales associated with the launch of new product programs, the latter representing a 5.2% growth in sales from prior year. The growth in new product sales primarily stems from additional content of our latch and power access product lines on a major truck platform.

Gross margin improvement was driven by pricing increases, higher sales, lower raw material costs, lower warranty costs and \$384,000 of workforce and production efficiencies realized from our Mexican operations. Offsetting those positive trends were unfavorable absorption of labor and overhead costs with inventory reductions, \$2.1 million of unfavorable U.S. dollar to Mexican peso exchange rate effects, \$1.8 million of wage increases due to a mandatory Mexican minimum wage-increase, \$1.2 million higher prices paid to certain suppliers and \$778,000 of increased freight costs primarily related to the launch of new programs.

Operating expenses increased primarily due to a \$817,000 expense associated with the company's annual incentive bonus plan, which was partially offset with lower new product development costs compared with the prior year period. Net Income was \$1.5 million compared to a loss of \$2.3 million last year. Fully diluted earnings per share were \$0.37 compared with a loss of \$0.57 last year.

Balance Sheet & Cash Flow

As of March 31, 2024, the Company's cash and cash equivalents on hand totaled \$9.6 million. Total debt as of March 31, 2024 was \$13.0 million, which was all held by the ADAC-STRATTEC LLC joint venture.

For the third quarter of fiscal 2024, operating cash flow was negative \$309,000, compared to the prior year quarter operating cash flow of negative \$1.2 million. The negative operating cash flow for the current quarter was driven by a temporary increase in working capital, specifically in accounts receivable related to higher sales in the quarter, partially offset by a \$10.8 million reduction in inventory. Capital expenditures in the third quarter of fiscal 2024 were \$1.7 million, compared with \$4.2 million for the third quarter of fiscal 2023.

About STRATTEC

STRATTEC designs, develops, manufactures and markets automotive Access Control Products, including mechanical locks and keys, electronically enhanced locks and keys, steering column and instrument panel ignition lock housings, latches, power sliding side door systems, power lift gate systems, power deck lid systems, power tailgate systems for trucks, door handles and related products. These products are provided to customers in North America, and on a global basis through a unique strategic relationship with WITTE Automotive of Velbert, Germany and ADAC Automotive of Grand Rapids, Michigan. Under this relationship, STRATTEC, WITTE and ADAC market each company's products to global customers as cooperating partners of the "VAST Automotive Group" brand name. STRATTEC's history in the automotive business spans over 110 years.

Caution on Forward-Looking Statements

Certain statements contained in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "anticipate," "believe," "could," "expect," "intend," "may," "planned," "potential," "should," "will," and "would." Such forward-looking statements in this release are inherently subject to many uncertainties in the Company's operations and business environment. These uncertainties include general economic conditions, in particular, relating to the automotive industry, consumer demand for the Company's and its customers' products, competitive and technological developments, customer purchasing actions, changes in warranty provisions and customer product recall policies, work stoppages at the Company or at the location of its key customers as a result of labor disputes, foreign currency fluctuations, uncertainties stemming from U.S. trade policies, tariffs and reactions to same from foreign countries, the volume and scope of product returns, adverse business and operational issues resulting from the continuing effects of the coronavirus (COVID-19) pandemic, matters adversely impacting the timing and availability of component parts and raw materials needed for the production of our products and the products of our customers and fluctuations in our costs of operation (including fluctuations in the cost of raw materials). Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are only made as of the date of this press release and the Company undertakes no obligation to publicly update such

forward-looking statements to reflect subsequent events or circumstances occurring after the date of this release. In addition, such uncertainties and other operational matters are discussed further in the Company's quarterly and annual filings with the Securities and Exchange Commission.

Contact: Dennis Bowe
Vice President and
Chief Financial Officer
414-247-3399
www.strattec.com

STRATTEC SECURITY CORPORATION
Condensed Results of Operations
(In Thousands except per share amounts)
(Unaudited)

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Net Sales	\$ 140,773	\$ 127,183	\$ 394,711	\$ 360,727
Cost of Goods Sold	126,089	117,182	347,810	330,843
Gross Profit	14,684	10,001	46,901	29,884
Engineering, Selling & Administrative Expenses	12,725	12,485	38,778	37,266
Income (Loss) from Operations	1,959	(2,484)	8,123	(7,382)
Interest Expense	(222)	(266)	(661)	(591)
Interest Income	143	-	337	-
Other (Expense) Income, net	(208)	(404)	759	470
Income (Loss) Before Provision for Income Taxes and Non- Controlling Interest	1,672	(3,154)	8,558	(7,503)
Provision (Benefit) for Income Taxes	546	133	2,197	(1,638)
Net Income (Loss)	1,126	(3,287)	6,361	(5,865)
Net Loss Attributable to Non-Controlling Interest	(380)	(1,031)	(332)	(1,895)
Net Income (Loss) Attributable to STRATTEC SECURITY CORPORATION	<u>\$ 1,506</u>	<u>\$ (2,256)</u>	<u>\$ 6,693</u>	<u>\$ (3,970)</u>
Earnings (Loss) Per Share:				
Basic	<u>\$ 0.38</u>	<u>\$ (0.57)</u>	<u>\$ 1.69</u>	<u>\$ (1.01)</u>
Diluted	<u>\$ 0.37</u>	<u>\$ (0.57)</u>	<u>\$ 1.67</u>	<u>\$ (1.01)</u>
Average Basic Shares Outstanding	3,988	3,928	3,971	3,918
Average Diluted Shares Outstanding	4,017	3,928	3,996	3,918
<u>Other</u>				
Capital Expenditures	\$1,672	\$ 4,247	\$ 6,065	\$ 13,724
Depreciation	\$4,059	\$ 4,347	\$ 12,774	\$ 13,145

STRATTEC SECURITY CORPORATION
Condensed Balance Sheet Data
(In Thousands)
(Unaudited)

	March 31, 2024	July 2, 2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 9,594	\$ 20,571
Receivables, net	97,524	89,811
Inventories, net	78,612	77,597
Customer Tooling in Progress, net	25,505	20,800
Value Added Tax Recoverable	19,272	7,912
Other Current Assets	10,423	9,091
Total Current Assets	240,930	225,782
Other Long-term Assets	19,309	20,702
Property, Plant and Equipment, net	88,310	94,446
	\$ 348,549	\$ 340,930
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 50,582	\$ 57,927
Value Added Tax Payable	8,906	6,499
Borrowings Under Credit Facility - Current	13,000	-
Other	48,284	44,560
Total Current Liabilities	120,772	108,986
Accrued Pension and Postretirement Obligations	2,463	2,363
Borrowings Under Credit Facility - Long-Term	-	13,000
Other Long-term Liabilities	5,200	5,557
Shareholders' Equity	342,521	334,683
Accumulated Other Comprehensive Loss	(13,205)	(14,194)
Less: Treasury Stock	(135,489)	(135,526)
Total STRATTEC SECURITY CORPORATION Shareholders' Equity	193,827	184,963
Non-Controlling Interest	26,287	26,061
Total Shareholders' Equity	220,114	211,024
	\$ 348,549	\$ 340,930

STRATTEC SECURITY CORPORATION**Condensed Cash Flow Statement Data****(In Thousands)***(Unaudited)**Three Months Ended**Nine Months Ended*

	March 31, 2024	April 2, 2023	March 31, 2024	April 2, 2023
Cash Flows from Operating Activities:				
Net Income (Loss)	\$ 1,126	\$ (3,287)	\$ 6,361	\$ (5,865)
Adjustments to Reconcile Net Income (Loss) to Cash (Used in) Provided by Operating Activities:				
Depreciation	4,059	4,347	12,774	13,145
Equity (Earnings) Loss in Joint Ventures	-	(819)	269	(1,934)
Foreign Currency Transaction Loss	475	1,529	126	2,114
Unrealized Loss (Gain) on Peso Forward Contracts	222	70	(604)	93
Loss on Settlement of Pension Obligation	-	217	-	217
Stock Based Compensation Expense	240	265	1,224	1,139
Change in Operating Assets/Liabilities	(6,676)	(3,665)	(27,775)	(1,767)
Other, net	245	120	402	370
Net Cash (Used in) Provided by Operating Activities	(309)	(1,223)	(7,223)	7,512
Cash Flows from Investing Activities:				
Proceeds from sale of interest in VAST LLC	-	-	2,000	-
Investment in Joint Ventures	-	(133)	-	(237)
Additions to Property, Plant & Equipment	(1,672)	(4,247)	(6,065)	(13,724)
Proceeds on Sales of Property, Plant & Equipment	-	11	-	15
Net Cash Used in Investing Activities	(1,672)	(4,369)	(4,065)	(13,946)
Cash Flows from Financing Activities:				
Borrowings on Line of Credit Facility	-	4,000	2,000	13,000
Payments on Line of Credit Facility	-	-	(2,000)	(3,000)
Dividends Paid to Non-Controlling Interest of Subsidiary	-	-	-	(600)
Exercise of Stock Options and Employee Stock Purchases	18	18	55	164
Net Cash Provided by Financing Activities	18	4,018	55	9,564
Effect of Foreign Currency Fluctuations on Cash	(18)	82	256	182
Net (Decrease) Increase in Cash & Cash Equivalents	(1,981)	(1,492)	(10,977)	3,312
Cash & Cash Equivalents:				
Beginning of Period	11,575	13,578	20,571	8,774
End of Period	\$ 9,594	\$ 12,086	\$ 9,594	\$ 12,086

