



Q2 FY2025 Financial Results

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Safe Harbor Statement



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Certain statements contained in this presentation 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 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, the impact of U.S. trade policies, tariffs and reactions to the same from foreign countries on costs and customer demand, 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. 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 presentation 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 presentation. 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.

Use of Non-GAAP Financial Metrics and Additional Financial Information

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, STRATTEC provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP information are to non-GAAP financial measures. These measures are not required by, in accordance with, or an alternative for, GAAP and may be different from similarly titled non-GAAP financial measures used by other companies. STRATTEC’s management uses these measures to make strategic decisions, establish budget plans and forecasts, identify trends affecting STRATTEC’s business, and evaluate performance. Management believes that providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, will help investors evaluate STRATTEC’s core operating and financial performance and business trends consistent with how management evaluates such performance and trends. Investors are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

The Company has provided reconciliations of comparable GAAP to non-GAAP measures in the supplemental slides of this presentation.

STRATTEC

Q2 FY2025

Highlights

OPERATIONAL CASH FLOW: Generated \$9.4 million in Q2

- YTD cash from operations of \$20.8 million

REVENUE GROWTH: up \$11.4 million to \$129.9 million

- Driven by increased customer demand for higher value products
- Boosted by successful new program launches

PROFITABILITY: Delivered adj. EBITDA of \$8.0 million (6.1% of sales)

- Up from \$5.0 million (4.3% of sales) in Q2 FY24

STRATEGIC PRIORITIES AND TRANSFORMATION:

- Strengthened sales, human resources and financial leadership
- Taking actions to optimize cost structure
- Unlocking incremental value through balance sheet and working capital management

Advancing Strategic Priorities



DRIVING TO OPERATIONAL EXCELLENCE

Restructured U.S manufacturing operations

- Reduced from 3 to 2 shifts
- \$1.2 million in annualized savings

Evaluating opportunities to modernize operations with potential sale of Milwaukee facility

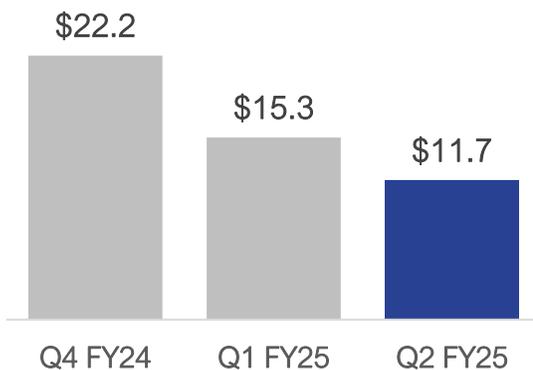
CREATING REVENUE OPPORTUNITIES

Identifying opportunities for new projects and pricing

- Recently captured \$8 million in annualized pricing
- Expect to start in Q3 FY25

Advancing strategic product portfolio review

PRE-PRODUCTION COSTS (\$ IN MILLIONS)



Driving focus on working capital management

Continued recovery of pre-production tooling costs

Recovered \$3.6 million in Q2 FY25

BUILDING THE TEAM

Investing in upgrading talent

- Appointed new Chief Financial Officer
- Appointed new Chief Commercial Officer
- Added Chief People Officer

Q2 FY25 Sales Increased 9.6% Y/Y



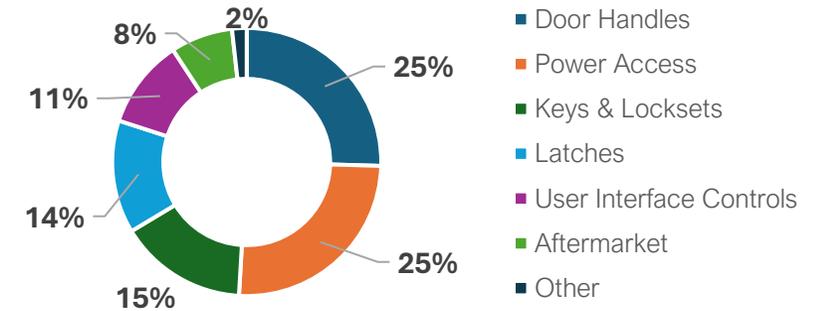
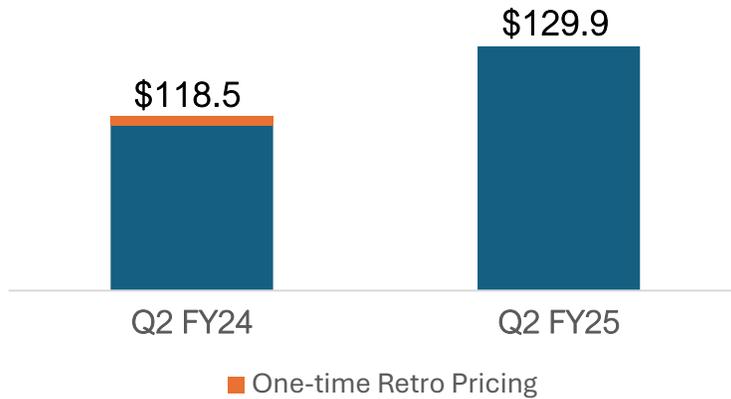
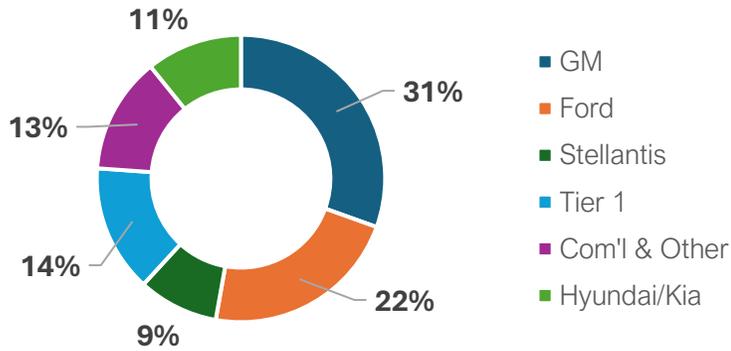
(\$ in millions; narrative compared with prior-year period unless otherwise noted)

Q2 FY25 SALES BY CUSTOMER

NET SALES

Q2 FY25 SALES BY PRODUCT

Above market growth driven by new product launches, customer production plans, and higher value content



- Kia drove 21% increase to meet production plans (power access)
- Ford up 18% driven by new latch programs on pickups and higher product value
- GM up 9% with increased demand across product categories for SUV/truck volume growth

Net sales up \$11.4 million

- \$5.9 million of net new program launches and \$1.3 million of favorable mix
- \$7.4 million due to higher production volumes on existing platforms
- Offset by a year-over year change in pricing from one-time benefit in prior-year period

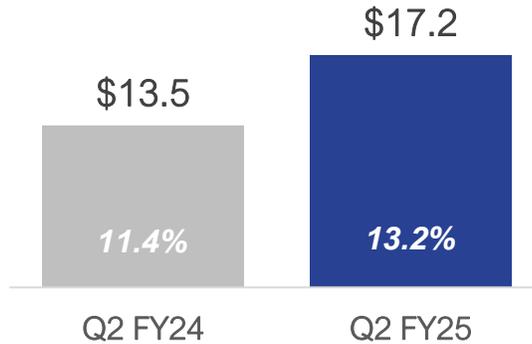
- 27% growth y/y with Power Access products on increased production levels and OEM inventory build
- Innovation/new program launches drove 20% growth in latches and User interface controls
- Keys & locksets down 19% y/y; less relevant in product portfolio

Higher Gross Profit and Margin Expansion



(\$ in millions; narrative compared with prior-year period unless otherwise noted)

GROSS PROFIT & MARGIN (QTR)



GROSS PROFIT & MARGIN (YTD)



Gross margin expanded 180 basis points in Q2

- + Stronger US dollar
 - \$3.5 million, or 270 bps, FX benefit associated with our Mexico operations
 - Current rate of ~20 MXN peso at 5-year average
- + Operating leverage gained on volume
- + \$0.8 million reduction in depreciation expense
- \$1.4 million increase in Mexico labor costs (government mandated)
- Provisions for annual bonus expense of \$0.6 million (no provision in prior year)

YTD gross margin expanded 70 basis points

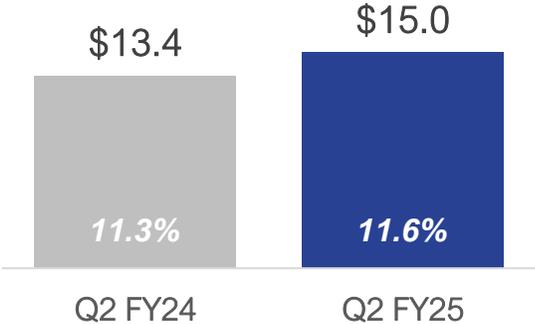
- + Stronger US dollar and higher production volumes
- Prior year included \$9.5 million of one-time retroactive pricing recovery

Strengthening Operations for Efficiency



(\$ in millions; narrative compared with prior-year period unless otherwise noted)

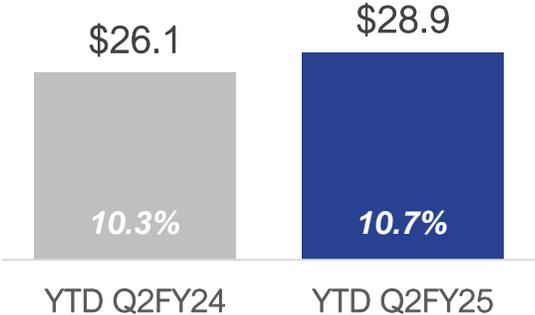
ES&A⁽¹⁾ & MARGIN (QTR)



Increase in ES&A reflects transformation costs and investments in human capital

- Up \$1.6 million to 11.6% of sales
- \$0.8 million annual bonus provision (no provision in the prior year)
- \$0.3 million of incremental equity compensation expense
- \$0.2 million in business transformation costs and \$0.3 million restructuring charge

ES&A⁽¹⁾ & MARGIN (YTD)



Investments in leadership expected to deliver process efficiencies and related savings over time

- YTD results include \$2.1 million of executive transition costs compared with \$1.0 million in prior year

⁽¹⁾ Engineering, selling and administrative expenses

Enhanced Earnings Power



(\$ in millions except earnings per share data; narrative compared with prior-year period unless otherwise noted)

NET INCOME⁽¹⁾ (QTR) ADJ. NET INCOME⁽²⁾ (QTR) ADJ. EBITDA⁽²⁾ & MARGIN (QTR)



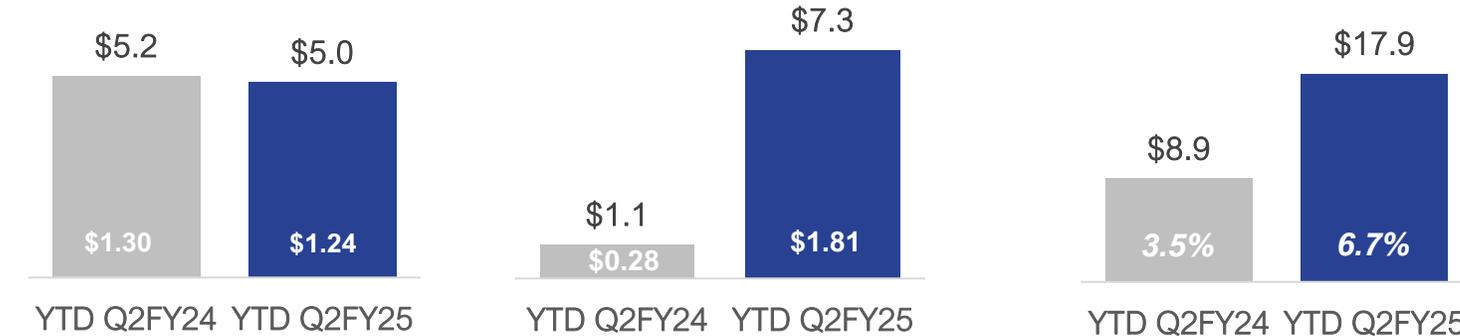
Q2 FY25 Net Income⁽¹⁾ up 29%

Q2 FY25 Adj. EPS⁽²⁾ grew 81% to \$0.65

Q2 FY25 Adj. EBITDA⁽²⁾ margin expanded 180 basis points

- Driven by higher sales volume, FX and cost management initiatives; includes impact of reinstating bonus accruals

NET INCOME⁽¹⁾ (YTD) ADJ. NET INCOME⁽²⁾ (YTD) ADJ. EBITDA⁽²⁾ & MARGIN (YTD)



Focused on driving sustainable margin improvement

⁽¹⁾ Net Income Attributable to STRATTEC

⁽²⁾ Adjusted Net Income, Adjusted Diluted Earnings per Share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP metrics. Refer to the reconciliation of GAAP to non-GAAP metrics in the supplemental tables of this presentation.

Strong Cash Generation



(\$ in millions; narrative compared with prior-year period unless otherwise noted)

CAPITALIZATION		
	December 29, 2024	June 30, 2024
Cash and cash equivalents	\$ 42.6	\$ 25.4
Total debt	13.0	13.0
Shareholders' equity	228.2	225.6
Total capitalization	\$ 241.2	\$ 238.6
Debt / total capitalization	5.4%	5.4%

	THREE MONTHS ENDED	
	December 29, 2024	December 31, 2023
Net cash provided by operating activities	\$ 9.4	\$ (3.0)
CapEx	(0.9)	(1.5)
Free cash flow (FCF)⁽¹⁾	\$ 8.5	\$ (4.5)

\$12.5 million increase in operating cash flow

- Improved operating performance
- Working capital efficiency improvements, primarily pre-production cost recoveries

Financial flexibility

- \$42.6 million in cash
- \$47 million available under lines of credit

FY 2025 CapEx

- Focused on new product programs and equipment replacements/upgrades for safety and productivity improvements
- Includes \$3.0 million in 1H FY25 for new product programs and upgraded equipment to improve productivity

Capital priorities

- Operational efficiencies
- Invest in productivity tools: processes, IT, people
- Organic growth initiatives: market positioning, brand and selling processes



Q2 FY2025 Financial Results

Supplemental Slides

Reconciliation of GAAP to Non-GAAP Financial Measures



	Fiscal 2024					Fiscal 2025				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ADJUSTED NET SALES:										
Net Sales (GAAP)	135,406	118,532	140,773	143,055	\$ 537,766	139,052	129,919	-	-	\$ 268,971
Adjustments:										
Retroactive FY23 one-time pricing recovery	(7,950)	(1,551)	(397)	175	(9,723)	-	-	-	-	-
Adjusted Sales (Non-GAAP)	127,456	116,981	140,376	143,230	528,043	139,052	129,919	-	-	268,971
ADJUSTED EBITDA:										
Net income attributable to STRATTEC (GAAP)	\$ 4,165	\$ 1,022	\$ 1,506	\$ 9,620	\$ 16,313	\$ 3,703	\$ 1,319	\$ -	\$ -	\$ 5,022
Net income (loss) attributable to non-controlling interest	290	(242)	(380)	447	115	45	79	-	-	124
Provision for income tax	1,387	264	546	1,578	3,775	1,498	405	-	-	1,903
Other (income) expense, net	131	(1,098)	208	(1,958)	(2,717)	(129)	482	-	-	353
Investment and interest income	(87)	(107)	(143)	(235)	(572)	(349)	(408)	-	-	(757)
Interest expense	220	219	222	239	900	295	257	-	-	552
Income from operations	6,106	58	1,959	9,691	17,814	5,063	2,134	-	-	7,197
Adjustments:										
Depreciation	4,385	4,330	4,059	3,773	\$ 16,547	3,662	3,544	-	-	\$ 7,206
Non-cash stock-based compensation	505	479	240	243	1,467	188	891	-	-	1,079
Restructuring and similar charges	-	-	-	-	-	-	265	-	-	265
Retroactive FY23 one-time pricing recovery, net	(7,078)	(641)	(298)	24	(7,993)	-	-	-	-	-
Executive transition costs	-	774	211	73	1,058	941	921	-	-	1,862
Business transformation costs	-	-	-	-	-	73	215	-	-	288
	(2,188)	4,942	4,212	4,113	11,079	4,864	5,836	-	-	10,700
Adjusted EBITDA (Non-GAAP)	\$ 3,918	\$ 5,000	\$ 6,171	\$ 13,804	\$ 28,893	\$ 9,927	\$ 7,970	\$ -	\$ -	\$ 17,897
Adjusted EBITDA as a % of Adjusted Net Sales	3.1%	4.3%	4.4%	9.6%	5.5%	7.1%	6.1%			6.7%

Reconciliation of GAAP to Non-GAAP Financial Measures



	Fiscal 2024					Fiscal 2025				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ADJUSTED NET INCOME AND EARNINGS/(LOSS) PER SHARE:										
Net income attributable to STRATTEC (GAAP)	\$ 4,165	\$ 1,022	\$ 1,506	\$ 9,620	\$ 16,313	\$ 3,703	\$ 1,319	\$ -	\$ -	\$ 5,022
Adjustments:										
Restructuring and similar charges	265	3	-	63	331	-	265	-	-	265
Retroactive FY23 one-time pricing recovery, net	(7,078)	(641)	(298)	24	(7,993)	-	-	-	-	-
Executive transition costs	-	973	211	73	1,257	1,224	1,225	-	-	2,449
Business transformation costs	-	-	-	-	-	73	215	-	-	288
Non-controlling interest impact on above adjustments	1,014	181	55	22	1,272	-	-	-	-	-
Tax effect on above adjustments	1,305	(116)	7	(41)	1,155	(292)	(384)	-	-	(676)
	(4,494)	400	(25)	141	(3,978)	1,005	1,321	-	-	2,326
Adjusted Net Income/(Loss) attributable to STRATTEC (Non-GAAP)	\$ (329)	\$ 1,422	\$ 1,481	\$ 9,761	\$ 12,335	\$ 4,708	\$ 2,640	\$ -	\$ -	\$ 7,348
Weighted Average Basic Shares Outstanding	3,948	3,976	3,988	3,988	3,975	4,005	4,035	-	-	4,020
Weighted Average Diluted Shares Outstanding	3,974	3,998	4,017	4,027	4,004	4,046	4,070	-	-	4,058
Diluted earnings per share (GAAP)	\$ 1.05	\$ 0.26	\$ 0.37	\$ 2.39	\$ 4.07	\$ 0.92	\$ 0.32	\$ -	\$ -	\$ 1.24
Adjusted dilutive earnings/(loss) per share (Non-GAAP)	\$ (0.08)	\$ 0.36	\$ 0.37	\$ 2.42	\$ 3.08	\$ 1.16	\$ 0.65	\$ -	\$ -	\$ 1.81



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