

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): October 21, 2021

**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 I.D. Number)

3333 West Good Hope Road
Milwaukee, WI

(Address of Principal Executive Offices)

53209

(Zip Code)

(414) 247-3333

(Registrant's telephone number; including area code)

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

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

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 (see General Instruction A.2. below):

- Written communications 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 communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 October 21, 2021, STRATTEC SECURITY CORPORATION issued a press release (the “[Press Release](#)”) announcing results for the fiscal first quarter ended September 26, 2021. A copy of the Press Release is attached as Exhibit 99.1 to this report. The attached Exhibit 99.1 is furnished pursuant to Item 2.02 of Form 8-K.

The information in this Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference in such filing.

Section 5 – Corporate Governance and Management

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal year.

At the 2021 Annual Meeting (the “[Annual Meeting](#)”) of Shareholders of STRATTEC SECURITY CORPORATION (the “[Company](#)”), which was held on October 5, 2021, the shareholders of the Company voted in favor of the proposed amendment to the Company’s Amended and Restated Articles of Incorporation to increase the number of authorized shares of the Company’s Common Stock from 12 million shares to 18 million shares. Accordingly, on October 21, 2021 the Company filed with the Wisconsin Department of Financial Institutions Articles of Amendment to its Amended and Restated Articles of Incorporation increasing the number of authorized shares of the Company’s Common Stock from 12 million shares to 18 million shares. The Articles of Amendment are attached as Exhibit 3.1 to this report and are incorporated herein by reference.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[3.1](#) – Amendment to Amended and Restated Articles of Incorporation for STRATTEC SECURITY CORPORATION.

[99.1](#) -- Press Release of STRATTEC SECURITY CORPORATION, issued October 21, 2021.

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 thereunto duly authorized.

Date: October 21, 2021

STRATTEC SECURITY CORPORATION

By: /s/ Patrick J. Hansen

Patrick J. Hansen, Senior Vice President and
Chief Financial Officer



Please check box to request
Optional Expedited Service

+ \$25.00

Exhibit 3.1

FORM 4

ARTICLES OF AMENDMENT
STOCK, FOR-PROFIT CORPORATION
Sec. 180.1006 Wis. Stats.

A. The present corporate name (prior to any change effected by this amendment) is:

STRATTEC SECURITY CORPORATION

(Enter Corporate Name)

Text of Amendment (Refer to the existing articles of incorporation and the instructions on the reverse of this form. Determine those items to be changed and set forth the number identifying the paragraph in the articles of incorporation being changed and how the amended paragraph is to read. **Attach pages if needed**)

RESOLVED, THAT the articles of incorporation be amended as follows:

Article III of the Corporation's Amended and Restated Articles of Incorporation shall be amended and restated in its entirety to read as follows:

ARTICLE III
Capital Stock

The aggregate number of shares which the Corporation shall have authority to issue is 18 million shares, consisting of one class only, designated as "Common Stock," of the par value of \$.01 per share.

B. Amendment(s) adopted on October 5, 2021

(Indicate the method of adoption by checking (X) the appropriate choice below.)

OR In accordance with sec. 180.1002, Wis. Stats. (By the Board of Directors)

OR In accordance with sec. 180.1003, Wis. Stats. (By the Board of Directors and Shareholders)

OR In accordance with sec. 180.1005, Wis. Stats. (By Incorporators or Board of Directors, before issuance of shares)

C. Executed on October 21, 2021
(Date)

/s/ Patrick Hansen
(Signature)

Title: President Secretary

or other officer title Senior Vice President, CFO,
Treasurer and Secretary

Patrick Hansen
(Printed name)

This document was drafted by Eric P. Hagemeyer, Esq.
(Name the individual who drafted the document)

Office Use Only

ARTICLES OF AMENDMENT – STOCK, FOR-PROFIT, CORPORATION

Brenda Lindsay, Paralegal
Reinhart Boerner Van Deuren s.c.
blindsay@reinhartlaw.com

▲ Please provide an email or postal mailing address for the filed copy of the document.

Your **phone number** during the day: 262-951-4609

INSTRUCTIONS (Ref. sec. 180.1006 Wis. Stats. for document content)

Please use BLACK ink. Submit one original to State of WI-Dept. of Financial Institutions, Box 93348, Milwaukee WI, 53293-0348, together with a **FILING FEE of \$40.00** payable to the department. Filing fee is **non-refundable**. (If sent by Express or Priority U.S. mail, please visit www.wdfi.org/contact_us/ for current physical address). The original must include an original manual signature, per sec. 180.0120(3)(c), Wis. Stats. **NOTICE:** This form may be used to accomplish a filing required or permitted by statute to be made with the department. Information requested may be used for secondary purposes. If you have any questions, please contact the Division of Corporate & Consumer Services at 608- 261-7577. Hearing-impaired may call 771 for TTY.

A. State the name of the corporation (before any change effected by this amendment) and the text of the amendment(s). The text should recite the resolution adopted (e.g., “Resolved, that Article 1 of the articles of incorporation be amended to read: (enter the amended language). If an amendment provides for an exchange, reclassification or cancellation of issued shares, state the provisions for implementing the amendment if not contained in the amendment itself. If attaching pages, be certain to label them with the Article number.

B. Enter the date of adoption of the amendment(s). If there is more than one amendment, identify the date of adoption of each. Mark (X) one of the three choices to indicate the method of adoption of the amendment(s).

By Board of Directors – Refer to sec. 180.1002 for specific information on the character of amendments that may be adopted by the Board of Directors without shareholder action.

By Board of Directors and Shareholders – Amendments proposed by the Board of Directors and adopted by shareholder approval. Voting requirements differ with circumstances and provisions in the articles of incorporation. See sec. 180.1003, Wis. Stats., for specific information.

By Incorporators or Board of Directors – Before issuance of shares – See sec. 180.1005, Wis. Stats., for conditions attached to the adoption of an amendment approved by a vote or consent of less than 2/3rds of the shares subscribed for.

C. Enter the date of execution and the name and title of the person signing the document. The document must be signed by one of the following: An **officer** of the corporation (or incorporator if directors have not been elected), or a court- appointed receiver, trustee or fiduciary. A director is **not** empowered to sign.

If the document is executed in Wisconsin, sec. 182.01(3) provides that it shall not be filed unless the name of the person (individual) who drafted it is printed, typewritten or stamped thereon in a legible manner.

If the document is not executed in Wisconsin, enter that remark.

FOR RELEASE AT 3:00 PM CDT

Contact: Pat Hansen
Senior Vice President and
Chief Financial Officer
414-247-3435
www.strattec.com

STRATTEC SECURITY CORPORATION
REPORTS FISCAL 2022 FIRST QUARTER
OPERATING RESULTS

Milwaukee, Wisconsin – October 21, 2021 -- STRATTEC SECURITY CORPORATION (“STRATTEC” or the “Company”) (NASDAQ:STRT) today reported operating results for the fiscal first quarter ended September 26, 2021.

First Quarter

Net sales for the first quarter ended September 26, 2021 were \$100.3 million, compared to net sales of \$126.2 million for the first quarter ended September 27, 2020. Net income was \$101,000 in the current year first quarter, compared to net income of \$8.0 million in the prior year first quarter. Diluted earnings per share for the first quarter were \$0.03 compared to diluted earnings per share of \$2.11 in the prior year first quarter.

The current year quarter net sales and profitability were significantly impacted by the global semiconductor chip shortage that temporarily closed several of our customer's assembly plants in North America for extended periods of time resulting in significantly reduced sales during the current year quarter.

Additionally, the prior year quarter tax results included a favorable tax adjustment due to changes to the Federal tax law generally referred to as the "Tax Cuts and Jobs Act of 2017", which reduced our income tax provision by \$675,000 and increased our diluted earnings per share by \$0.18 in the prior year quarter in comparison to the current year quarter.

Net sales to each of our customers in the current year quarter and prior year quarter were as follows (in thousands):

	Three Months Ended	
	September 26, 2021	September 27, 2020
Stellantis / Fiat Chrysler Automobiles	\$ 16,560	\$ 25,083
General Motors Company	25,684	37,756
Ford Motor Company	17,695	15,846
Tier 1 Customers	11,975	17,495
Commercial and Other OEM Customers	17,412	21,435
Hyundai / Kia	11,015	8,619
TOTAL	\$ 100,341	\$ 126,234

Sales to Stellantis / Fiat Chrysler Automobiles (FCA) and General Motors Company in the current year quarter decreased over the same period in the prior year quarter due primarily to lower vehicle production volumes for which we supply components due to the continuing impact of the global semiconductor chip shortage. Sales to the Ford Motor Company in the current quarter increased primarily due to the increased content on the F-150 pick-up truck for which we supply components. Tier 1 Customers and Commercial and Other OEM Customers were down in the current year quarter compared to the prior year quarter due to lower production vehicle volumes relating to the semiconductor chip shortage referenced above. Sales to Tier 1 Customers, Commercial and Other OEM Customers primarily represent purchasers of vehicle access control products, such as latches, fobs, driver controls and door handles, that we have developed in recent years to complement our historic core business of locks and keys. The increased sales to Hyundai / Kia in the current year quarter were principally due to higher levels of production on their recently launched new Kia Carnival, formerly the Kia Sedona and Hyundai Starex minivans for which we supply components.

Gross Profit margins declined to 12.5% in the current year quarter compared to 17.8% in the prior year quarter primarily due to lower customer vehicle production volumes, higher costs for both raw materials and purchased components, an unfavorable Mexican Peso to US dollar exchange rate affecting the cost of our Mexican operations and the mandatory minimum wage increase enacted by the Mexican Government effective January 1, 2021.

Engineering, Selling and Administrative expenses as a percent of net sales in the current year quarter were 12.1% compared to 9.0% in the prior year quarter. This increase in overall operating expense spending in the current year quarter was primarily due to higher costs for our salaried work force as the prior year quarter had temporary wage reductions that we implemented to address the impact of the COVID-19 pandemic on our operations.

Included in Other (Expense) Income, Net in the current year quarter compared to the prior year quarter were the following items (in thousands of dollars):

	September 26, 2021	September 27, 2020
Equity (Loss) Earnings of VAST LLC Joint Venture	\$ (251)	\$ 825
Net Foreign Currency Transaction Gain (Loss)	180	(123)
Other	(50)	(137)
	<u>\$ (121)</u>	<u>\$ 565</u>

The equity loss of VAST LLC in the current year quarter related primarily to the global semiconductor chip shortage referred to above that impacted profitability in our VAST China operation as compared to the same period in the prior year quarter. VAST LLC (including VAST China) is a crucial part of our global strategy and we anticipate that it will contribute to our overall long-term market and financial strength.

Frank Krejci, President and CEO commented: "This has been a very challenging quarter. For example, industry vehicle build rates in September 2021 were 34% below those in April 2021 due to supply chain issues, forcing many temporary assembly plant closures by our customers during the current quarter.

There has been some recent improvement in supply chain issues, a trend that will hopefully continue. Longer term, reasons for optimism remain because of continued consumer demand, extremely thin industry inventory levels and recent reductions of assembly plant closures.

We were still able to remain profitable through operational adjustments and cost containment efforts. This was in the face of efficiency disruptions from unexpected customer shipping curtailments, a 20% decline in sales versus last year, added logistics costs, price increases from suppliers and losses in our China operations. Much credit is due to the efforts of our Associates. With a strong balance sheet and lower production pressures, we kept a long-term perspective and maintained a view of this situation as an opportunity to continue to invest in our future products and operational efficiencies”.

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, 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 under the “VAST Automotive Group” brand name. STRATTEC’s history in the automotive business spans over 110 years.

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.

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

First Quarter Ended

	<u>September 26, 2021</u>	<u>September 27, 2020</u>
Net Sales	\$ 100,341	\$ 126,234
Cost of Goods Sold	<u>87,792</u>	<u>103,723</u>
Gross Profit	12,549	22,511
Engineering, Selling & Administrative Expenses	<u>12,121</u>	<u>11,314</u>
Income from Operations	428	11,197
Interest Expense	(48)	(112)
Other (Expense) Income, Net	<u>(121)</u>	<u>565</u>
Income before Provision for Income Taxes and Non-Controlling Interest	259	11,650
Provision for Income Taxes	<u>37</u>	<u>1,577</u>
Net Income	222	10,073
Net Income Attributable to Non-Controlling Interest	<u>(121)</u>	<u>(2,065)</u>
Net Income Attributable to STRATTEC SECURITY CORP.	<u>\$ 101</u>	<u>\$ 8,008</u>
Earnings Per Share:		
Basic	<u>\$ 0.03</u>	<u>\$ 2.13</u>
Diluted	<u>\$ 0.03</u>	<u>\$ 2.11</u>
Average Basic Shares Outstanding	3,830	3,765
Average Diluted Shares Outstanding	3,893	3,788
Other		
Capital Expenditures	\$ 2,789	\$ 1,514
Depreciation	\$ 5,057	\$ 4,885

STRATTEC SECURITY CORPORATION
Condensed Balance Sheet Data
(In Thousands)

	<u>September 26, 2021</u>	<u>June 27, 2021</u>
	<i>(Unaudited)</i>	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,024	\$ 14,465
Receivables, net	66,614	69,902
Inventories, net	77,707	70,860
Other current assets	24,295	19,677
Total Current Assets	175,640	174,904
Investment in Joint Ventures	26,617	27,224
Other Long Term Assets	11,874	12,034
Property, Plant and Equipment, Net	94,213	96,401
	<u>\$ 308,344</u>	<u>\$ 310,563</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 34,533	\$ 36,727
Other	35,901	40,845
Total Current Liabilities	70,434	77,572
Accrued Pension and Post Retirement Obligations	2,923	2,933
Borrowings Under Credit Facility	17,000	12,000
Other Long-term Liabilities	4,548	4,625
Shareholders' Equity	335,167	334,058
Accumulated Other Comprehensive Loss	(17,278)	(16,797)
Less: Treasury Stock	(135,608)	(135,615)
Total STRATTEC SECURITY CORPORATION Shareholders' Equity	182,281	181,646
Non-Controlling Interest	31,158	31,787
Total Shareholders' Equity	213,439	213,433
	<u>\$ 308,344</u>	<u>\$ 310,563</u>

STRATTEC SECURITY CORPORATION
Condensed Cash Flow Statement Data
(In Thousands)
(Unaudited)

First Quarter Ended

	<u>September 26, 2021</u>	<u>September 27, 2020</u>
Cash Flows from Operating Activities:		
Net Income	\$ 222	\$ 10,073
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	5,057	4,885
Equity Loss (Earnings) in Joint Ventures	251	(825)
Foreign Currency Transaction (Gain) Loss	(139)	399
Unrealized Gain on Peso Forward Contracts	98	(335)
Stock Based Compensation Expense	396	208
Change in Operating Assets/Liabilities	(15,659)	(7,443)
Other, net	127	338
	<u> </u>	<u> </u>
Net Cash (Used In) Provided by Operating Activities	(9,647)	7,300
Cash Flows from Investing Activities:		
Additions to Property, Plant and Equipment	(2,789)	(1,514)
Proceeds Received on Sale of Property, Plant and Equipment	-	3
	<u> </u>	<u> </u>
Net Cash Used in Investing Activities	(2,789)	(1,511)
Cash Flow from Financing Activities:		
Borrowings on Credit Facility	7,000	-
Repayment of Borrowings under Credit Facility	(2,000)	(5,000)
Dividends Paid to Non-Controlling Interest of Subsidiaries	(600)	(490)
Exercise of Stock Options and Employee Stock Purchases	619	19
	<u> </u>	<u> </u>
Net Cash Provided (Used In) Financing Activities	5,019	(5,471)
Foreign Currency Impact on Cash	(24)	(109)
	<u> </u>	<u> </u>
Net (Decrease) Increase in Cash & Cash Equivalents	(7,441)	209
Cash and Cash Equivalents:		
Beginning of Period	14,465	11,774
End of Period	<u>\$ 7,024</u>	<u>\$ 11,983</u>