

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-25150

STRATTEC SECURITY CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Wisconsin
(State of Incorporation)

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

3333 West Good Hope Road, Milwaukee, WI 53209
(Address of Principal Executive Offices)

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

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
Common stock, \$.01 par value	STRT	The Nasdaq Global Stock 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 NO

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common stock, par value \$0.01 per share: 4,185,271 shares outstanding as of October 24, 2025 (which number includes all restricted shares previously awarded that have not vested as of such date).

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q for Strattec Security Corporation ("Strattec," "the Company," "we," "us," or "our"), statements that are not reported financial results or other historic information are "forward-looking statements." These forward-looking statements relate to, among other things, the Company's future financial position, business strategy, targets, projected sales, costs, income, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations. The use of words such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "should," "project" or "plan" or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond the Company's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

The Company's operations and financial performance are subject to certain risks and uncertainties, including:

- an uncertain economic environment and inflationary conditions coupled with the cyclical nature of the automotive industry may adversely affect global vehicle production and demand for our products;
- we operate in a highly competitive market and technological developments within our sphere of offerings are rapidly evolving;
- changes in customer purchasing actions, warranty provisions and product recall policies could adversely affect our business, results of operations and financial condition;
- work stoppages within our operations or at the location of our key customers as a result of labor disputes could adversely impact our business, results of operations and financial condition;
- labor cost inflation or unionization efforts in Mexico, coupled with a shortage of skilled laborers in the United States, could increase our manufacturing expenses and impact production efficiency;
- changes in tariffs or international trade policies could adversely affect our results, particularly with respect to goods imported into the United States or produced under U.S. trade agreements such as the USMCA;
- delays and restrictions impacting the import of goods and components stemming from heightened security procedures or changes in policies implemented by the U.S. Government related to U.S.-Mexico border crossings could have a negative effect on our business;
- an increase in the volume and scope of product returns or customer cost reimbursement actions could adversely impact our business, results of operations and financial condition;
- our ability to manage changes in the costs of operations, warranty claims, adverse business and operational issues could be affected by a material global supply chain and logistics disruption;
- future shortages in the supply of semiconductor chips and other matters adversely impacting the timing, availability and costs of material component parts and raw materials for the production of our products could adversely affect our business, results of operations and financial condition;
- macroeconomic and geopolitical conditions, including regional conflicts, could adversely affect our business, results of operations and financial condition;
- interruptions to our information security management systems and cybersecurity incidents could adversely affect our business, results of operations and financial condition; and
- other matters including, but not limited to, the factors listed in the "Risk Factors" in Part I, Item 1A included in the Company's Annual Report on Form 10-K for the year ended June 29, 2025 filed with the SEC on August 25, 2025 (the "Annual Report").

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 Form 10-Q and the Company undertakes no obligation to update such forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended	
	September 28, 2025	September 29, 2024
Net sales	\$ 152,399	\$ 139,052
Cost of goods sold	126,064	120,131
Gross profit	26,335	18,921
Selling, administrative and engineering expenses	15,888	13,858
Income from operations	10,447	5,063
Interest income	877	349
Interest expense	(156)	(295)
Other (expense) income, net	(275)	129
Income before income taxes and non-controlling interest	10,893	5,246
Income tax expense	2,356	1,498
Net income	8,537	3,748
Net income attributable to non-controlling interest	8	45
Net income attributable to Strattec	<u>\$ 8,529</u>	<u>\$ 3,703</u>
Earnings per share attributable to Strattec		
Basic	<u>\$ 2.10</u>	<u>\$ 0.92</u>
Diluted	<u>\$ 2.07</u>	<u>\$ 0.92</u>
Weighted average shares outstanding:		
Basic	4,054	4,005
Diluted	4,127	4,046

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended	
	September 28, 2025	September 29, 2024
Net income	\$ 8,537	\$ 3,748
Other comprehensive income (loss), net of tax:		
Currency translation adjustments	1,013	(2,760)
Pension and postretirement plans	32	256
Total other comprehensive income (loss), net of tax	1,045	(2,504)
Comprehensive income	9,582	1,244
Comprehensive income (loss) attributable to non-controlling interest	393	(1,044)
Comprehensive income attributable to Strattec	<u>\$ 9,189</u>	<u>\$ 2,288</u>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share amounts and per share amounts)

	September 28, 2025	June 29, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 90,473	\$ 84,579
Receivables, net	102,674	102,061
Inventories:		
Finished products	9,985	12,398
Work in process	11,762	11,303
Purchased materials	39,845	41,000
Inventories, net	61,592	64,701
Pre-production costs	7,480	8,657
Value-added tax recoverable	20,194	19,389
Other current assets	7,712	10,676
Total current assets	290,125	290,063
Noncurrent Assets:		
Property, plant and equipment:		
Land and improvements	6,699	6,582
Buildings and improvements	41,094	39,821
Machinery and equipment	234,981	236,545
Total property, plant and equipment	282,774	282,948
Less: accumulated depreciation	207,140	205,538
Property, plant and equipment, net	75,634	77,410
Deferred income taxes	19,649	19,531
Other noncurrent assets	4,649	4,450
Total Assets	\$ 390,057	\$ 391,454
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 61,077	\$ 65,824
Accrued payroll and benefits	15,386	22,956
Value-added tax payable	13,259	11,933
Warranty reserve	9,848	8,900
Current portion of borrowings under credit facilities	5,000	-
Other current liabilities	11,939	9,737
Total current liabilities	116,509	119,350
Noncurrent Liabilities:		
Noncurrent portion of borrowings under credit facilities	-	8,000
Post-employment benefits	13,609	13,325
Other noncurrent liabilities	4,160	4,348
Total Liabilities	\$ 134,278	\$ 145,023
Shareholders' Equity:		
Common stock, authorized 18,000,000 shares, \$.01 par value, 7,675,676 issued shares at September 28, 2025 and 7,635,883 issued shares at June 29, 2025	\$ 76	\$ 76
Capital in excess of par value	104,464	103,784
Retained earnings	277,826	269,297
Accumulated other comprehensive loss	(15,453)	(16,113)
Less: treasury stock, at cost (3,610,271 shares at September 28, 2025 and 3,596,549 shares at June 29, 2025)	(136,366)	(135,452)
Total Strattec shareholders' equity	230,547	221,592
Non-controlling interest	25,232	24,839
Total Shareholders' Equity	255,779	246,431
Total Liabilities and Shareholders' Equity	\$ 390,057	\$ 391,454

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three Months Ended	
	September 28, 2025	September 29, 2024
OPERATING ACTIVITIES:		
Net income	\$ 8,537	\$ 3,748
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,785	3,662
Foreign currency transaction loss (gain)	671	(1,005)
Unrealized (gain) loss on peso contracts	(293)	652
Stock-based compensation expense	669	188
Change in operating assets and liabilities:		
Receivables	(574)	(3,189)
Inventories	3,109	(2,145)
Prepays and other assets	3,804	5,881
Accounts payable	(4,817)	5,036
Accrued liabilities	(3,880)	(2,038)
Other, net	316	547
Net cash provided by operating activities	<u>11,327</u>	<u>11,337</u>
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,529)	(2,073)
Net cash used in investing activities	<u>(1,529)</u>	<u>(2,073)</u>
FINANCING ACTIVITIES:		
Borrowings under credit facilities	—	3,000
Repayments under credit facilities	(3,000)	(3,000)
Payment for taxes withheld from stock-based awards	(919)	—
Employee stock purchases	16	13
Net cash (used in) provided by financing activities	<u>(3,903)</u>	<u>13</u>
Foreign currency impact on cash	<u>(1)</u>	<u>(284)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,894	8,993
CASH AND CASH EQUIVALENTS:		
Beginning of period	84,579	25,410
End of period	<u>\$ 90,473</u>	<u>\$ 34,403</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	\$ 582	\$ 4,081
Interest	\$ 123	\$ 280
Non-cash investing activities:		
Change in capital expenditures in accounts payable	\$ 13	\$ (506)

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance -- June 29, 2025	\$ 76	\$ 103,784	\$ 269,297	\$ (16,113)	\$ (135,452)	\$ 24,839	\$ 246,431
Net income	—	—	8,529	—	—	8	8,537
Currency translation adjustments	—	—	—	628	—	385	1,013
Pension and postretirement funded status adjustment, net of tax	—	—	—	32	—	—	32
Shares withheld for taxes on stock-based awards	—	—	—	—	(919)	—	(919)
Stock-based compensation	—	669	—	—	—	—	669
Employee stock purchases	—	11	—	—	5	—	16
Balance -- September 28, 2025	<u>\$ 76</u>	<u>\$ 104,464</u>	<u>\$ 277,826</u>	<u>\$ (15,453)</u>	<u>\$ (136,366)</u>	<u>\$ 25,232</u>	<u>\$ 255,779</u>
	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-Controlling Interest	Total Shareholders' Equity
Balance -- June 30, 2024	\$ 76	\$ 101,024	\$ 250,612	\$ (15,689)	\$ (135,478)	\$ 25,070	\$ 225,615
Net income	—	—	3,703	—	—	45	3,748
Currency translation adjustments	—	—	—	(1,671)	—	(1,089)	(2,760)
Pension and postretirement funded status adjustment, net of tax	—	—	—	256	—	—	256
Stock-based compensation	—	188	—	—	—	—	188
Employee stock purchases	—	6	—	—	7	—	13
Balance -- September 29, 2024	<u>\$ 76</u>	<u>\$ 101,218</u>	<u>\$ 254,315</u>	<u>\$ (17,104)</u>	<u>\$ (135,471)</u>	<u>\$ 24,026</u>	<u>\$ 227,060</u>

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements

STRATTEC SECURITY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Strattec Security Corporation (the "Company" or "Strattec"), headquartered in Milwaukee, Wisconsin, is a leading global manufacturer and provider of highly engineered advanced automotive access and security products and solutions. Products include power access solutions, locks & locksets, keys & fobs, engineered latches, vehicle start systems, door handles, and other vehicle access products. Power access solutions provide the motion control for power liftgates, sliding power doors and power tailgates. While the Company serves major automotive OEMs globally, the majority of sales are to the three largest automobile original equipment manufacturers ("OEMs") in North America.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial reporting and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The condensed consolidated balance sheet data as of June 29, 2025 was derived from the Company's audited financial statements but does not include all disclosures required by GAAP. For additional information, including the Company's significant accounting policies, refer to the consolidated financial statements and related footnotes in the Annual Report.

In the opinion of management, all adjustments considered necessary for a fair statement of financial results have been made. Such adjustments consist of only those of a normal recurring nature. Operating results for the three months ended September 28, 2025 are not necessarily indicative of the results that may be expected for the entire fiscal year ending June 28, 2026. The condensed consolidated financial statements include the results of all wholly owned subsidiaries, as well as the results of a majority owned joint venture.

NOTE 2. RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2023, the Financial Accounting Standards Board (FASB) issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU is intended to enhance the transparency and decision usefulness of income tax disclosures to provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. For the Company, this ASU is effective for annual periods beginning after December 15, 2024 (fiscal 2026). The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, intangible asset amortization and depletion) included in certain expense captions presented on the face of the income statement. The ASU is effective for fiscal years beginning after December 15, 2026 (fiscal 2028) and for interim periods beginning after December 15, 2027 (fiscal 2029). The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

NOTE 3. WARRANTY

The Company generally offers its customers an assurance warranty on products sold, although warranty periods may vary by product type and application. The Company has a warranty reserve related to known and potential exposure to warranty claims in the event products fail to perform as expected and in the event the Company may be required to participate in the repair costs incurred by customers for such products. The estimation of the warranty reserve involves judgment and assumptions and is based on an analysis of historical warranty data as well as current trends and information. Changes in the warranty reserve were as follows (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Balance, beginning of period	\$ 8,900	\$ 10,695
Provision charged to expense	960	387
Payments and other recoveries	(12)	(384)
Balance, end of period	<u>\$ 9,848</u>	<u>\$ 10,698</u>

NOTE 4. CREDIT FACILITIES

The Company has a \$40 million secured revolving credit facility (the “Strattec Credit Facility”) with BMO Harris Bank N.A., while its joint venture has an \$18 million secured revolving credit facility (the “ADAC-Strattec Credit Facility”) with BMO Harris Bank N.A., which the Company guarantees. The ADAC-Strattec Credit Facility matures in August 2026. The credit facilities are secured by U.S. cash balances, accounts receivable, inventory, and fixed assets located in the U.S.

Interest on borrowings under the Strattec Credit Facility is based on the bank's prime rate or SOFR plus 1.85%. Interest on borrowings under the ADAC-Strattec Credit Facility is at varying rates based on the bank's prime rate plus a 2% interest rate margin or SOFR plus 3.10%. Both credit facilities contain a restrictive financial covenant that requires the applicable borrower to maintain a minimum net worth level. The ADAC-Strattec Credit Facility includes an additional restrictive financial covenant that requires the maintenance of a minimum fixed charge coverage ratio. As of September 28, 2025, we were in compliance with all financial covenants.

Outstanding borrowings under the credit facilities were as follows (in thousands):

	Strattec Credit Facility		ADAC-Strattec Credit Facility	
	September 28, 2025	June 29, 2025	September 28, 2025	June 29, 2025
	Outstanding borrowings	\$ —	\$ —	\$ 5,000

Average outstanding borrowings and the weighted average interest rate under each such credit facility were as follows (in thousands, except percentages):

	Strattec Credit Facility		ADAC-Strattec Credit Facility	
	Three Months Ended		Three Months Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
Average outstanding borrowings	\$ —	\$ —	\$ 6,552	\$ 13,736
Weighted average interest rate	—	—	7.4%	8.5%

On October 27, 2025, the Company entered into a new revolving credit agreement with BMO Harris N.A (“Amended & Restated Credit Agreement”), to replace the existing \$40 million Strattec Credit Facility that was set to mature in August 2026. The Amended & Restated Credit Agreement provides for a \$40 million revolving line of credit which matures October 2028. The refinancing was undertaken to extend the maturity profile. The new facility bears interest at a rate based on SOFR plus an applicable margin of 1.50%. The previous Strattec Credit Facility was terminated upon the closing of the new agreement.

NOTE 5. DERIVATIVE INSTRUMENTS

A portion of the Company's manufacturing costs are incurred in Mexican pesos, which causes earnings and cash flows to fluctuate with changes in the U.S. dollar/Mexican peso exchange rate. During the three month periods ended September 28, 2025 and September 29, 2024, the Company entered into contracts with a creditworthy counterparty that provide for monthly Mexican peso currency forward contracts for a portion of peso denominated operating costs. The following table quantifies the outstanding forward contracts as of September 28, 2025 (in thousands, except with respect to the average forward contractual exchange rate):

	Effective Dates	Notional Amount	Average Forward Contractual Exchange Rate	Fair Market Value
Buy MXP/Sell USD	October 6, 2025 - September 14, 2026	\$ 29,686	20.36	\$ 2,607

NOTE 6. INCOME TAXES

The Company's income tax expense and effective tax rate for the three month periods ended September 28, 2025 and September 29, 2024 were as follows (in thousands and percentage of Income before income taxes and non-controlling interest):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Income before income taxes and non-controlling interest	\$ 10,893	\$ 5,246
Income tax expense	\$ 2,356	\$ 1,498
Effective tax rate	21.6%	28.6%

The Company is subject to income taxes in the United States and foreign jurisdictions, primarily Mexico. The Company's income tax positions are based on interpretations of income tax laws and rulings in each of the jurisdictions which the Company operates. Interim income tax expense is determined based on an estimate of the overall annual effective income tax rate which can vary due to the relationship of foreign and domestic earnings, state taxes and available deductions, credits and discrete items.

On July 4, 2025, the One Big Beautiful Bill Act was enacted. There are multiple business tax provisions for which further guidance from the U.S. Treasury and the Internal Revenue Service is needed. The Company is currently reviewing and evaluating the impact of the guidance provided to date that could affect our income tax payable and deferred tax liability, including changes related to bonus depreciation and the expensing of research and development expenditures, among other topics.

The effective tax rate for the three-month period ended September 28, 2025 was consistent with the U.S. federal statutory rate of 21% primarily due to the accrual of foreign income taxes, which are generally higher the U.S. federal statutory rate, partially offset by the recognition of U.S. research and development tax credits and discrete income tax benefits associated with share-based payments. The effective tax rate for the three months ended September 29, 2024 was higher than the US federal statutory rate as a result of profits generated in foreign jurisdictions (Mexico) which has a higher statutory income tax rate.

NOTE 7. EARNINGS PER SHARE

A reconciliation of the components of the basic and diluted per-share computations follows (in thousands, except per share amounts):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Net income attributable to Strattec	\$ 8,529	\$ 3,703
Basic weighted-average shares outstanding	4,054	4,005
Effect of dilutive securities - employee stock compensation plan	73	41
Diluted weighted-average shares outstanding	<u>4,127</u>	<u>4,046</u>
Earnings per share attributable to Strattec		
Basic	\$ 2.10	\$ 0.92
Diluted	\$ 2.07	\$ 0.92

NOTE 8. STOCK-BASED COMPENSATION

The Company has granted service-based restricted stock awards ("RSAs") and performance stock units ("PSUs") to employees and non-employee directors under existing stock incentive plans.

The number of shares of the Company's common stock authorized under the current 2024 Equity Incentive Plan is 550,000. As of September 28, 2025, there were 371,388 shares available for future awards.

As of September 28, 2025, there was \$1.7 million of unrecognized compensation cost related to non-vested PSUs and \$3.8 million of unrecognized compensation cost related to non-vested RSAs, which will be expensed over the remaining vesting period of approximately 2 years. As of September 29, 2024, there was \$1.7 million of unrecognized compensation cost related to non-vested RSAs.

A summary of restricted stock award and performance stock unit activity was as follows:

	RSAs		PSUs	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested balance, beginning of period	129,139	\$ 36.37	16,878	\$ 39.16
Granted	29,524	\$ 67.56	18,403	67.50
Vested	(39,793)	\$ 32.95	-	—
Forfeited	(4,851)	\$ 40.44	-	—
Nonvested balance, end of period	<u>114,019</u>	<u>\$ 45.05</u>	<u>35,281</u>	<u>\$ 53.94</u>

NOTE 9. OTHER (EXPENSE) INCOME, NET

The following table summarizes the components of Other (expense) income, net included in the accompanying consolidated statements of income (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Foreign currency transaction (loss) gain	\$ (671)	\$ 1,005
Rabbi trust assets gain	74	96
Realized and unrealized gain (loss) on peso forward contracts, net	1,243	(735)
Non-service pension and postemployment cost	(1,007)	(363)
Other	86	126
	<u>\$ (275)</u>	<u>\$ 129</u>

In the three months ended September 28, 2025, non-service post-employment costs included a \$0.6 million charge related to restructuring actions in our Mexico operations.

NOTE 10. ACCUMULATED OTHER COMPREHENSIVE LOSS BY COMPONENT

The following tables summarize the changes in accumulated other comprehensive loss ("AOCL") by component (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Foreign currency translation adjustments:		
Balance, beginning of period	\$ 15,421	\$ 14,716
Other comprehensive (income) loss before reclassifications	(1,013)	2,760
Other comprehensive (income) loss attributable to non-controlling interest	(385)	1,089
Balance, end of period	14,793	16,387
Retirement and postretirement benefit plans:		
Balance, beginning of period	\$ 692	\$ 973
Other comprehensive (income) loss before reclassifications	—	(220)
Unrecognized net income	(32)	(36)
Balance, end of period	660	717
Accumulated other comprehensive loss, end of period	\$ 15,453	\$ 17,104

NOTE 11. RELATED PARTY

The Company owns 51% of a joint venture, which was formed in fiscal 2007 to support customers with painted door handles and exterior trim products from operations in Mexico. The following tables summarize the related party transactions that arise as a result of the joint venture operating agreement (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Management fee expense	\$ 2,737	\$ 2,480
Net sales to joint venture partner	\$ 1,750	\$ 2,325
	September 28, 2025	June 29, 2025
Accounts receivable from joint venture partner	\$ 773	\$ 731
Accounts payable to joint venture partner	\$ 6,539	\$ 7,413

NOTE 12. SEGMENT INFORMATION

The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. The CODM assesses the performance and makes capital and resource allocation decisions based on Net income attributable to Strattec.

The CODM considers the impact of significant segment expenses on this measure to assess profitability and guide strategic decision making including entering into significant contracts, expanding into new markets or launching new products, making significant capital expenditures, hiring and terminating key personnel and approving operating budgets.

Net sales and significant segment expenses are as follows (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Net sales	\$ 152,399	\$ 139,052
Significant expenses:		
Direct material costs	83,888	78,070
Labor and overhead costs	42,176	42,061
Selling costs	2,820	2,611
Administrative costs	6,071	4,540
Engineering costs	6,997	6,707
Interest income	(877)	(349)
Interest expense	156	295
Other income, net	275	(129)
Income tax expense	2,356	1,498
Net income	8,537	3,748
Net income attributable to non-controlling interest	8	45
Net income attributable to Strattec	<u>\$ 8,529</u>	<u>\$ 3,703</u>

Sales by product group were as follows (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Power access solutions	\$ 38,124	\$ 33,342
Door handles & exterior trim	38,645	35,341
Keys & locksets	29,330	23,022
Latches	19,729	19,111
User interface controls	12,846	13,839
Aftermarket and service	10,757	11,548
Other	2,968	2,849
	<u>\$ 152,399</u>	<u>\$ 139,052</u>

Sales to and receivables from customers that individually accounted for 10% or more of the Company's total net sales were as follows (in thousands and percent of total):

	Three Months Ended			
	September 28, 2025		September 29, 2024	
	Net Sales	%	Net Sales	%
General Motors Company	\$ 41,778	27%	\$ 42,160	30%
Ford Motor Company	33,859	22	32,137	23
Stellantis	22,792	15	12,765	9
	<u>\$ 98,429</u>	<u>64%</u>	<u>\$ 87,062</u>	<u>62%</u>
	September 28, 2025		September 29, 2024	
	Receivables	%	Receivables	%
	General Motors Company	\$ 27,080	26%	\$ 30,959
Ford Motor Company	22,293	22	24,866	24
Stellantis	17,049	17	11,062	11
	<u>\$ 66,422</u>	<u>65%</u>	<u>\$ 66,887</u>	<u>65%</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

From time to time, the Company is party to various legal actions, administrative proceedings, and claims arising in the ordinary course of business, including matters related to alleged product defects and warranties, contract disputes, intellectual property, and employment issues. The Company recognizes accruals for such matters in accordance with U.S. GAAP when a loss is probable and reasonably estimable. While the outcome of these matters cannot be predicted with certainty, based on currently available information, management does not believe the ultimate resolution of these proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations, or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis should be read in conjunction with the accompanying condensed consolidated financial statements and notes.

Business Overview

Our strategic priority is to execute a business transformation to strengthen the Company's profitability and deliver sustainable sales growth. We expect to improve our business with upgraded systems and processes, modernization of our support functions and a focus on productivity and efficiencies in our manufacturing operations. We believe this will result in an optimized cost structure and consistent cash generation through improved working capital velocity and efficient asset utilization. In the short term, cash generated from our operations will be reinvested in our business to fund our transformational efforts and growth initiatives. To drive organic growth, we will leverage our technical engineering expertise, market-leading positions and strong customer relationships to generate innovative solutions and capture more content on current platforms, win new platforms with current customers, gain new customers both domestically and abroad and build opportunities in the broader transportation industry.

Volatility in the North American automotive industry is driven by supply chain disruptions, global inflation, thinning labor availability, rising global commodity costs and a changing global trade and geopolitical climate. These macro conditions, coupled with changes in production volumes by OEMs in response to new vehicle consumer demand impact our sales and profitability levels. Lower near term North American light vehicle production estimates, which are subject to change, are a result of recent industry-wide supply chain disruptions, tariff uncertainties, and availability of raw materials including rare earth minerals. As we look forward and navigate these macroeconomic challenges and fluctuating OEM production volumes, we are focused on executing new initiatives to improve our cost structure, continuing to mitigate the impact of incremental tariff costs, driving cash flow through improved working capital utilization and securing new platforms to solidify future sales growth.

Analysis of Results of Operations

Three months ended September 28, 2025 (first quarter fiscal 2026) compared with the three months ended September 29, 2024 (first quarter fiscal 2025)

The Company's consolidated results of operations were as follows (in thousands):

	Three Months Ended		Change	
	September 28, 2025	September 29, 2024	\$	%
Net sales	\$ 152,399	\$ 139,052	\$ 13,347	10%
Direct material costs	83,888	78,070	5,818	7%
Labor and overhead costs	42,176	42,061	115	0%
Cost of goods sold	126,064	120,131	5,933	5%
Gross profit	26,335	18,921	7,414	39%
<i>Gross margin</i>	17.3%	13.6%		370 bp
Selling, administrative and engineering expenses	15,888	13,858	2,030	15%
Income from operations	10,447	5,063	5,384	106%
<i>Operating margin</i>	6.9%	3.6%		320 bp
Interest income	877	349	528	151%
Interest expense	(156)	(295)	139	-47%
Other (expense) income, net	(275)	129	(404)	(313%)
Income before income taxes and non-controlling interest	10,893	5,246	5,647	108%
Income tax expense	2,356	1,498	858	57%
Net income	8,537	3,748	4,789	128%
Net income attributable to non-controlling interest	8	45	(37)	-82%
Net income attributable to Strattec	8,529	3,703	4,826	130%
Earnings per share attributable to Strattec:				
Basic	\$ 2.10	\$ 0.92	\$ 1.18	128%
Diluted	\$ 2.07	\$ 0.92	\$ 1.15	126%

First quarter fiscal 2026 net sales totaled \$152.4 million, representing an increase of \$13.3 million, or 10%, compared with the prior year first quarter. The year-over-year increase in net sales was primarily driven by \$4.3 million of higher demand, \$3.9 million of pricing, \$3.0 million of favorable mix and content per vehicle and \$2.1 million in net new program launches. Sales growth was primarily in our power access solutions, door handles & exterior trim and keys & locksets product lines.

Gross profit was \$26.3 million in the first quarter fiscal 2026, compared with \$18.9 million in the comparable prior year period. Gross profit margin improved year-over-year from 13.6% to 17.3%, a 370 basis point improvement, as a result of enhanced leverage of our fixed cost structure from higher volume combined with restructuring actions completed in the prior year as well as the benefits of pricing. Material costs increased \$5.8 million on higher production levels while labor and overhead costs increased \$0.1 million. Relatively flat year-over-year conversion costs reflect \$1.6 million in labor cost savings (including benefits from previously completed restructuring actions), \$0.5 million lower provision for annual bonuses and a gain on customer tooling programs. Offsetting headwinds included incremental tariff costs of \$0.8 million, \$1.1 million of higher Mexico labor costs and unfavorable changes in foreign currency exchange rates of \$0.5 million.

Selling, administrative, and engineering expenses were 10.4% of sales for the three months ended September 28, 2025, compared with 10.0% in the prior year period. Fiscal 2026 first quarter expenses were \$15.9 million, a \$2.0 million increase year-over-year. Additional costs in the current quarter were the result of timing of outside service spend, a \$0.5 million increase in equity compensation costs and continued investments in the business, including \$0.9 million of incremental employee costs and \$0.4 million of business transformation costs. The first quarter last year also included \$0.9 million of executive transition costs, compared to \$0.1 million in the current year.

Interest income increased \$0.5 million due to increased levels of cash and cash equivalents, which are invested in overnight money market funds. Interest expense decreased \$0.1 million, the result of the continued paydown of amounts outstanding under revolving credit agreements.

Changes in Other (expense) income, reflect foreign currency transaction gains and losses, changes in the fair value of peso forward contracts and non-service post-employment costs. In the first quarter of fiscal 2026, non-service post-employment costs included a \$0.6 million charge related to restructuring actions in our Mexico operations.

The effective income tax rate was 21.6% and 28.6% for the first quarter of fiscal 2026 and 2025, respectively. The effective tax rate for the three month period ended September 28, 2025 was consistent with the U.S. federal statutory rate of 21% primarily due to the accrual of foreign income taxes, which are generally higher than the U.S. federal statutory rate, partially offset by the recognition of U.S. research and development tax credits and discrete income tax benefits associated with share-based payments. The effective tax rate for the three months ended September 29, 2024 was higher than the US federal statutory rate as a result of profits generated in foreign jurisdictions (Mexico) which has a higher statutory income tax rate.

Liquidity and Capital Resources

At September 28, 2025, we had \$90.5 million of cash and cash equivalents, of which \$3.4 million was held by our foreign subsidiaries and \$87.1 million was held domestically. Excess cash is held in money market funds. The following table summarizes our cash flows provided by (used in) operating, investing and financing activities (in millions):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Cash provided by operating activities	\$ 11.3	\$ 11.3
Cash used in investing activities	(1.5)	(2.1)
Cash (used in) provided by financing activities	(3.9)	0.1
Effect of exchange rate changes on cash	—	(0.3)
Net increase in cash and cash equivalents	<u>\$ 5.9</u>	<u>\$ 9.0</u>

Cash flow from operations was \$11.3 million, consistent with the prior year. Cash provided by operating activities for the first quarter of fiscal 2026 reflects cash earnings, partially offset by a \$2.3 million increase in operating assets and liabilities. First quarter cash flow from operations in both periods reflects the payment of annual short-term incentive compensation earned in the prior year. Cash used in investing activities, which includes capital expenditures to support customer programs and modernization of equipment was \$1.5 million during the first quarter of fiscal 2026 compared with \$2.1 million in the prior year period. Net cash used in financing activities resulted from the repayment of \$3.0 million under the joint venture revolving credit agreement during fiscal 2026 and the payment of \$0.9 million for taxes withheld related to the vesting of share-based awards.

At September 28, 2025, no borrowings were outstanding under the \$40.0 million Strattec Credit Facility and \$5.0 million was outstanding under the \$18.0 million joint venture revolving credit agreement. The Company was in compliance with all covenants under its credit facilities at September 28, 2025.

On October 27, 2025, the Company entered into a new revolving credit agreement BMO Harris N.A (“Amended & Restated Credit Agreement”), to replace the existing \$40 million Strattec Credit Facility that was set to mature in August 2026. The Amended & Restated Credit Agreement provides for a \$40 million revolving line of credit which matures October 2028. The refinancing was undertaken to extend the maturity profile. The new facility bears interest at a rate based on SOFR plus an applicable margin of 1.50%. The previous Strattec Credit Facility was terminated upon the closing of the new agreement. The ADAC-Strattec Credit Facility matures in August 2026.

We believe that the revolving credit lines, combined with our existing cash and anticipated operating cash flows will be adequate to meet operating, debt service and capital expenditure funding requirements for the foreseeable future.

Primary Working Capital Management

We use primary working capital as a percentage of sales (PWC %) as a key metric of working capital management. We define this metric as the sum of net accounts receivable and net inventory less accounts payable, divided by the past three months sales annualized. The following table shows a comparison of primary working capital (dollars in millions):

	September 28, 2025		PWC %	June 29, 2025		PWC %
Accounts Receivable, net	\$	103	17%	\$	102	17%
Inventory, net		62	10%		65	11%
Accounts payable		(61)	(10%)		(66)	(11%)
Net primary working capital	\$	<u>104</u>	<u>17%</u>	\$	<u>101</u>	<u>17%</u>

Primary working capital as a percentage of net sales was 17% in the first quarter of both fiscal 2026 and fiscal 2025. Despite a \$3.1 million reduction in inventory levels and flat accounts receivable as a percentage of net sales, reduced accounts payable on decreased purchases resulted in consistent PWC%.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed in the Company’s reports filed or submitted under the Exchange Act, are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act are accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, our disclosure controls and procedures were effective at reaching a level of reasonable assurance. It should be noted that in designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures. We have designed our disclosure controls and procedures to reach a level of reasonable assurance of achieving the desired control objectives.

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, we may be involved in various legal proceedings from time to time. We do not believe we are currently involved in any claim or action the ultimate disposition of which would have a material adverse effect on our financial statements.

ITEM 1A. RISK FACTORS

An investment in our Common Stock involves risks. Before making an investment decision, you should carefully consider all of the information in this Quarterly Report, including the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Condensed Consolidated Financial Statements and related notes. In addition, you should carefully consider the risks and uncertainties described in the section entitled “Risk Factors” in our Annual Report. If any of the identified risks are realized, our business, financial condition and operating results could be materially and adversely affected. In that case, the trading price of our Common Stock may decline. In addition, other risks of which we are currently unaware, or which we currently do not view as material, could have a material adverse effect on our business, financial condition and operating results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Board of Directors authorized a stock repurchase program on October 16, 1996, and the program was publicly announced on October 17, 1996. The Board of Directors has periodically increased the number of shares authorized for repurchase under the program, most recently in August 2008. The program currently authorizes the repurchase of up to 3,839,395 shares of our common stock from time to time, directly or through brokers or agents, and has no expiration date. Over the life of the repurchase program through September 28, 2025, a total of 3,655,322 shares have been repurchased at a cost of approximately \$136.4 million. Currently, 184,073 shares remain available to be repurchased under the program. No shares were repurchased during the three-month period ended September 28, 2025.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

(c) Trading Plans.

During the fiscal quarter ended September 28, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

<u>Exhibit</u>	<u>If Incorporated by Reference, Documents with Which Exhibit was Previously Filed with SEC</u>
10.1	Non-Employee Director Compensation Program for Fiscal Year 2026 Filed herewith
10.2	Form of Restricted Stock Award Agreement for Named Executive Officers Filed herewith
10.3	Form of Performance Stock Unit Agreement for Named Executive Officers Filed herewith
31.1	Rule 13a-14(a) Certification of Jennifer L. Slater, Chief Executive Officer This certification is not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.
31.2	Rule 13a-14(a) Certification of Matthew Pauli, Chief Financial Officer Filed herewith
32	18 U.S.C. Section 1350 Certifications Filed herewith
101	Interactive Data Files pursuant to Rule 405 of Regulation S-T. XBRL Instance Document – the XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 has been formatted in Inline XBRL.

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.

Strattec Security Corporation (Registrant)

Date: October 31, 2025

By: /s/ Matthew Pauli
Matthew Pauli
Senior Vice President,
Chief Financial Officer,
Secretary and Treasurer
(Principal Financial and Accounting Officer)

STRATTEC SECURITY CORPORATION
Non-Employee Director Compensation Program
Fiscal Year 2026

Each non-employee director of STRATTEC SECURITY CORPORATION (the “Corporation”) shall receive with respect to fiscal year 2026 service an annual retainer fee of \$170,000, payable \$85,000 in cash, quarterly in arrears, and \$85,000 in restricted stock or restricted stock units, generally to be awarded on the day of the annual meeting of shareholders subject to vesting on the date of the following year’s annual meeting of shareholders at the completion of the non-employee directors’ elected terms.

Non-employee directors with significant additional duties shall receive the following additional annual retainers: (i) \$60,000 for the Chair of the Board of Directors; (ii) \$20,000 for the Chair of the Audit Committee, and (iii) \$15,000 for the Chairs of the Compensation and Nominating and Corporate Governance Committees.

STRATTEC SECURITY CORPORATION
2024 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

STRATTEC SECURITY CORPORATION (the “Company”) hereby grants as of the “Grant Date” set forth in the accompanying Notice of Restricted Stock Award (the “Notice”) to the named Participant an award of Shares of Restricted Stock (“Restricted Stock”), the number of which is set forth in the Notice, subject to the terms and conditions described in the STRATTEC SECURITY CORPORATION 2024 Equity Incentive Plan, effective as of October 25, 2024 and as amended from time to time (the “Plan”), and this Restricted Stock Award Agreement (together with the Notice, this “Award Agreement”). Capitalized terms that are not defined in this Award Agreement shall have the same meaning as in the Plan.

1. *Vesting and Forfeiture of Restricted Stock:*

- (a) General Vesting. Subject to the forfeiture provisions in Section 1(b) of this Award Agreement and the accelerated vesting provisions in Section 1(c) of this Award Agreement, and subject to the Participant’s continued employment with the Company through the applicable Vesting Date (as defined below), the Shares of Restricted Stock shall vest as follows: (i) one-third of the Shares of Restricted Stock shall vest on the first anniversary of the Grant Date (rounded up to the nearest whole number of Shares, as necessary); (ii) one-third of the Shares of Restricted Stock shall vest on the second anniversary of the Grant Date (rounded up to the nearest whole number of Shares, as necessary); and (iii) the remaining Shares of Restricted Stock shall vest on the third anniversary of the Grant Date (each, a “Vesting Date”).
- (b) Forfeiture Rights. Any unvested Shares of Restricted Stock shall immediately be forfeited if, prior to the applicable Vesting Date, the Participant’s employment with the Company terminates for any reason, other than as described in Section 1(c) of this Award Agreement.
- (c) Accelerated Vesting. Notwithstanding anything herein to the contrary:
 - (i) *Termination Due to Death or Disability*. If the Participant’s employment with the Company terminates as a result of the Participant’s death or the Participant’s Disability (as defined in the Employment Agreement by and between the Company and the Participant (the “Employment Agreement”)), then all unvested Shares of Restricted Stock shall vest immediately as of the date of such termination.
 - (ii) *Termination Due to Retirement*. If the Participant’s employment with the Company terminates due to the Participant’s Retirement, then all unvested Shares of Restricted Stock shall vest immediately as of the date of such termination.
 - (iii) *Termination in Connection with a Change of Control*. If, within three months prior to or within 24 months following a Change of Control, the Participant experiences an involuntary termination initiated by the Company or an Affiliate for reasons other than Cause (as defined in the Employment Agreement) or a termination for Good Reason (as defined in the Employment Agreement), then all unvested Shares of Restricted Stock shall vest immediately as of the later of (A) the date of such Change of Control or (B) the date of such termination.

2. *Non-Transferability*: Unless and until a Share of Restricted Stock becomes vested as described in this Award Agreement, such Share may not be sold, transferred, pledged, assigned or otherwise
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alienated or hypothecated, except by will or by the laws of descent and distribution and in accordance with Section 5(b) of this Award Agreement, and any purported sale, transfer, pledge, assignment, alienation or hypothecation shall be void and unenforceable against the Company or any Affiliate.

3. *Settlement:* If the applicable terms and conditions of this Award Agreement are satisfied, vested Shares of Restricted Stock will be released from any transfer restrictions or delivered to the Participant as soon as administratively feasible after all applicable restrictions have lapsed.
4. *Taxes:*
 - (a) Tax Withholding. The Company or an Affiliate, as applicable, shall have the power and the right to deduct, withhold, or collect any amount required by law or regulation to be withheld with respect to any taxable event arising with respect to the Shares of Restricted Stock. To the extent permitted by the Committee, in its sole discretion, this amount may be: (i) withheld from other amounts due to the Participant; (ii) withheld from the value of any Shares transferred in connection with the vesting of the Restricted Stock; (iii) collected directly from the Participant; or (iv) withheld using any combination of the methods described in clauses (i), (ii), or (iii). Subject to the approval of the Committee, the Participant may elect to satisfy the withholding requirement, in whole or in part, by having the Company or an Affiliate, as applicable, withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the statutory total tax that could be imposed on the transaction; provided that such Shares would otherwise be distributable to the Participant at the time of the withholding. All such elections will be irrevocable and made in writing and will be subject to any terms and conditions that the Committee, in its sole discretion, deems appropriate.
 - (b) Section 83(b) Election. The Participant is hereby advised to consult with the Participant's own personal tax, financial and/or legal advisors regarding the tax consequences of the Award. The Participant understands that the Participant may elect to file an election under Section 83(b) of the Code (a "Section 83(b) Election") with the Internal Revenue Service with respect to the Shares of Restricted Stock. Neither the Company nor any of its Affiliates makes any recommendations with respect to the decision to make a Section 83(b) Election. It is solely the responsibility of the Participant to decide whether to make a Section 83(b) Election in connection with this Award Agreement and, if so, to do so in a timely manner. In the event the Participant makes a Section 83(b) Election, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other applicable governmental authority, in addition to any filing and notification required pursuant to the Treasury Regulations issued under Section 83(b) of the Code or other applicable provision.
5. *Other Terms and Conditions:*
 - (a) Rights Before Vesting. Before Shares of Restricted Stock vest, the Participant: (i) shall be entitled to exercise full voting rights associated with such Shares of Restricted Stock; and (ii) shall be entitled to all dividends and other distributions paid with respect to such Shares of Restricted Stock during the restricted period (subject to any mandatory reinvestment or other requirements imposed by the Committee); provided, however, that any such dividends shall be subject to the same terms and conditions as the Shares of Restricted Stock with respect to which they are paid, and, in no event, will any such dividends be paid unless and until the Shares of Restricted Stock to which they relate has vested.

- (b) Beneficiary Designation. The Participant may designate a beneficiary or beneficiaries to receive Shares of Restricted Stock that are delivered after the Participant's death by completing, and returning to the Company, a Beneficiary Designation Form provided by the Company. If the Participant dies without completing a Beneficiary Designation Form, if the Participant does not complete and submit the Beneficiary Designation Form correctly, or if the Participant's beneficiary predeceases the Participant, the Participant's beneficiary under this Award Agreement will be the Participant's spouse or, if no spouse survives the Participant, the Participant's estate. If a Participant designates more than one beneficiary, the rights of such beneficiaries shall be payable in equal shares, unless the Participant has designated otherwise.
- (c) No Right to Continued Service. The granting of the Award shall impose no obligation on the Company or any Affiliate to continue the employment or other service of the Participant or interfere with or limit the authority of the Company or any Affiliate, as applicable, to terminate the employment or other service of the Participant at any time, which right is expressly reserved.
- (d) Requirements of Law. This Award Agreement and the grant of Restricted Stock shall be subject to all applicable federal, state, and local laws, rules and regulations (including all applicable federal and state securities laws) and to all required approvals of any governmental agencies or stock exchange, market, or quotation system on which the Shares are then listed or traded.
- (e) Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to its conflicts of law provisions.
- (f) Entire Agreement; Award Subject to Plan. Except as otherwise described in this Section 5(f), this Award Agreement constitutes the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Award Agreement. The Shares of Restricted Stock are subject in all cases to the terms and conditions set forth in this Award Agreement and the Plan, which is incorporated into and made a part of this Award Agreement. In the event of a conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan will govern. [Notwithstanding the foregoing, in the event of a conflict between the terms of Section 4(e)(iii), 6(a), or 6(b) of the Employment Agreement and the terms of this Award Agreement with respect to the vesting of the Award on termination of employment, the terms of the Employment Agreement will govern.]
- (g) Severability. The invalidity or unenforceability of any provisions of this Award Agreement shall not affect the validity or enforceability of any other provision of this Award Agreement, and each other provision of this Award Agreement shall be severable and enforceable to the extent permitted by law. The provisions of this Award Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and the Participant and the Participant's legal representatives, heirs, legatees, distributees, assigns and transferees.
- (h) Amendment. This Award Agreement may be amended or terminated in accordance with Article XV of the Plan.

- (i) Execution. This Award Agreement shall be deemed to be signed by the Company and the Participant upon the Participant's acceptance of this Award Agreement via the Company's designated electronic acceptance procedures.

STRATTEC SECURITY CORPORATION
2024 EQUITY INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

STRATTEC SECURITY CORPORATION (the “Company”) hereby grants as of the “Grant Date” set forth in the accompanying Notice of Performance Restricted Stock Award (the “Notice”) to the named Participant an award of Performance Restricted Stock Units (“PSUs”), the target number of which is set forth in the Notice (“Target Number of PSUs”), subject to the terms and conditions described in the STRATTEC SECURITY CORPORATION 2024 Equity Incentive Plan, effective as of October 25, 2024 and as amended from time to time (the “Plan”), and this Performance Restricted Stock Unit Award Agreement (together with the Notice, this “Award Agreement”). Capitalized terms that are not defined in this Award Agreement shall have the same meaning as in the Plan. Each PSU represents the unfunded, unsecured right of the Participant to receive a Share and dividend equivalent rights in the future if the terms and conditions in the Plan and this Award Agreement are satisfied.

1. *Vesting and Forfeiture of PSUs:*

(a) General Vesting.

(i) Except as otherwise set forth in this Section 1, the PSUs shall vest (if at all) based on achievement relative to the performance goals based on the Performance Criteria set forth in Exhibit A of this Award Agreement (the “Performance Goals”) and subject to the Participant’s continuous employment with the Company through the Determination Date. For purposes of this Award Agreement, the “Determination Date” shall be the date on which the Committee determines and certifies the extent to which the Performance Goals have been achieved. The Determination Date shall occur as soon as practicable following the end of the three-year period beginning on June 30, 2025 and ending on July 2, 2028 (the “Performance Period”), but in no event later than 90 days following the end of the Performance Period.

(ii) Upon the Determination Date, the Committee shall determine the achievement of the Performance Goals. Subject to the Participant’s continuous employment with the Company through the Determination Date, the number of PSUs (if any) that vest shall be based on the Committee’s determination of performance with respect to such Performance Goals. The Committee’s determination and certification of the achievement of the Performance Goals and the number of PSUs that vest pursuant to this Section 1(a) shall be final and binding on the Participant. All PSUs that do not become vested as of the Determination Date shall be automatically forfeited without consideration therefor.

(b) Forfeiture Rights. Any unvested PSUs shall immediately be forfeited if, prior to the Determinate Date, the Participant’s employment with the Company terminates for any reason, other than as described in Section 1(c) of this Award Agreement.

(c) Accelerated Vesting. Notwithstanding anything herein to the contrary:

(i) *Termination Due to Death or Disability.* If the Participant’s employment with the Company terminates as a result of the Participant’s death or the Participant’s Disability (as defined in the Employment Agreement by and between the Company

and the Participant (the "Employment Agreement"), then the Participant shall become vested in the Target Number of PSUs as of the date of such termination.

(ii) *Termination by the Company Without Cause or by the Participant for Good Reason.* If the Participant's employment is terminated by the Company under Section 6(d) or 6(f) of the Employment Agreement or the Participant resigns and terminates the Participant's employment under Section 6(d) or 6(f) of the Employment Agreement, then the Participant shall become vested in the Target Number of PSUs as of the date of such termination.

2. *Time and Form of Settlement:* As soon as administratively feasible but not later than 30 days after the earliest of the Determination Date and the date the PSUs otherwise become vested in accordance with Section 1(c) of this Award Agreement (the "Payment Date"), the Company shall deliver (or cause to be delivered) to the Participant one Share with respect to each vested PSU or, at the discretion of the Committee, a cash payment equal to the aggregate Fair Market Value of the Shares underlying the vested PSUs on the Payment Date, in either case, as settlement of the vested PSUs and each such vested PSU shall thereafter be cancelled.

3. *Non-Transferability:* The PSUs may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, except by will or by the laws of descent and distribution and in accordance with Section 5(b) of this Award Agreement, and any purported sale, transfer, pledge, assignment, alienation or hypothecation shall be void and unenforceable against the Company or any Affiliate.

4. *Taxes:*

(a) Tax Withholding. The Company or an Affiliate, as applicable, shall have the power and the right to deduct, withhold, or collect any amount required by law or regulation to be withheld with respect to any taxable event arising with respect to the PSUs. To the extent permitted by the Committee, in its sole discretion, this amount may be: (i) withheld from other amounts due to the Participant; (ii) withheld from the value of any Shares transferred in connection with the settlement of the PSUs; (iii) collected directly from the Participant; or (iv) withheld using any combination of the methods described in clauses (i), (ii), or (iii).

(b) Section 409A of the Code. It is intended that this Award Agreement and the PSUs granted hereunder shall not be subject to Section 409A of the Code by reason of the short-term deferral exception under Treasury Regulation Section 1.409A-1(b)(4), and this Award Agreement shall be interpreted accordingly. Nothing in this Award Agreement shall be construed as the guarantee of any particular tax treatment to the Participant, and neither the Company nor any of its Affiliates shall have any liability with respect to any failure to comply with the requirements of Section 409A of the Code.

5. *Other Terms and Conditions:*

(a) Rights Associated with PSUs.

(i) The Participant shall not have any rights of a shareholder with respect to the Shares underlying the PSUs, including voting rights.

(ii) Each PSU shall be granted with a dividend equivalent. Each dividend equivalent represents the right to receive an amount equal to (A) the dividends that are

declared and paid on a Share during the period beginning on the Grant Date and ending on the Payment Date, multiplied by (B) the number of Shares issued to the Participant in settlement of the PSUs under Section 6 of this Award; provided, however, that payment of any dividend equivalent will be subject to the same terms, conditions and restrictions (including risk of forfeiture) as the PSUs with respect to which the dividend equivalents are paid, and, in no event, will any dividend equivalents be paid unless and until the PSUs to which they relate have vested. Any such settlement will be made (x) in cash for any dividend equivalents related to cash dividends and (y) in Shares for any dividend equivalents related to Share dividends.

- (b) Beneficiary Designation. The Participant may designate a beneficiary or beneficiaries to receive Shares that are delivered upon the settlement of vested PSUs after the Participant's death by completing, and returning to the Company, a Beneficiary Designation Form provided by the Company. If the Participant dies without completing a Beneficiary Designation Form, if the Participant does not complete and submit the Beneficiary Designation Form correctly, or if the Participant's beneficiary predeceases the Participant, the Participant's beneficiary under this Award Agreement will be the Participant's spouse or, if no spouse survives the Participant, the Participant's estate. If a Participant designates more than one beneficiary, the rights of such beneficiaries shall be payable in equal shares, unless the Participant has designated otherwise.
- (c) No Right to Continued Service. The granting of the Award shall impose no obligation on the Company or any Affiliate to continue the employment or other service of the Participant or interfere with or limit the authority of the Company or any Affiliate, as applicable, to terminate the employment or other service of the Participant at any time, which right is expressly reserved.
- (d) Requirements of Law. This Award Agreement and the grant of PSUs shall be subject to all applicable federal, state, and local laws, rules and regulations (including all applicable federal and state securities laws) and to all required approvals of any governmental agencies or stock exchange, market, or quotation system on which the Shares are then listed or traded.
- (e) Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without regard to its conflicts of law provisions.
- (f) Entire Agreement; Award Subject to Plan. Except as otherwise described in this Section 5(f), this Award Agreement constitutes the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Award Agreement. The PSUs are subject in all cases to the terms and conditions set forth in this Award Agreement and the Plan, which is incorporated into and made a part of this Award Agreement. In the event of a conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan will govern. [Notwithstanding the foregoing, in the event of a conflict between the terms of Section 4(e)(iii), 6(a), or 6(b) of the Employment Agreement and the terms of this Award Agreement with respect to the vesting of the Award on termination of employment, the terms of the Employment Agreement will govern.]
- (g) Severability. The invalidity or unenforceability of any provisions of this Award Agreement shall not affect the validity or enforceability of any other provision of this Award

Agreement, and each other provision of this Award Agreement shall be severable and enforceable to the extent permitted by law. The provisions of this Award Agreement shall inure to the benefit of, and be binding upon, the Company and its successors and assigns and the Participant and the Participant's legal representatives, heirs, legatees, distributees, assigns and transferees.

- (h) Amendment. This Award Agreement may be amended or terminated in accordance with Article XV of the Plan.
- (i) Execution. This Award Agreement shall be deemed to be signed by the Company and the Participant upon the Participant's acceptance of this Award Agreement via the Company's designated electronic acceptance procedures.

EXHIBIT A
to the Strattec Security Corporation
2024 Equity Incentive Plan
Performance Restricted Stock Unit Award Agreement for FY2026

[metrics omitted for filing purposes]

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jennifer L. Slater, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STRATTEC SECURITY CORPORATION;
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 registrant's other certifying officer 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: October 31, 2025

/s/ Jennifer L. Slater
Jennifer L. Slater,
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew Pauli, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STRATTEC SECURITY CORPORATION;
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 registrant's other certifying officer 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 registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 registrant'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 registrant's internal control over financial reporting.

Date: October 31, 2025

/s/ Matthew Pauli
Matthew Pauli,
Chief Financial Officer

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of STRATTEC SECURITY CORPORATION (the "Company") certifies that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 28, 2025 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 31, 2025

/s/ Jennifer L. Slater
Jennifer L. Slater,
Chief Executive Officer

Dated: October 31, 2025

/s/ Matthew Pauli
Matthew Pauli,
Chief Financial Officer

This certification is made solely for purpose of 18 U.S.C. Section 1350, subject to the knowledge standard contained therein, and not for any other purpose.
