

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): August 22, 2023

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 1 - Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement

Effective as of August 22, 2023, STRATTEC SECURITY CORPORATION (the "Company") entered into a ninth amendment (the "Amendment") to its August 1, 2011 Credit Agreement, as previously amended by an Amendment No. 1 dated December 27, 2013, an Amendment No. 2 dated June 25, 2015, an Amendment No. 3 dated June 24, 2016, an Amendment No. 4 dated June 26, 2017, an Amendment No. 5 dated September 28, 2018, an Amendment No. 6 dated October 28, 2019, an Amendment No. 7 dated June 1, 2021 and an Amendment No. 8 dated February 22, 2023 (collectively, the "STRATTEC Credit Agreement"), with BMO Harris Bank N.A., as lender. The Amendment extends the maturity date on the credit facility from August 1, 2024 to August 1, 2026, increases the interest rate margin from 1.25% to 1.75%, increases the unused borrowing fee from 0.15% to 0.25%, increases the required minimum consolidated net worth covenant from \$125,000,000 to \$150,000,000 (increasing each fiscal year, beginning with the fiscal year ending June 30, 2024, by 50% of the positive consolidated net earnings of the Company for the immediately preceding fiscal year) and makes certain other changes described in the Amendment. The Amendment is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

Section 2 - Financial Information

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

As described above under Item 1.01, on August 22, 2023, the Company entered into an amendment to its credit agreement with BMO Harris Bank N.A. extending the term of the credit facility, modifying the interest rate margin and the unused borrowing fee, amending the required minimum consolidated net worth covenant and making certain other changes described in the Amendment attached hereto.

Section 5 – Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On August 22, 2023, Michael J. Koss, a director of the Company, notified the Company, that he will be retiring from, and will not stand for re-election to, the Board of Directors as part of the Company's 2023 Annual Meeting of Shareholders to be held on October 10, 2023 (the "Annual Meeting"). Mr. Koss will continue as a director and a member of the Audit and Compensation Committees and as the Chairman of the Nominating and Corporate Governance Committee through the date of the Annual Meeting. Mr. Koss' decision to not stand for re-election as a Company director did not arise from any disagreement with the Company on any matter relating to the Company's operations, policies or practices. Mr. Koss has served as a director of the Company since 1995.

Section 8 – Other Events

Item 8.01. Other Events

On August 24, 2023 and upon recommendation of the Nominating and Corporate Governance Committee of the Company's Board of Directors, the Company's Board of Directors approved nominating each of David R. Zimmer, an incumbent director whose term is expiring at the Annual Meeting, and Bruce M. Lisman and F. Jack Liebau, Jr., each a nominee recommended by one of the Company's shareholders, for appointment to the Board of Directors for a three year term expiring at the Company's 2026 Annual Meeting of Shareholders. As a result of such action, the Company's Board approved expanding the number of directors from six to seven. Additionally, the Board reviewed the Company's provisions in its Articles of Incorporation, as amended, regarding the classification of the Board into three classes with separate three year staggered terms. Following such review, the Board approved and directed the Company to include a proposal for inclusion at the 2024 Annual Meeting of Shareholders (next year's Annual Meeting of Shareholders) to approve amendments to the Company's Articles of Incorporation to eliminate the classified board structure in order to provide for the annual election of all directors following completion of their director term.

Section 9 - Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[Exhibit 10.1](#) – Amendment No. 9 to STRATTEC Credit Agreement, dated as of August 22, 2023, between STRATTEC SECURITY CORPORATION and BMO Harris Bank N.A., as lender.

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: August 25, 2023

STRATTEC SECURITY CORPORATION

By: /s/ Dennis Bowe

Dennis Bowe, Vice President and CFO

AMENDMENT NO. 9 TO CREDIT AGREEMENT

As of August 22, 2023

BMO Harris Bank N.A.
790 North Water Street
Milwaukee, Wisconsin 53202
Attention: Corporate Banking

Ladies and Gentlemen:

STRATTEC SECURITY CORPORATION, a Wisconsin corporation (the "Company"), hereby agrees with you as follows:

1. Definitions. Reference is made to that certain Credit Agreement dated as of August 1, 2011 (as amended, restated, amended and restated or otherwise modified, the "Credit Agreement") between the Company and BMO Harris Bank N.A. (the "Lender"). All capitalized terms used and not otherwise defined herein shall have the meanings given to such terms by the Credit Agreement as amended hereby.
 2. Background. The Company has requested that the Lender agree to extend the term of the Credit Agreement to August 1, 2026 and make certain other changes to the Credit Agreement. Subject to all of the terms and conditions hereof, the Lender and the Company have agreed to such amendments on the terms set forth below.
 3. Amendments to Credit Agreement. Subject to all of the terms and conditions hereof, upon execution and delivery of this Amendment, the Credit Agreement shall be amended as of the date first written above as follows:
 - a. All references to the Credit Agreement in the Credit Agreement, the Note and the Loan Documents shall refer to the Credit Agreement as amended hereby.
 - b. The definition of "Applicable Margin" contained in Section 1.01 of the Credit Agreement is amended and restated in its entirety as follows:

““Applicable Margin” means (i) for SOFR Loans, 1.75% and (ii) for Adjusted Base Rate Loans, 0.0%.”
 - c. The definition of "STRATTEC Power Access LLC" contained in Section 1.01 of the Credit Agreement is amended and restated in its entirety as follows:

““STRATTEC Power Access LLC” means STRATTEC Power Access LLC, a Delaware limited liability company of which the Company owns a 100% membership interest.”
-

- d. The definition of “Vast LLC” contained in Section 1.01 of the Credit Agreement is hereby deleted in its entirety.
- e. The first sentence of Section 2.01 of the Credit Agreement is amended to change the date “August 1, 2024” to “August 1, 2026”.
- f. The first sentence of Section 2.05 of the Credit Agreement is amended to change the figure “0.15%” to “0.25%”.
- g. Section 5.15 of the Credit Agreement is amended and restated in its entirety as follows:

“Section 5.15 Partnerships; Joint Ventures.”

Neither the Company nor any Restricted Subsidiary is a member of any partnership or joint venture, other than (a) ADAC-Strattec LLC, and (b) other partnerships and joint ventures permitted by Section 6.11.

- h. Section 6.05 of the Credit Agreement is amended and restated in its entirety as follows:

“Section 6.05 Acquisitions and Investments.”

Make any Acquisition or Investment, except:

- (a) Permitted Acquisitions;
- (b) Investments in (i) bank repurchase agreements; (ii) savings accounts or certificates of deposit in a financial institution of recognized standing; (iii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States (or any agency thereof); (iv) obligations of Federal National Mortgage Association or the Federal Home Loan Banks; (v) money market funds provided the portfolio of such money market funds are limited to obligations of the types described in clauses (iii) or (iv); (vi) prime commercial paper or other unrated commercial paper of issuers acceptable to the Lender, in each case maturing within 270 days of the date of acquisition by the Company or a Restricted Subsidiary; and (vii) obligations of any state or political subdivision thereof (whether or not backed by full faith and credit of the governmental issuer) rated for investment purposes at not less than “A”, “MIG-2” or “P-2” by Moody’s Investors Service, Inc., or “A” by Standard & Poor’s Credit Market Services;
- (c) Loans and advances made to employees and agents in the ordinary course of business, such as travel and entertainment advances and similar items;
- (d) Investments in the Company by a Restricted Subsidiary and Investments in any Guarantor by the Company or a Restricted Subsidiary; provided that any such Investments by a Restricted Subsidiary shall be subordinated to the Obligations in a manner satisfactory to the Lender;

(e) Existing Investments by the Company in Subsidiaries, and other existing Investments outstanding on the date hereof, and shown on Schedule 6.05 hereto, provided that such Investments shall not be increased;

(f) Additional Investments by the Company in ADAC-Strattec LLC of up to \$3,000,000 in each fiscal year; and

(g) Other Investments (including Investments described above in excess of the basket limitations applicable to such Investments) not exceeding \$3,000,000 in the aggregate for each fiscal year.”

i. Section 7.01 of the Credit Agreement is amended and restated in its entirety as follows:

“Section 7.01 Financial Status.

The Company shall at all times maintain Consolidated Net Worth in an amount at least equal to the cumulative sum of (a) \$150,000,000 plus (b) for each fiscal year beginning with the fiscal year ending on June 30, 2024, 50% of the positive Consolidated Net Earnings of the Company for such fiscal year (without any deduction for net losses). Each annual adjustment of the Consolidated Net Worth requirement pursuant to clause (b) above shall take effect upon the earlier of the delivery to the Lender of the Company’s audited financial statements for the fiscal year just ended or 90 days following the close of such fiscal year.”

j. Section 7.06(c) of the Credit Agreement is hereby deleted in its entirety and the subsequent subclauses (d)-(i) are amended to be in alphabetical order.

4. Conditions. Notwithstanding any other provision of this Amendment, this Amendment shall not become effective unless and until:

a. It has been executed and delivered by all parties to the Credit Agreement as amended hereby;

b. The Lender shall have received a certificate as of a recent date of the good standing (or comparable standing) of the Company under the laws of its jurisdiction of organization; and

c. The Company shall have delivered such other corporate documents as Lender or its counsel may reasonably request, in form and substance satisfactory to the Lender.

5. Representations and Warranties. The Company hereby repeats and reaffirms the representations and warranties set forth in Article V of the Credit Agreement, including without limitation the representations and warranties set forth in Section 5.05 thereof which are made hereunder with respect to the most recent financial statements and related information provided pursuant to Section 7.06 of the Credit Agreement. The Company also represents and warrants that (A) since the date of the most recent financial statements delivered to the Lender pursuant to Section 7.06 of the Credit Agreement, there has been no material adverse change in the property, financial condition or business operations of the Company and its Subsidiaries, taken as a whole, and (B) the execution, delivery and performance of this Amendment are within the corporate powers of the Company, have been duly authorized by all necessary corporate action and do not and will not (i) require any consent or approval of the shareholders of the Company;(ii) violate any provision of the articles of incorporation or by-laws of the Company or of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to the Company or any Subsidiary; (iii) require the consent or approval of, or filing or registration with, any governmental body, agency or authority; or(iv) result in any breach of or constitute a default under, or result in the imposition of any lien, charge or encumbrance upon any property of the Company or any Subsidiary pursuant to any indenture or other agreement or instrument under which the Company or any Subsidiary is a party or by which it or its properties may be bound or affected. This Amendment constitutes, and each of the documents required herein when executed and delivered hereunder will constitute, legal, valid and binding obligations of the Company or other signatory enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy or similar laws affecting the enforceability of creditors' rights generally.

6. Confirmation of Agreements. Except as expressly provided above, the Credit Agreement and the Loan Documents shall remain in full force and effect. This Amendment does not constitute a waiver or amendment of any term, condition or covenant in the Credit Agreement other than as specifically set forth above. Nothing contained in this Amendment or in any other document, or any course of dealing with the Company, shall be construed to imply that there is any agreement by the Lender to provide any waiver or agree to any amendment in the future. This Amendment shall not release, discharge or satisfy any present or future debts, obligations or liabilities to the Lender of the Company or of any debtor, guarantor or other person or entity liable for payment or performance of any of such debts, obligations or liabilities of the Company, or any mortgage, security interest, lien or other collateral or security for any of such debts, obligations or liabilities of the Company or such debtors, guarantors or other persons or entities, or waive any default except as expressly provided herein, and the Lender expressly reserves all of its rights and remedies with respect to the Company and all such debtors, guarantors or other persons or entities, and all such mortgages, security interests, liens and other collateral and security. This is an amendment and not a novation. The Company acknowledges and agrees that the obligations under the Credit Agreement and the Note exist and are owing with no offset, defense or counterclaim assertible by the Company and that the Credit Agreement, the Note and the Loan Documents are valid, binding and fully enforceable according to their respective terms.

7. Miscellaneous. The Company shall be responsible for the payment of all fees and out-of-pocket disbursements incurred by the Lender in connection with the preparation execution, delivery, administration and enforcement of this Amendment including all costs of collection, and including without limitation the reasonable fees and disbursements of counsel for the Lender, whether or not any transaction contemplated by this Amendment is consummated. The provisions of this Amendment shall inure to the benefit of any holder of the Note, and shall inure to the benefit of and be binding upon any successor to any of the parties hereto. All agreements, representations and warranties made herein shall survive the execution of this Amendment and the making of the loans under the Credit Agreement, as so amended. This Amendment shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. This Amendment may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment is solely for the benefit of the parties hereto and their permitted successors and assigns. No other person or entity shall have any rights under, or because of the existence of, this Amendment.

[Remainder of this page is intentionally left blank; signature page follows.]

If the foregoing is satisfactory to you, please sign the form of acceptance below and return a signed counterpart hereof to the Company.

Very truly yours,

STRATTEC SECURITY CORPORATION

(CORPORATE SEAL)

By: /s/ Frank Krejci

Name: Frank J. Krejci

Title: President and Chief Executive Officer

And /s/ Dennis Bowe

by:

Name: Dennis Bowe

Title: Vice President, Chief Financial Officer, Treasurer and Secretary

[Signature page to Strattec Security Corporation Amendment No. 9 to Credit Agreement]

Agreed to as of the date first above written.

BMO HARRIS BANK N.A.

By: /s/ Mark Czarnecki

Name: Mark Czarnecki

Title: Senior Vice President

[Signature page to Strattec Security Corporation Amendment No. 9 to Credit Agreement]
