

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 December 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:

Title of each class	Trading Symbol	Name of exchange on which registered
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: 4,179,778 shares outstanding as of January 30, 2026 (which number includes all restricted shares previously awarded that have not vested as of such date).

STRATTEC SECURITY CORPORATION
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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. or Mexican governments 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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Net sales	\$ 137,534	\$ 129,919	\$ 289,933	\$ 268,971
Cost of goods sold	114,812	112,768	240,876	232,899
Gross profit	22,722	17,151	49,057	36,072
Selling, administrative and engineering expenses	17,860	15,017	33,748	28,875
Income from operations	4,862	2,134	15,309	7,197
Interest income	885	408	1,762	757
Interest expense	(96)	(257)	(252)	(552)
Other income (expense), net	1,691	(482)	1,416	(353)
Income before income taxes and non-controlling interest	7,342	1,803	18,235	7,049
Income tax expense	1,699	405	4,055	1,903
Net income	5,643	1,398	14,180	5,146
Net income attributable to non-controlling interest	696	79	704	124
Net income attributable to Strattec	<u>\$ 4,947</u>	<u>\$ 1,319</u>	<u>\$ 13,476</u>	<u>\$ 5,022</u>
Earnings per share attributable to Strattec				
Basic	<u>\$ 1.21</u>	<u>\$ 0.33</u>	<u>\$ 3.31</u>	<u>\$ 1.25</u>
Diluted	<u>\$ 1.20</u>	<u>\$ 0.32</u>	<u>\$ 3.26</u>	<u>\$ 1.24</u>
Weighted average shares outstanding:				
Basic	4,080	4,035	4,067	4,020
Diluted	4,131	4,070	4,129	4,058

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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Net income	\$ 5,643	\$ 1,398	\$ 14,180	\$ 5,146
Other comprehensive income (loss), net of tax:				
Currency translation adjustments	774	(1,245)	1,787	(4,005)
Pension and postretirement plans	32	36	64	292
Total other comprehensive income (loss), net of tax	806	(1,209)	1,851	(3,713)
Comprehensive income	6,449	189	16,031	1,433
Comprehensive income (loss) attributable to non-controlling interest	984	(407)	1,377	(1,451)
Comprehensive income attributable to Strattec	<u>\$ 5,465</u>	<u>\$ 596</u>	<u>\$ 14,654</u>	<u>\$ 2,884</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)

	December 28, 2025	June 29, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 99,027	\$ 84,579
Receivables, net	89,217	102,061
Inventories:		
Finished products	16,955	12,398
Work in process	11,868	11,303
Purchased materials	43,111	41,000
Inventories, net	71,934	64,701
Pre-production costs	6,857	8,657
Value-added tax recoverable	19,858	19,389
Other current assets	6,374	10,676
Total current assets	293,267	290,063
Noncurrent Assets:		
Property, plant and equipment:		
Land and improvements	6,808	6,582
Buildings and improvements	41,976	39,821
Machinery and equipment	232,369	236,545
Total property, plant and equipment	281,153	282,948
Less: accumulated depreciation	206,517	205,538
Property, plant and equipment, net	74,636	77,410
Deferred income taxes	19,758	19,531
Other noncurrent assets	4,584	4,450
Total Assets	\$ 392,245	\$ 391,454
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 59,568	\$ 65,824
Accrued payroll and benefits	15,709	22,956
Value-added tax payable	12,732	11,933
Warranty reserve	8,567	8,900
Current portion of borrowings under credit facilities	2,500	-
Other current liabilities	13,374	9,737
Total current liabilities	112,450	119,350
Noncurrent Liabilities:		
Noncurrent portion of borrowings under credit facilities	-	8,000
Post-employment benefits	12,806	13,325
Other noncurrent liabilities	3,975	4,348
Total Liabilities	\$ 129,231	\$ 145,023
Shareholders' Equity:		
Common stock, authorized 18,000,000 shares, \$.01 par value, 7,699,083 issued shares at December 28, 2025 and 7,635,883 issued shares at June 29, 2025	\$ 77	\$ 76
Capital in excess of par value	105,601	103,784
Retained earnings	282,773	269,297
Accumulated other comprehensive loss	(14,935)	(16,113)
Less: treasury stock, at cost (3,615,268 shares at December 28, 2025 and 3,596,549 shares at June 29, 2025)	(136,718)	(135,452)
Total Strattec shareholders' equity	236,798	221,592
Non-controlling interest	26,216	24,839
Total Shareholders' Equity	263,014	246,431
Total Liabilities and Shareholders' Equity	\$ 392,245	\$ 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)

	Six Months Ended	
	December 28, 2025	December 29, 2024
OPERATING ACTIVITIES:		
Net income	\$ 14,180	\$ 5,146
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,678	7,206
Foreign currency transaction loss (gain)	1,134	(1,193)
Unrealized (gain) loss on peso contracts	(372)	936
Stock-based compensation expense	1,794	1,079
Other, net	543	816
Change in operating assets and liabilities:		
Receivables	12,894	7,379
Inventories	(7,233)	138
Prepays and other assets	6,649	7,844
Accounts payable	(6,362)	(3,990)
Accrued liabilities	(5,697)	(4,580)
Net cash provided by operating activities	<u>25,208</u>	<u>20,781</u>
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(4,160)	(2,990)
Proceeds from sale of property, plant and equipment	259	—
Net cash used in investing activities	<u>(3,901)</u>	<u>(2,990)</u>
FINANCING ACTIVITIES:		
Borrowings under credit facilities	—	3,000
Repayments under credit facilities	(5,500)	(3,000)
Payment for debt issuance costs	(98)	—
Payment for taxes withheld from stock-based awards	(1,274)	—
Share issuances	32	28
Net cash (used in) provided by financing activities	<u>(6,840)</u>	<u>28</u>
Foreign currency impact on cash	(19)	(604)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>14,448</u>	<u>17,215</u>
CASH AND CASH EQUIVALENTS:		
Beginning of period	84,579	25,410
End of period	<u>\$ 99,027</u>	<u>\$ 42,625</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	\$ 1,157	\$ 8,539
Interest	\$ 184	\$ 559
Non-cash investing activities:		
Change in capital expenditures in accounts payable	\$ -	\$ (450)

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 adjustment, net of tax	—	—	—	32	—	—	32
Shares withheld for taxes on stock-based awards	—	—	—	—	(919)	—	(919)
Stock-based compensation	—	669	—	—	—	—	669
Share issuances	—	11	—	—	5	—	16
Balance -- September 28, 2025	\$ 76	\$ 104,464	\$ 277,826	\$ (15,453)	\$ (136,366)	\$ 25,232	\$ 255,779
Net income	—	—	4,947	—	—	696	5,643
Currency translation adjustments	—	—	—	486	—	288	774
Pension and postretirement adjustment, net of tax	—	—	—	32	—	—	32
Shares withheld for taxes on stock-based awards	—	—	—	—	(355)	—	(355)
Stock-based compensation	—	1,125	—	—	—	—	1,125
Share issuances	1	12	—	—	3	—	16
Balance -- December 28, 2025	\$ 77	\$ 105,601	\$ 282,773	\$ (14,935)	\$ (136,718)	\$ 26,216	\$ 263,014

	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 adjustment, net of tax	—	—	—	256	—	—	256
Stock-based compensation	—	188	—	—	—	—	188
Share issuances	—	6	—	—	7	—	13
Balance -- September 29, 2024	\$ 76	\$ 101,218	\$ 254,315	\$ (17,104)	\$ (135,471)	\$ 24,026	\$ 227,060
Net income	—	—	1,319	—	—	79	1,398
Currency translation adjustments	—	—	—	(759)	—	(486)	(1,245)
Pension and postretirement adjustment, net of tax	—	—	—	36	—	—	36
Stock-based compensation	—	891	—	—	—	—	891
Share issuances	—	9	—	—	6	—	15
Balance -- December 29, 2024	\$ 76	\$ 102,118	\$ 255,634	\$ (17,827)	\$ (135,465)	\$ 23,619	\$ 228,155

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 and six months ended December 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 adoption of ASU 2023-09 will not affect the Company's financial position or its results of operations but will result in additional disclosures for the fiscal 2026 annual period and for interim periods thereafter.

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 adoption of ASU 2024-03 will not affect the Company's financial position or its results of operations but will result in additional disclosures for the fiscal 2028 annual period and for interim periods thereafter.

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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Balance, beginning of period	\$ 9,848	\$ 10,698	\$ 8,900	\$ 10,695
Provision charged to expense	933	582	1,893	969
Payments, net of recoveries	(2,214)	(334)	(2,226)	(718)
Balance, end of period	<u>\$ 8,567</u>	<u>\$ 10,946</u>	<u>\$ 8,567</u>	<u>\$ 10,946</u>

NOTE 4. CREDIT FACILITIES

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. The Amended & Restated Credit Agreement provides for a \$40 million revolving line of credit which matures October 2028. The new facility bears interest at varying rates based on the bank's prime rate or SOFR plus 1.50%. The previous Strattec Credit Facility was terminated upon the closing of the new agreement. There were no outstanding borrowings on either facility during the six months ended December 28, 2025 and December 29, 2024.

The Company's 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. Interest on borrowings under the ADAC-Strattec Credit Facility is at varying rates based on the bank's prime rate plus 2% or SOFR plus 3.10%.

The credit facilities are secured by U.S. cash balances, accounts receivable, inventory, and fixed assets located in the U.S. and 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 December 28, 2025, the Company was in compliance with all financial covenants.

Outstanding borrowings under the ADAC-Strattec Credit Facility were as follows (in thousands):

	December 28, 2025	June 29, 2025
Outstanding borrowings	\$ 2,500	\$ 8,000

Average outstanding borrowings and the weighted average interest rate under the ADAC-Strattec Credit Facility were as follows (in thousands, except percentages):

	Six Months Ended	
	December 28, 2025	December 29, 2024
Average outstanding borrowings	\$ 3,374	\$ 13,368
Weighted average interest rate	7.1%	8.2%

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 and six month periods ended December 28, 2025 and December 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 December 28, 2025 (in thousands, except with respect to the average forward exchange rate):

	Effective Dates	Notional Amount	Average Forward Exchange Rate	Fair Market Value
Buy MXP/Sell USD	November 2025 - December 2026	\$ 32,152	19.74	\$ 2,687

NOTE 6. INCOME TAXES

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

	Three Months Ended		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Income before income taxes and non-controlling interest	\$ 7,342	\$ 1,803	\$ 18,235	\$ 7,049
Income tax expense	\$ 1,699	\$ 405	\$ 4,055	\$ 1,903
Effective tax rate	23.1%	22.5%	22.2%	27.0%

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 in 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. The effective tax rate for each period presented differs from 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.

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.

NOTE 7. RESTRUCTURING

In an effort to optimize its cost structure, the Company implemented a one-time voluntary retirement program during the second quarter of fiscal 2026. The total expected cost of this action is \$2.2 million, of which \$1.7 million was recognized in the the three months ended December 28, 2025. This cost included \$1.3 million of separation payments and \$0.4 million for the acceleration of share-based awards. The remaining \$0.5 million of cost is expected to be recognized during the remainder of fiscal 2026. Restructuring costs were \$0.3 million in the three months ended December 29, 2024. All accrued retirement payments will be paid in the next twelve months. Voluntary retirement expense is reported in the accompanying Condensed Consolidated Statements of Income as part of Selling, Administrative, and Engineering Expenses.

NOTE 8. 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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Net income attributable to Strattec	\$ 4,947	\$ 1,319	\$ 13,476	\$ 5,022
Basic weighted-average shares outstanding	4,080	4,035	4,067	4,020
Effect of dilutive securities - employee stock compensation plan	51	35	62	38
Diluted weighted-average shares outstanding	4,131	4,070	4,129	4,058
Earnings per share attributable to Strattec				
Basic	\$ 1.21	\$ 0.33	\$ 3.31	\$ 1.25
Diluted	\$ 1.20	\$ 0.32	\$ 3.26	\$ 1.24

NOTE 9. 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 December 28, 2025, there were 361,794 shares available for future awards.

As of December 28, 2025, there was \$1.6 million of unrecognized compensation cost related to non-vested PSUs and \$3.5 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 December 29, 2024, there was \$4.4 million of unrecognized compensation cost related to non-vested RSAs and PSUs.

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, June 29, 2025	129,139	\$ 36.37	16,878	\$ 39.16
Granted	36,912	\$ 67.45	19,506	68.06
Vested	(63,200)	\$ 34.97	-	—
Forfeited	(5,226)	\$ 39.93	-	—
Nonvested balance, December 28, 2025	<u>97,625</u>	<u>\$ 48.35</u>	<u>36,384</u>	<u>\$ 54.65</u>

NOTE 10. OTHER INCOME (EXPENSE), NET

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

	Three Months Ended		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Foreign currency transaction (loss) gain	\$ (463)	\$ 188	\$ (1,134)	\$ 1,193
Rabbi trust assets gain (loss)	59	(19)	133	77
Realized and unrealized gain (loss) on peso forward contracts, net	1,372	(569)	2,615	(1,304)
Non-service pension and postemployment cost	674	(80)	(333)	(443)
Other	49	(2)	135	124
	<u>\$ 1,691</u>	<u>\$ (482)</u>	<u>\$ 1,416</u>	<u>\$ (353)</u>

NOTE 11. 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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Foreign currency translation adjustments:				
Balance, beginning of period	\$ 14,793	\$ 16,387	\$ 15,421	\$ 14,716
Other comprehensive (income) loss before reclassifications	(774)	1,245	(1,787)	4,005
Other comprehensive (income) loss attributable to non-controlling interest	(288)	486	(673)	1,575
Balance, end of period	14,307	17,146	14,307	17,146
Retirement and postretirement benefit plans:				
Balance, beginning of period	\$ 660	\$ 717	\$ 692	\$ 973
Other comprehensive (income) loss before reclassifications	—	—	—	—
Unrecognized net income	(32)	(36)	(64)	(292)
Balance, end of period	628	681	628	681
Accumulated other comprehensive loss, end of period	\$ 14,935	\$ 17,827	\$ 14,935	\$ 17,827

NOTE 12. 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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Management fee expense	\$ 2,488	\$ 2,316	\$ 5,225	\$ 4,796
Net sales to joint venture partner	\$ 1,254	\$ 1,297	\$ 3,004	\$ 3,622
			December 28, 2025	June 29, 2025
Accounts receivable from joint venture partner		\$ 511	\$	731
Accounts payable to joint venture partner		\$ 5,887	\$	7,413

NOTE 13. 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		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Net sales	\$ 137,534	\$ 129,919	\$ 289,933	\$ 268,971
Significant expenses:				
Direct material costs	76,420	72,506	160,308	150,575
Labor and overhead costs	38,392	40,262	80,568	82,324
Selling costs	2,534	2,473	5,354	5,084
Administrative costs	8,504	6,159	14,575	10,699
Engineering costs	6,822	6,385	13,819	13,092
Interest income	(885)	(408)	(1,762)	(757)
Interest expense	96	257	252	552
Other (income) expense, net	(1,691)	482	(1,416)	353
Income tax expense	1,699	405	4,055	1,903
Net income	5,643	1,398	14,180	5,146
Net income attributable to non-controlling interest	696	79	704	124
Net income attributable to Strattec	\$ 4,947	\$ 1,319	\$ 13,476	\$ 5,022

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

	Three Months Ended		Six Months Ended	
	December 28, 2025	December 29, 2024	December 28, 2025	December 29, 2024
Power access solutions	\$ 34,458	\$ 31,720	\$ 72,582	\$ 65,062
Door handles & exterior trim	35,016	32,903	73,661	68,244
Keys & locksets	26,757	20,066	56,087	43,088
Latches	16,322	17,708	36,051	36,819
User interface controls	12,491	13,991	25,337	27,830
Aftermarket and service	9,420	11,091	20,177	22,639
Other	3,070	2,440	6,038	5,289
	<u>\$ 137,534</u>	<u>\$ 129,919</u>	<u>\$ 289,933</u>	<u>\$ 268,971</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				Six Months Ended			
	December 28, 2025		December 29, 2024		December 28, 2025		December 29, 2024	
	Net Sales	%	Net Sales	%	Net Sales	%	Net Sales	%
General Motors Company	\$ 39,386	29%	\$ 39,550	30%	\$ 81,164	28%	\$ 81,710	30%
Ford Motor Company	25,436	18	28,956	22	59,295	20	61,093	23
Stellantis	25,329	18	11,727	9	48,121	17	24,492	9
	<u>\$ 90,151</u>	<u>65%</u>	<u>\$ 80,233</u>	<u>61%</u>	<u>\$ 188,580</u>	<u>65%</u>	<u>\$ 167,295</u>	<u>62%</u>

	December 28, 2025		June 29, 2025	
	Receivables	%	Receivables	%
General Motors Company	\$ 22,433	25%	\$ 26,581	26%
Ford Motor Company	16,679	19	19,916	20
Stellantis	17,709	20	14,812	15
	<u>\$ 56,821</u>	<u>64%</u>	<u>\$ 61,309</u>	<u>61%</u>

NOTE 14. 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 December 28, 2025 (second quarter fiscal 2026) compared with the three months ended December 29, 2024 (second quarter fiscal 2025)

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

	Three Months Ended		Change	
	December 28, 2025	December 29, 2024	\$	%
Net sales	\$ 137,534	\$ 129,919	\$ 7,615	6%
Direct material costs	76,420	72,506	3,914	5%
Labor and overhead costs	38,392	40,262	(1,870)	(5%)
Cost of goods sold	114,812	112,768	2,044	2%
Gross profit	22,722	17,151	5,571	32%
<i>Gross margin</i>	16.5%	13.2%		330 bp
Selling, administrative and engineering expenses	17,860	15,017	2,843	19%
Income from operations	4,862	2,134	2,728	128%
<i>Operating margin</i>	3.5%	1.6%		190 bp
Interest income	885	408	477	117%
Interest expense	(96)	(257)	161	-63%
Other income (expense), net	1,691	(482)	2,173	(451%)
Income before income taxes and non-controlling interest	7,342	1,803	5,539	307%
Income tax expense	1,699	405	1,294	320%
Net income	5,643	1,398	4,245	304%
Net income attributable to non-controlling interest	696	79	617	781%
Net income attributable to Strattec	4,947	1,319	3,628	275%
Earnings per share attributable to Strattec:				
Basic	\$ 1.21	\$ 0.33	\$ 0.89	271%
Diluted	\$ 1.20	\$ 0.32	\$ 0.87	270%

Second quarter fiscal 2026 net sales totaled \$137.5 million, representing an increase of \$7.6 million, or 6%, compared with the prior year second quarter. The year-over-year increase in net sales was primarily driven by \$4.4 million of pricing (including \$1.4 million of customer recoveries for tariffs), \$3.0 million of favorable mix and content per vehicle and \$2.4 million in net new program launches, partially offset by \$2.3 million lower market demand.

Gross profit was \$22.7 million in the second quarter of fiscal 2026, compared with \$17.2 million in the comparable prior year period. Gross profit margin improved year-over-year from 13.2% to 16.5%, a 330 basis point improvement, as a result of enhanced leverage of our fixed cost structure from increased production volumes combined with a \$3.0 million benefit from pricing. Improved year-over-year conversion costs reflect \$2.3 million in labor cost savings (including benefits from previously completed restructuring actions) and \$0.5 million lower royalty expense on reduced aftermarket demand. Offsetting headwinds included unfavorable changes in foreign currency exchange rates of \$1.6 million, \$1.2 million of higher Mexico labor costs and incremental tariff costs of \$0.9 million.

Selling, administrative, and engineering expenses were 13.0% of sales for the three months ended December 28, 2025, compared with 11.6% in the prior year period. Fiscal 2026 second quarter expenses were \$17.9 million, a \$2.8 million increase year-over-year. The current year quarter included a \$1.7 million charge related to a voluntary retirement program while the prior year included a \$0.2 million restructuring charge. Additional costs in the current quarter were the result of investments in the business including incremental employee costs of \$0.7 million, timing of outside service spend and \$0.7 million of business transformation costs. The second quarter last year also included \$1.1 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 \$0.2 million, the result of the continued paydown of amounts outstanding under revolving credit agreements.

Other income (expense) was \$1.7 million of income in the current period compared to \$0.5 million of expense in the prior year. Changes in other income (expense), reflect foreign currency transaction gains and losses, changes in the fair value of peso forward contracts and non-service post-employment costs.

The effective income tax rate was 23.1% and 22.4% for the second quarter of fiscal 2026 and 2025, respectively. The effective tax rate for each period presented differs from 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.

Six months ended December 28, 2025 compared with the six months ended December 29, 2024

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

	Six Months Ended		Change	
	December 28, 2025	December 29, 2024	\$	%
Net sales	\$ 289,933	\$ 268,971	\$ 20,962	8%
Direct material costs	160,308	150,575	9,733	6%
Labor and overhead costs	80,568	82,324	(1,756)	(2%)
Cost of goods sold	240,876	232,899	7,977	3%
Gross profit	49,057	36,072	12,985	36%
<i>Gross margin</i>	16.9%	13.4%		350 bp
Selling, administrative and engineering expenses	33,748	28,875	4,873	17%
Income from operations	15,309	7,197	8,112	113%
<i>Operating margin</i>	5.3%	2.7%		260 bp
Interest income	1,762	757	1,005	133%
Interest expense	(252)	(552)	300	-54%
Other income (expense), net	1,416	(353)	1,769	(501%)
Income before income taxes and non-controlling interest	18,235	7,049	11,186	159%
Income tax expense	4,055	1,903	2,152	113%
Net income	14,180	5,146	9,034	176%
Net income attributable to non-controlling interest	704	124	580	468%
Net income attributable to Strattec	13,476	5,022	8,454	168%
Earnings per share attributable to Strattec:				
Basic	\$ 3.31	\$ 1.25	\$ 2.06	165%
Diluted	\$ 3.26	\$ 1.24	\$ 2.03	164%

Year-to-date net sales totaled \$289.9 million, representing an increase of \$21.0 million, or 8%, in the comparable prior year period. The year-over-year increase in net sales was primarily driven by \$8.3 million of pricing (including \$1.9 million of customer recoveries for tariffs), \$5.6 million of higher demand, \$4.4 million in net new program launches and \$2.6 million of favorable mix and content per vehicle.

Year-to-date gross profit was \$49.1 million, compared with \$36.1 million in the comparable prior year period. Despite unfavorable changes in foreign currency exchange rates of \$2.1 million and incremental tariff costs of \$1.9 million, gross profit margin improved year-over-year from 13.4% to 16.9%, a 350 basis point improvement. Material costs increased \$9.7 million on higher production levels while labor and overhead costs decreased \$1.8 million. Lower year-over-year conversion costs on higher sales reflect our focused efforts to manage our cost structure, which includes a \$3.0 million labor cost benefit from completed restructuring actions. Annual merit increases of \$2.3 million and incremental freight & logistics costs of \$0.4 million (due to supply chain disruptions) were offset by reduced aftermarket royalty costs on reduced demand and a \$0.5 million lower provision for annual bonuses.

Selling, administrative, and engineering expenses were 11.6% of sales for the six months ended December 28, 2025, compared with 10.7% in the prior year period. Year-to-date expenses were \$33.7 million, a \$4.9 million increase year-over-year. The increase in costs reflects efforts to improve our cost structure including one-time restructuring and voluntary retirement costs of \$1.3 million (\$0.3 million in the prior year period) and \$1.0 million of business transformation costs (\$0.2 million in the prior year period). Higher incentive compensation cost of \$0.7 million and \$1.6 million associated with headcount additions were partially offset by reduced executive transition costs of \$1.6 million.

Interest income increased \$1.0 million due to increased levels of cash and cash equivalents, which are invested in overnight money market funds. Interest expense decreased \$0.3 million, the result of the repayment of amounts outstanding under revolving credit agreements.

Other income (expense) was \$1.4 million of income in the current period compared to \$0.4 million of expense in the prior year. Changes in other income (expense), reflect foreign currency transaction gains and losses, changes in the fair value of peso forward contracts and non-service post-employment costs.

The effective income tax rate was 22.2% and 27.0% for the year-to-date period of fiscal 2026 and 2025, respectively. The higher effective tax rate in the prior year period was impacted by the foreign tax rate differential and a limitation on the utilization of our foreign tax credits on non-deductible items.

Liquidity and Capital Resources

At December 28, 2025, we had \$99.0 million of cash and cash equivalents, of which \$3.6 million was held by our foreign subsidiaries. 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):

	Six Months Ended	
	December 28, 2025	December 29, 2024
Cash provided by operating activities	\$ 25.2	\$ 20.8
Cash used in investing activities	(3.9)	(3.0)
Cash used in financing activities	(6.8)	—
Effect of exchange rate changes on cash	—	(0.6)
Net increase in cash and cash equivalents	<u>\$ 14.5</u>	<u>\$ 17.2</u>

Cash flow from operations was \$25.2 million, and increase of \$4.4 million compared with the prior year. Cash provided by operating activities for the year-to-date period of fiscal 2026 reflects cash earnings against flat operating assets and liabilities. Year-to-date cash flow from operations in both periods reflects the payment of annual short-term incentive compensation earned in the prior year and a replenishment of our inventory balance partially offset by the collection of receivables. Cash used in investing activities, which includes capital expenditures to support customer programs and modernization of equipment was \$3.9 million year-to-date compared with \$3.0 million in the prior year period. Current year net cash used in financing activities resulted from the repayment of \$5.5 million under the joint venture revolving credit agreement during fiscal 2026 and the payment of \$1.3 million for taxes withheld related to the vesting of share-based awards.

At December 28, 2025, no borrowings were outstanding under the \$40.0 million Amended & Restated Credit Agreement and \$2.5 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 December 28, 2025.

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 in both the short term and beyond.

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):

	December 28, 2025	PWC %	June 29, 2025	PWC %
Accounts Receivable, net	\$ 89	16%	\$ 102	17%
Inventory, net	72	13%	65	11%
Accounts payable	(60)	(11%)	(66)	(11%)
Net primary working capital	<u>\$ 101</u>	<u>18%</u>	<u>\$ 101</u>	<u>17%</u>

Primary working capital levels at December 28, 2025 were consistent with the beginning of the fiscal year, as we increased inventory levels \$7.2 million to improve customer deliveries, which was offset by reduced accounts receivable of \$12.9 million on sequentially lower sales and a \$6.3 million reduction in accounts payable due to timing of inventory purchases and payments.

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. There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended June 29, 2025 filed with the SEC on August 25, 2025.

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

Our Board of Directors initially authorized a stock repurchase program on October 16, 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 December 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 six month period ended December 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 December 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	Amended & Restated Credit Agreement, dated October 27, 2025, between the Company and BMO Harris N.A.	Current Report on Form 8-K (filed on October 30, 2025; Exhibit 10.1 therein)
31.1	Rule 13a-14(a) Certification of Jennifer L. Slater, Chief Executive Officer	Filed herewith
31.2	Rule 13a-14(a) Certification of Matthew Pauli, Chief Financial Officer	Filed herewith
32	18 U.S.C. Section 1350 Certifications	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.
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 December 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: February 6, 2026

By: /s/ Matthew Pauli

Matthew Pauli

Senior Vice President,

Chief Financial Officer,

Secretary and Treasurer

(Principal Financial and Accounting Officer)

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: February 6, 2026

/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: February 6, 2026

/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 December 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: February 6, 2026

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

Dated: February 6, 2026

/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.
